 <b>NORTH LOS ANGELES COUNTY</b> REGIONAL CENTER	<b>POLICY AND PROCEDURE</b>
	<b>Conflict of Interest Policy for Board Members and the Executive Director</b>
	Author: Human Resources

## 1. PURPOSE

The purpose of this policy is to ensure that NLACRC's board of trustees and its executive director make decisions on behalf of the regional center that are in the best interest of the regional center consumers and their families as outlined in the Welfare and Institutions Code (WIC) Section 4600 et seq. and The California Code of Regulations (CCR) Section 4500 et seq. Such decisions shall be made without regard to the interests of any "family member" or organization with which they are associated.

## 2. SCOPE


This policy applies to NLACRC's board of trustees and its executive director.

## 3. RESPONSIBILITY

Human Resources and NLACRC's board of trustees have the overall responsibility to ensure that the regional center complies with this policy and procedure for NLACRC. All board members and the executive director must ensure they comply with the policy as outlined below.

## 4. DEFINITIONS

- 4.1 "Family member" includes the individual's spouse, domestic partner, parents, step parents, grandparents, siblings, step-siblings, children, step-children, grandchildren, parents-in-law, brothers-in-law, sisters-in-law, sons-in-law and daughters-in-law. (CCR Section 54505(f)).
- 4.2 "Member" means an individual serving as a member of the governing board, board of directors, or board committee of a business entity, entity, or provider as defined herein. (CCR Section 54505(g))
- 4.3 "Potential conflict of interest" means a situation which, based upon circumstances reasonably expected to occur at a point in the future, may result in a conflict of interest, as specified in these regulations. (CCR Section 54505(h))

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- 4.4 "Present conflict of interest" means a conflict of interest, as specified in these regulations, which currently exists. (CCR Section 54505(i))
- 4.5 "Financial interest" for purposes of CCR Section 54522 "includes any current or contingent ownership, equity, or security interest that could result directly or indirectly, in receiving a pecuniary gain or sustaining a pecuniary loss as a result of the interest in any of the following:
1. Business entity worth two thousand dollars (\$2,000) or more.
  2. Real or personal property worth two thousand dollars (\$2,000) or more in fair market value.
  3. Stocks or bonds worth two thousand dollars (\$2,000) or more.
  4. Intellectual property rights worth five hundred dollars (\$500) or more.
  5. Sources of gross income aggregating five hundred dollars (\$500) or more within the prior 12 months.
  6. Future interests for compensation of five hundred dollars (\$500) or more.
  7. Personal finances of two hundred fifty dollars (\$250) or more." (CCR Section 54522(b))
- 4.6 "Financially interested" for purposes of CCR Section 54523 means "any financial interest regardless of the dollar amount, and includes aiming to achieve a financial gain or avoid a financial loss. The financial interest may be direct or indirect and includes any monetary or proprietary benefit, gain of any sort, or the contingent possibility or monetary or proprietary benefits, and extends to expectations of economic benefit. Certainty of financial gain is not necessary to create a conflict of interest." (CCR Section 54523(b)(1))

## 5. POLICY

- 5.1 NLACRC board members and its executive director or their family members shall not work or serve in a position that creates a conflict of interest. A conflict of interest exists when a regional center governing board member, executive director or family member is any of the following for a business entity, entity, or provider except to the extent that such position is permitted by WIC Section 4622 and 4626:



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- (1) a governing board member
- (2) a board committee member
- (3) a director
- (4) an officer
- (5) an owner
- (6) a partner
- (7) a shareholder
- (8) a trustee
- (9) an agent
- (10) an employee
- (11) a contractor
- (12) a consultant
- (13) a person who holds any position of management
- (14) a person who has decision or policy making authority

These conflict of interest positions are in addition to those conflicts identified in WIC sections 4622 and 4626. (CCR Section 54520, or CA WIC Sections 4622 or 4626)

