

## **Conflict of Interest Policy**

### **Section 1: Purpose:**

1. The City of Minot is entrusted with administering the business of the City in the best interest of the citizens of Minot, while complying with Federal, state, and local statutes and regulations. The City Council, management, staff, consultants and agents of the City of Minot have the responsibility of administering the affairs of the City honestly and prudently, and of exercising their best care, skill, and judgment for the City of Minot's benefit. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with the City of Minot or knowledge gained therefrom for their personal benefit.
2. The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200) at §200.318(c)(1) require the City to maintain written standards of conduct covering conflicts of interest and governing the performance of its employees engaged in the selection, award, and administration of Federally-funded contracts. "No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest."

### **Section 2: Scope**

1. A conflict of interest would arise when the employee, officer, or agent, any immediate family member, partner, or an organization which employs/is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the City may neither solicit nor accept gratuities, favors, or anything of monetary value from the contractors or parties to subcontracts.
2. The City may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited items of nominal value. Employee ethics are addressed in the employee handbook.

### **Section 3: Funding Agency Specific Regulations**

1. Supervisors and individuals have responsibility to comply with agency-specific regulations.
2. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) program specific guidance:
  - a. The conflict of interest regulation applicable to the CDBG program is found at 24 C.F.R. § 570.489(h). The conflict of interest regulation applies to procurement (except as provided in 24 C.F.R. § 570.489(g)), acquiring and disposing real property, and assistance provided by City or subrecipients with CDBG funds to individuals, businesses and other private entities.
  - b. Personnel involved with CDBG funds must be aware of this regulation. The CDBG conflict of interest regulation applies to people working for, or elected to office in, a unit of general local government, a designated public agency, or subrecipients which are receiving CDBG funds. 24 C.F.R. § 570.489(h)(3). No such person may have any financial interest or benefit, or other interest in a contract, subcontract, or agreement concerning CDBG activities or the proceeds from these activities "either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter." 24 C.F.R. § 570.489(h)(2)

- c. Any individual or entity seeking CDBG funds for any activity in which they or related individuals or organizations have an interest must disclose that interest when applying for CDBG funding. Once the conflict of interest has been disclosed, HUD is authorized to determine whether an exception may be granted.
- d. HUD has also determined the Federal conflict of interest regulation applies to those situations where a unit of general local government, a designated public agency or a sub recipient uses CDBG funds to replace other funds for which they are responsible, or otherwise reduce their risk while increasing risk to the CDBG funds. These situations must be disclosed as soon as possible so HUD may decide whether to grant an exemption from the conflict.

## **Section 4: Conflict of Interest Procedures**

### **Section 4.1. Applicability**

1. Conflict of Interest training is applicable to anyone who is an employee, agent, consultant, officer, elected/appointed official of the City, or a subrecipient receiving CDBG funds - if the following conditions apply:
  - a. Exercise functions or responsibilities regarding CDBG funded/assisted activities
  - b. Are in a position to participate in decision-making or gain inside information on activities
  - c. May obtain financial interest/benefit from activity
  - d. Have interest in CDBG funded activity contract/subcontract/agreements
  - e. May receive proceeds for themselves or those with whom they have family/business ties, during their tenure or for one year thereafter.

### **Section 4.2 Conflict of Interest Process**

1. City employee awareness training may be provided as part of onboarding with Human Resources, where members read the Conflict of Interest memo [Attachment A] and acknowledge understanding. Training may also be provided within departments as a mass-briefing conducted by supervisors. HR memorandums and workcenter rosters shall be made available upon request.
2. Non-City employees will follow their employer's policy to meet 24 CFR 570.489(h) standards and make proof available upon request.
3. City employees meeting criteria in section 4.1 shall complete the first page of Conflict of Interest worksheet [Attachment B] and periodically review for status changes. The Federal Compliance Officer tracks/maintains worksheets.
4. If a stated or perceived conflict is documented, a determination must be made via the Conflict of Interest flowchart [Attachment C]. If no conflict exists, the completed flowchart will be placed into the program files. If a conflict does exist, the flowchart shall be filed and exception process initiated with HUD via Section 4.3 below.

### **Section 4.3. Exception Process**

1. The Exception Form [Attachment D] will be completed in accordance with CDBG regulations found at 24 CFR 570.489 (h)(4)(5) by the City Attorney with advisement by CDBG Program Manager, and then sent to HUD for a final determination.
2. Once a final determination has been made, the person(s) with the identified conflict will be notified of the decision and acknowledge, with documentation then appropriately filed.

