

# AUSTIN/TRAVIS COUNTY SOBRIETY CENTER LOCAL GOVERNMENT CORPORATION

## FINANCIAL CONFLICT OF INTEREST POLICY

### Policy Statement

A financial conflict of interest occurs when personal interests interfere, or appear to interfere, with the ability to make sound business decisions on behalf of Austin/Travis County Sobriety Center (ATCSC). There are some common relationships or circumstances that can create, or give the appearance of, a conflict of interest. Generally, these situations involve gifts, business or financial dealings, investments, or any combination of these. The Financial Conflict of Interest Policy is designed to help identify situations that present conflicts of interest and to provide procedures to prevent, manage, and resolve conflicts appropriately and in accordance with the goals of ensuring objectivity, accountability, and transparency and preserving public trust in ATCSC's operations. Any contract or transaction with any vendor, supplier, or other party doing business with ATCSC in which the contract or transaction benefits the interested person (defined below) or a family member, directly or indirectly, is prohibited.

An interested person must disclose a conflict of interest if that person knows or reasonably should have known of the conflict, and he or she must disclose the conflict promptly. The terms *conflict of interest* and *contract or transaction* are broadly defined in this policy.

### Applicability

This policy applies to all persons with decision-making authority regarding any ATCSC contract or transaction. To the extent that any director or staff member has such decision-making authority, such person shall comply with this policy.

### Purpose

The purpose of this policy is to protect the interests of ATCSC in circumstances of conflicts of interest. This policy is intended to supplement but not replace any state and federal laws governing conflicts of interest applicable to publicly funded organizations.

*Conflict of interest arises whenever the financial interest of an interested person (or a family member of such person) is at odds with the best interests of ATCSC. Interested persons shall not engage in any business or financial activity that adversely affects or is detrimental to the best interests of ATCSC.*

*This policy restricts or prohibits certain contracts or transactions involving interested persons and their family members. It also requires full and prompt disclosure of all conflicts of interest. Because public confidence is important in the operations of this body, interested persons and ATCSC must take appropriate steps to avoid even the appearance of impropriety. The procedures set forth below will assist in that effort.*

## **Definitions**

**Board of Directors** -- the ATCSC Board of Directors.

**CEO** -- the president and chief executive officer (CEO) of ATCSC or his/her designee.

### ***Conflict of Interest***

A. Any of the following circumstances creates a financial conflict of interest:

- 1) An interested person (or a family member of such person) has or is negotiating a contract or transaction with ATCSC (other than the person's ATCSC employment contract) that could benefit him or her directly or indirectly.
- 2) An interested person (or a family member of such person) has a substantial interest (defined below) in an entity that has or is negotiating a contract or transaction with ATCSC.
- 3) An interested person (or a family member of such person) has a substantial interest in an entity that competes with ATCSC.

B. The circumstances listed in part A above are conflicts of interest if they are actual (such as contracts in existence), potential (such as arrangements under discussion or negotiation), or create the appearance of impropriety.

**Contract or Transaction** -- any agreement or relationship involving the sale, purchase, or lease of property, goods, or services; providing or receiving a loan or grant; or an investment or any other type of financial relationship or arrangement. Making a gift to ATCSC is not a contract or transaction.

**Director** -- a member of the Board of Directors.

**Employee** -- a person directly employed by and on the payroll of ATCSC, whether full-time, part-time, or temporary.

**Family Member** -- a spouse, parent, child, brother, sister, grandparent or grandchild, and spouses of children, brothers, and sisters of an interested person. "Step" relatives are included. The term also includes the cohabiting life partner of the interested person.

**Interested Person** -- any director or staff member with decision-making authority regarding any ATCSC contract or transaction who appears to have or does have real or potential involvement or interest in a contract or transaction.

### ***Substantial Interest***

A. A person has a substantial interest in an entity if any of the following are true:

- 1) The person owns 10% or more of the voting stock or shares of the business entity or owns either 10% or more or \$15,000 or more of the fair market value of the entity.