- 5.2 Similarly, a conflict of interest exists when an advisory committee board member appointed pursuant to WIC Section 4622 takes on any role prohibited by CCR Section 54521.
- 5.2 Neither NLACRC's governing board members nor shall its executive director "make, participate in making or in any way attempt to use his or her position to influence a regional center or board decision in which he knows or has reason to know that he or she or a family member has a financial interest." (CCR Section 54522 and WIC Sections 4626 and 4627) "Financial interest" is defined in CCR Section 54522(b).
- 5.3 NLACRC governing board members, its executive director, and family members shall be "guided solely by the interests of the regional center and its consumers and not their personal financial interests when participating in the making of contracts in their official capacity." (CCR Section 54523, WIC Sections 4626 and 4627)
- 5.4 NLACRC governing board members and its executive director shall "discharge their responsibilities with integrity and fidelity, and are prohibited from placing themselves in

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a position where their private, personal interests may conflict with their official duties,” and shall “exercise the powers conferred upon them with disinterested skill, zeal and diligence and for the benefit of the regional center and the consumers.” The executive director or governing board members shall be disqualified from participating in matters where “his or her family member’s personal or pecuniary interest conflicts with the individual’s duty to act in the best interest of the regional center or the consumers.” (CCR Section 54524, and WIC Sections 4626 and 4627)

## **6. PROCEDURE**

- 6.1 If the executive director or a governing board member has a conflict of interest as set forth in the CCRs or WIC, he or she must (1) eliminate the conflict of interest, (2) obtain an approved conflict resolution plan, or (3) resign his or her position with the regional center or regional center governing board. Neither the executive director nor board members shall serve “unless the individual has eliminated the conflict of interest or obtained an approved conflict resolution plan.” (CCR Sections 54525, 54533 and WIC Sections 4626 and 4627)

## **7. REPORTING**

- 7.1 Conflicts of interest for the executive director or governing board members identified in a completed conflict of interest reporting statement and conflict resolution plan shall be submitted to DDS and the State Council on Developmental Disabilities within 30 calendar days of receipt of the completed conflict of interest reporting statement.
- 7.2 If a conflict of interest has been identified by DDS, the reporting statement and plan shall be submitted within 30 calendar days of the receipt of DDS’s notification. (CCR Section 54533 subsections (d) and (e))
- 7.3 The regional center shall post on its website each completed conflict of interest reporting statement that identifies a present or potential conflict of interest that cannot be resolved within 30 days for board members or the executive director. The statement shall remain on the website until the conflict has been eliminated. (CCR Section 54533(f))

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## **8. ENFORCEMENT**

- 8.1 The State Council of Developmental Disabilities and DDS must review and resolve any governing board member or executive director conflicts of interests. (CCR Section 54534)
- 8.2 DDS may sanction the regional center for violations of the provision of this article. (CCR Section 54535)

## **9. REFERENCES/FORMS**

- 9.1 Conflict of Interest reporting statement

[policy.bd.cofi] Approved: September 9, 2015



- |   |
|---|
| <input type="checkbox"/> Governing Board Member   |
| <input type="checkbox"/> Vendor Advisory on Board |
| <input type="checkbox"/> Executive Director       |
| <input type="checkbox"/> Employee/Other           |

2. Do you or a family member<sup>2</sup> work for any entity or organization that is a regional center provider or contractor?  
 yes  no -- If yes, provide the name of the entity or organization and describe what services it provides for the regional center or regional center consumers. If the provider or contractor is a state or local governmental entity, provide the specific name of the state or local governmental entity and describe your job duties at the state or local governmental entity.
3. Do you or a family member own or hold a position<sup>3</sup> in an entity or organization that is a regional center provider or contractor?  yes  no -- If yes, provide the name of the entity or organization, describe what services it provides for the regional center or regional center consumers, and describe your or your family member's financial interest.
4. Are you a regional center advisory committee board member?  yes  no -- If yes, are you a member of the governing board or owner or employee of an entity or organization that provides services to the regional center or regional center consumers?  yes  no -- If yes, provide the name of the entity or organization and describe what services it provides for the regional center or regional center consumers.
5. If you are a regional center advisory committee board member and answered yes to all the questions in Question 4 above, do any of the following apply to you: (a) are you an officer of the regional center board; (b) do you vote on purchasing services from a regional center provider; or (c) do you vote on matters where you might have a financial interest?  yes  no -- If yes, please explain.