### **Section 4.4. Disciplinary Actions for Violations**

The City's Federal Grant Program Procurement Policy sets forth penalties for violations.

## Section 5: Attachment A

### City of Minot City and Program Staff Conflict of Interest Instructions

This briefing provides initial Conflict of Interest training and applies as described in 24 CFR 570.489(h) for those who:

- a. Exercise functions or responsibilities regarding CDBG funded/assisted activities
- b. Are in a position to participate in decision-making or gain inside information on activities
- c. May obtain financial interest/benefit from activity
- d. Have interest in CDBG funded activity contract/subcontract/agreements
- e. May receive proceeds for themselves or those whom they have family/business ties, during their tenure or for one year thereafter.

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. [2 CFR 200.318(c)(1)]

If you, an immediate family member, or someone with whom you have business ties, are applying for Federal grant assistance or may have financial gain through Federally-funded grants, contracts or subcontracts, you must notify your supervisor and complete the Conflict of Interest worksheet. Immediate family members are defined as: (1) a spouse or partner; (2) a child, grandchild, parent, grandparent, sibling, uncle, aunt, nephew, or niece, or the spouse of any such person; (3) a person having a step-relationship described in (2) above; (4) a parent-in-law or a brother- or sister-in-law; or (5) any other person who resides in the same household as the trustee, officer, or employee. You should also list anyone else that a “reasonable person” would consider a conflict due to your relationship with that individual.

If at any point during the performance of your duties, you become aware of a situation that would fall under the paragraphs above, it is your duty to immediately report the situation to your supervisor so an assessment can be made. Failure to do so may result in disciplinary action.

Please refer questions to the Federal Compliance Officer, who can be reached at (701) 857-1553.

## Section 6: Attachment B

### Conflict of Interest Worksheet

- I hereby certify **I do not** have any personal or financial conflict of interest related to a City of Minot program funded by Federal grant funds.
- I hereby certify **I do have** a personal or financial conflict of interest related to a City of Minot program funded by Federal grant funds. List the name of the program and the conflicts below.

**For Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funded projects:**

- I hereby certify **I or a family member is applying** in the City of Minot Disaster Recovery Housing Program. Names are listed below.
- I hereby certify **I do have a financial conflict of interest** related to the City of Minot Disaster Recovery Program. Conflicts are listed below.

Grant Funded Program	Family Member Name	Address	Relationship	Reason for Conflict

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Name (Signature)