- 2) The person received funds from the entity that exceeded 10% of the person's gross income for the previous year.
  - 3) The person (or a family member of such person) is a member of the board of directors or an officer, partner, trustee, or legal representative of the entity.
- B. A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more.

### **Responsibilities**

- A. Board of Directors—The Board of Directors is responsible for resolving or otherwise taking appropriate action regarding any conflict of interest disclosed by or relating to any director or the CEO.
- B. Chief Executive Officer—The CEO is responsible for administering the policy as it relates to applicable staff members; implementing processes and procedures to ensure that the policy is followed; and monitoring compliance with the policy. In addition, the CEO shall annually review the Financial Conflict of Interest Disclosure Statements that are required to be filed in accordance with this policy.

### **Procedures**

#### **General Guidelines**

- A. Interested persons shall refrain from engaging in any conflict of interest.
- B. An interested person shall recuse himself or herself from the decision-making process, including any discussions or meetings, regarding contracts or transactions in which the interested person has a conflict of interest.
- C. Interested persons shall not accept gifts, gratuities, entertainment, or other favors from individuals or entities when the party offering the gift, gratuity, entertainment, or favor does so under circumstances that might create the perception that such action was intended to influence the interested person in the performance of his/her duties.
- D. Each ATCSC director or officer shall also comply with Chapter 171 of the Texas Local Government Code, including Section 171.004, which requires in certain situations an affidavit and abstention from a vote or decision involving a matter in which a director or officer has a substantial interest in a business entity or real property.
- E. Each interested person shall also comply with Chapter 176 of the Texas Local Government Code, which requires the person to file with ATCSC a conflicts disclosure statement with respect to certain vendor relationships.
- F. ATCSC expects its vendors to comply with Chapter 176 of the Texas Local Government Code, which requires each vendor to file with ATCSC a conflicts disclosure "questionnaire" with

respect to certain relationships. ATCSC will include in each of its vendor contracts a requirement that the vendor comply with Chapter 176 and a provision allowing ATCSC to void the contract in the event of the vendor's noncompliance.

**Process of Conflict of Interest Identification, Disclosure, and Resolution**

- A. The process for disclosure by an interested person who is a staff member (other than a director or the CEO) is outlined below:
- 1) An interested person must disclose a conflict of interest if that person knows or reasonably should have known of the conflict, and he or she must disclose the conflict promptly to his/her immediate supervisor.
  - 2) If it is not clear whether a conflict of interest exists, the interested person shall disclose the circumstances to his/her immediate supervisor.
  - 3) The immediate supervisor and the next level of leadership, if applicable, shall work with the interested person to gather all the relevant facts for presentation to the CEO.
  - 4) After disclosure, review of relevant facts, and discussion with the interested person, the CEO shall determine if a conflict of interest exists.
  - 5) If a conflict of interest exists, the CEO shall take appropriate action to resolve the conflict of interest in a manner that is fair, reasonable, and in the best interest of ATCSC. At his or her discretion, the CEO may bring any conflict of interest issue to the Board of Directors for review and resolution.
- B. The process for disclosure by an interested person who is a director or the CEO is outlined below:
- 1) An interested person must disclose a conflict of interest if that person knows or reasonably should have known of the conflict, and he or she must disclose the conflict promptly to the chair of the Board of Directors.
  - 2) If it is not clear whether a conflict of interest exists, the interested person shall disclose the circumstances to the chair of the Board of Directors.
  - 3) The chair of the Board of Directors, or his/her designee, shall work with the interested person to gather all the relevant facts for presentation to the full Board of Directors.
  - 4) After disclosure, review of the relevant facts, and discussion with the interested person, the Board of Directors shall determine if a conflict of interest exists.
  - 5) If a conflict of interest exists, the Board of Directors shall take appropriate action to resolve the conflict of interest in a manner that is fair, reasonable, and in the best interest of ATCSC.
- C. The process for disclosure by an interested person who is the chair of the Board of Directors shall follow the above procedures in part B, except that the chair shall disclose any conflict of interest to the vice-chair of the Board of Directors, who shall proceed in the role that would otherwise be performed by the chair.
- D. Upon resolution of a conflict of interest issue by the Board of Directors or the CEO, the resolution will be documented, as appropriate, either by the secretary of the Board of Directors in meeting minutes or by the CEO in meeting minutes or a memorandum to the file.