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<sup>2</sup> Family member includes your spouse, domestic partner, parents, stepparents, grandparents, siblings, stepsiblings, children, stepchildren, grandchildren, parent-in-laws, brother-in-laws, sister-in-laws, son-in-laws and daughter-in-laws. See California Code of Regulations, title 17, sections 54505(f).

<sup>3</sup> For purposes of this question, hold a position generally means that you or a family member is a director, officer, owner, partner, employee, or shareholder of an entity or organization that is a regional center provider or contractor. For a specific description of positions that create a conflict of interest in a regional center provider or contractor see the California Code of Regulations, title 17, sections 54520 and 54526.

- |   |
|---|
| <input type="checkbox"/> Governing Board Member   |
| <input type="checkbox"/> Vendor Advisory on Board |
| <input type="checkbox"/> Executive Director       |
| <input type="checkbox"/> Employee/Other           |

6. Do any of the decisions you make when performing your job duties with the regional center have the potential to financially benefit you or a family member<sup>4</sup>? [Note: Governing board members do not have to answer “yes” to this question if the financial benefit would be available to regional center consumers or their families generally].  
 yes  no -- If yes, please explain.

7. Are you responsible for negotiating, making,<sup>5</sup> executing or approving contracts on behalf of the regional center?  yes  no -- If yes, please explain.

8. Do you have a financial interest in any contract<sup>6</sup> with the regional center?  yes  no -- If yes, did you negotiate, make, execute or approve the contract on behalf of the regional center?  yes  no -- If yes, please explain.

9. Do any of your family members have a financial interest in any contract with the regional center?  yes  no  
 If yes, did you negotiate, make, execute or approve the contract on behalf of the regional center?  yes  no  
 If yes, please explain.

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<sup>4</sup> Generally, a decision can financially benefit you or a family member if the decision can either directly or indirectly cause you or a family member to receive a financial gain or avoid a financial loss. For a specific description of the types of decisions that can result in a financial benefit to you or a family member see the California Code of Regulations, title 17, sections 54522 and 54527.

<sup>5</sup> California Code of Regulations, title 17, sections 54523(b)(2) and 54528(b)(2) describes the types of conduct which constitute involvement in the making of a contract.

<sup>6</sup> For purposes of questions 8 and 9, a financial interest in a contract generally means any direct or indirect interest in a contract that can cause you or a family member to receive any sort of financial gain or avoid any sort of financial loss irrespective of the dollar amount. California Code of Regulations, title 17, sections 54523 and 54528 define when financial interests in a contract will occur.



<input type="checkbox"/> Governing Board Member
<input type="checkbox"/> Vendor Advisory on Board
<input type="checkbox"/> Executive Director
<input type="checkbox"/> Employee/Other

10. Do you evaluate employment applications or contract bids that are submitted by your family member(s)?  
 yes  no -- If yes, please explain.

11. Your job duties require you to act in the best interests of the regional center and regional center consumers. Do you have any circumstances or other financial interests not already discussed above that would prevent you from acting in the best interests of the regional center or its consumers?  yes  no -- If yes, please explain.

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**B. ATTESTATION**

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I \_\_\_\_\_ (print name) HEREBY CONFIRM that I have read and understand the regional center's Conflict of Interest Policy and that my responses to the questions in this Conflict of Interest Reporting Statement are complete, true, and correct to the best of my information and belief. I agree that if I become aware of any information that might indicate that this statement is not accurate or that I have not complied with the regional center's Conflict of Interest Policy or the applicable conflict of interest laws, I will notify the regional center's designated individual immediately. I understand that knowingly providing false information on this Conflict of Interest Reporting Statement shall subject me to a civil penalty in an amount up to fifty thousand dollars (\$50,000) pursuant to Welfare and Institutions Code section 4626.

Signature \_\_\_\_\_ Date \_\_\_\_\_

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**INTERNAL USE ONLY**

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Date this Statement was received by Reviewer: \_\_\_\_\_

The reporting individual  does  does not have a  present  potential conflict of interest

Signature of Designated Reviewer	Date Review Completed
	