

2 TYPES OF CONFLICTS OF INTEREST:

1. Conflict of Interest-*in appearance*
2. Conflict of Interest-*in fact*

All conflicts of interest start as a conflict of interest *in appearance*.

In other words, a situation *may look bad*, but a review of the facts and circumstances determines if the conflict of interest *in appearance* is also a conflict of interest *in fact*.

A conflict of interest *in fact* means the conflict of interest *happened or could happen*.

BEWARE OF CONFLICTS OF INTEREST AROUND YOUR FEDERAL GRANTS

What Makes Something a Conflict of Interest?

The *trust-shattering* effects of conflicts of interest can have *long-term repercussions* with the reputation of the organization, the respect of staff and the future engagement of the funding agency.

Good grants management demands ethical behavior on multiple levels of an organization.

- We must expect people to manage their federal funds in the best interests of their Federal grant.

But sometimes things don't go as expected...

- In a nutshell, a conflict of interest occurs when an individual or organization puts their gain in front of the best interests of the Federal program.

Here's an example:

- The organization hires the spouse of the company treasurer to serve as a consultant on the program. (Conflict of interest *in appearance*)
- A review of the facts and circumstances determines that the hiring process was NOT conducted in a fair and impartial manner and the pay scale is NOT consistent with market rates for the position, experience, and responsibilities.
- (Conflict of interest *in fact*.)



▶ 19 ITEM CHECKLIST TO AVOID CONFLICTS OF INTEREST



BEST PRACTICES FOCUS ON AVOIDING, DETECTING AND DISCLOSING CONFLICTS OF INTEREST:

>>19-Item Conflict of Interest Checklist

Here are 19 questions to consider when you are looking for conflicts of interest at your organization.

- 1. Were any goods and services purchased from a related party such as a family member or business associate of an employee?**
- 2. Did the organization hire someone in a business or personal relationship with someone else in the organization?**
- 3. Was there undue influence by anyone within or outside the organization concerning the choice of a vendor or a sub-grant award decision?**
- 4. Was the procurement made *without* full and open competition?**
- 5. Was a consultant hired without using a fair selection process including determining a reasonable pay rate for the specific verifiable type of work to be done?**
- 6. Are managers able to override or circumvent established procurement controls?**
- 7. Is there a process to identify and disclose conflicts of interest to the appropriate level of an official at the organization to get guidance and advice concerning the specifics of the situation?**
- 8. Is there a process to communicate the conflict of interest prohibitions to everyone involved in the grant?**
- 9. Do indirect grant personnel receive education on what to look for about conflicts of interest in fact and in appearance?**
- 10. Do individuals involved in the procurement of goods and services sign conflict of interest statements?**
- 11. Is there a regular review and maintenance of conflict of interest statements?**

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- 12. Do managers and other key personnel understand the areas where conflicts of interest are likely to occur and where the greatest risks such as kickbacks and related party transactions could occur?**
- 13. Does your employee handbook include standards of conduct explicitly cover the performance of its employees engaged in the selection, award, and administration of contracts?**
- 14. Do the organization's standards of conduct include a stipulation that no employee, officer, or agent can participate in the selection, award, or administration of a contract supported by a Federal award if they have a real or apparent conflict of interest?**
- 15. Do the organization's standards of conduct specify that officers, employees, and agents of the non-Federal entity must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts?**
- 16. Do the organization's standards of conduct set a standard for situations in which the financial interest is not substantial, or the gift is an unsolicited item of nominal value?**
- 17. Do the organization's standards of conduct include a provision for disciplinary actions for violations of such standards?**
- 18. Does the organization have a process to monitor for conflicts of interest potentially affecting Federal awards?**
- 19. Does the organization have a process to notify your funding agency for mandatory disclosures of conflicts of interest potentially affecting the Federal award?**