### **Annual Statements**

Each director or staff member with decision-making authority regarding any ATCSC contract or transaction shall annually sign a Financial Conflict of Interest Disclosure Statement in the form attached hereto (Appendix A), affirming that such person:

- received a copy of the policy
- read and understood the policy
- agreed to comply with the policy
- truthfully completed the Financial Conflict of Interest Disclosure Statement

The completed disclosure statements shall be submitted to the secretary of the Board of Directors not later than June 1 of each year. The secretary of the Board of Directors shall maintain, and shall post on the ATCSC website, if one is maintained, certain completed disclosure statements and questionnaires in accordance with Sections 176.0065(2) and 176.009(a) of the Texas Local Government Code.

### **Compliance**

- A. Compliance with the policy is an ongoing requirement; each interested person is accountable for ensuring his/her compliance.
- B. If the CEO or Board of Directors, as appropriate, has reasonable cause to believe an interested person has failed to disclose a conflict of interest, the interested person shall be informed of the basis for such belief and he/she shall be afforded the opportunity to explain the alleged failure to disclose.
- C. After hearing the individual's response and making further investigation as warranted by the circumstances, the CEO or Board of Directors, as appropriate under this policy, shall determine:
  - 1) Whether the individual has failed to disclose a conflict of interest
  - 2) Whether a conflict of interest has occurred
- D. Based on the findings, progressive corrective action may be implemented under the direction of the CEO as appropriate.
- E. Based on the findings, appropriate action may be implemented under the direction of the Board of Directors.
- F. Any exception to this policy shall be approved by the Board of Directors.

Attachment—Appendix A: Financial Conflict of Interest Disclosure Statement

## Financial Conflict of Interest Disclosure Statement

This Austin/Travis County Sobriety Center ("ATCSC") Financial Conflict of Interest Disclosure Statement is to be completed annually by all persons with decision-making authority regarding any ATCSC contract or transaction. Completed forms should be submitted to the secretary of the Board of Directors by June 1 of each year.

1. I, \_\_\_\_\_, have received a copy of and have read and understand the ATCSC Financial Conflict of Interest Policy (the "Policy"). I agree to comply with the Policy.
2. If I have an actual or perceived conflict of interest (as defined in the Policy), I will promptly disclose it as required by the Policy.
3. I do not have, nor am I negotiating, a contract or transaction (as defined in the Policy) with ATCSC for goods or services (other than any employment contract that may exist between ATCSC and me), and this statement is true with regard to any family member of mine (as family member is defined in the Policy).
4. I do not have (nor does a family member have) a financial interest in a contract or transaction that exists or is being negotiated between ATCSC and any entity in which (a) I am (or a family member is) a director, officer, agent, partner, associate, employee, trustee, or legal representative or (b) I am (or a family member is) engaged in some other capacity.
5. I am not (nor is a family member) engaged in any capacity with a business or enterprise that competes with ATCSC nor do I or a family member have a financial interest in a business or enterprise that competes with ATCSC.
6. I do not and will not engage in any business or financial activity that adversely affects or is detrimental to the best interests of ATCSC.
7. I will not accept gifts, gratuities, entertainment, or other favors from individuals or entities when the party offering the gift, gratuity, entertainment or favor does so under circumstances that might create the perception that such action was intended to influence me in the performance of my ATCSC duties.

*Check one of the following:*

\_\_\_\_\_ I agree with all of the statements in this Financial Conflict of Interest Disclosure Statement. My statements concerning my family members are made to the best of my knowledge.

\_\_\_\_\_ I cannot agree with a certain statement (or statements). Below I identify the statement(s) by number and disclose the following circumstances:

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name Printed

\_\_\_\_\_  
Date