Date

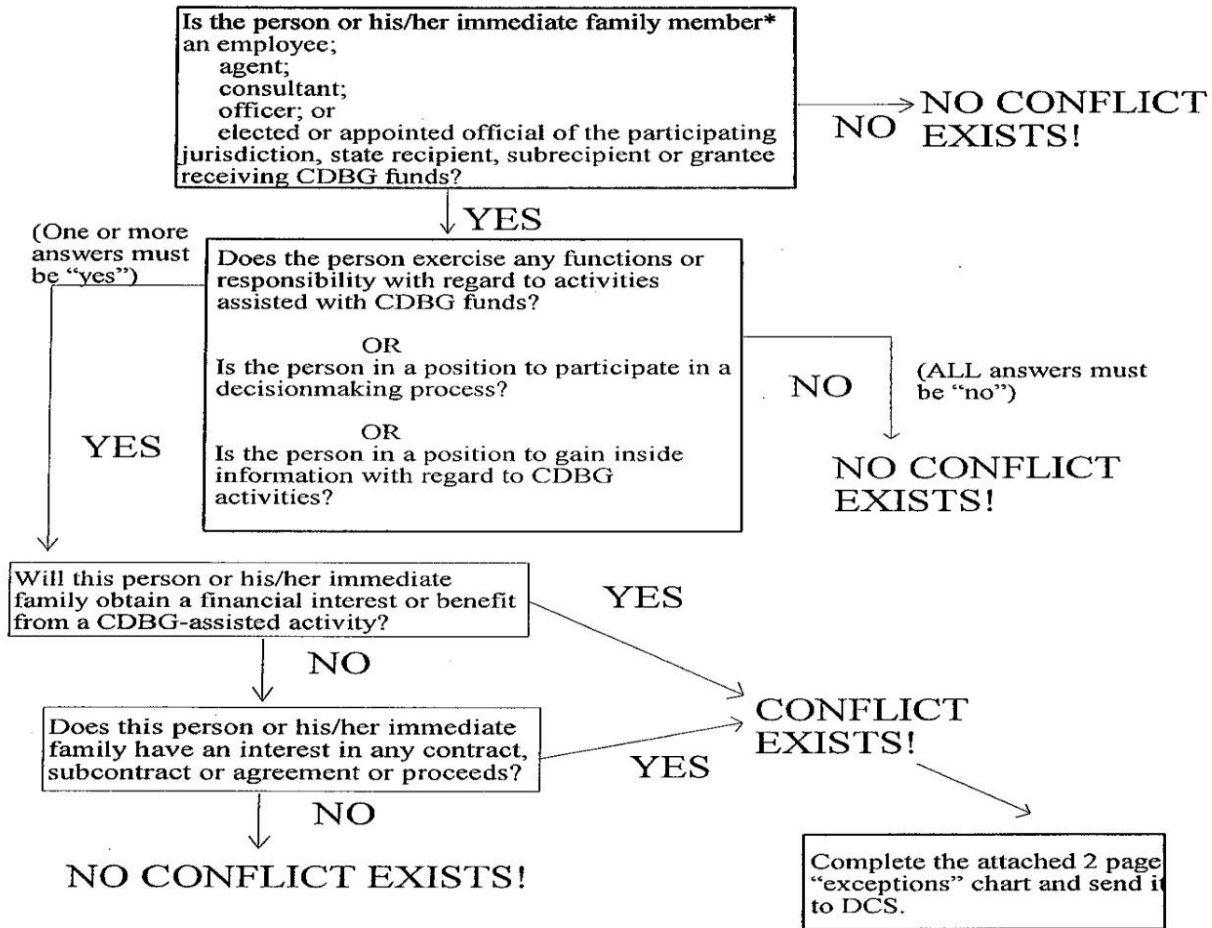
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Name (Printed)

Job Title

# Section 7: Attachment C

## CONFLICT OF INTEREST FLOWCHART



\*NOTE: "Immediate family member" is defined to include parents, spouse and children.

I have reviewed the employee information for \_\_\_\_\_ and determined:

No conflict exists                       Conflict exists – exception worksheet completed

Supervisor: printed name, signature, date \_\_\_\_\_

Employee: printed name, signature, date \_\_\_\_\_

## Section 8: Attachment D

Attachment C	
<p>FACTORS TO BE CONSIDERED FOR EXCEPTIONS TO  CONFLICT OF INTEREST REGARDING FEDERAL GRANT FUNDS  AND  DECISIONS TO THE FACTORS  IN ACCORDANCE WITH  CDBG – 24 CFR 570.489 (h) (5)</p>	
Project _____	
Persons Covered by Conflict of Interest _____	
Requirement #1 <input type="checkbox"/> Yes <input type="checkbox"/> No	Has there been a disclosure of the nature of the conflict, accompanied by an assurance there has been public disclosure of the conflict and a description of how the disclosure was made?
Requirement #2 <input type="checkbox"/> Yes <input type="checkbox"/> No	Has an opinion of the attorney for the unit of local government been made stating the interest for which the exception is sought would not violate state or local law?
Factor #1	Would the exception provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available?
Decision #1	
Factor #2	Was an opportunity provided for open competitive bidding or negotiation?
Decision #2	
Factor #3	<b>For CDBG funds:</b> was the persons affected a member of a group or class of LMI persons intended to be the beneficiaries of the assisted activity, and this exception will permit such person to receive generally the same interests or benefits as are being available or provided to the group or class?
Decision #3	

Factor #4	Was the affected person withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question?
Decision #4	
Factor #5	Was the interest or benefit present before the affected person was in position to receive benefit from Federal grant funds?
Decision #5	
Factor #6	Would undue hardship result either to the City of Minot or the persons affected when weighted against the public interest served by avoiding the prohibited conflict?
Decision #6	
Factor #7	Are there any other relevant considerations?
Decision #7	
<b>FINAL DECISION</b>	
<input type="checkbox"/> Exception to Conflict of Interest Accepted <input type="checkbox"/> Exception to Conflict of Interest Rejected	
_____ Signature	_____ Date
<b>EMPLOYEE ACKNOWLEDGMENT</b>	
_____ Signature	_____ Date