

STATE OF NEW JERSEY
DEPARTMENT OF HUMAN SERVICES

SUBJECT: Conflict of Interest

EFFECTIVE: This policy circular shall become effective on July 1, 1988, and shall be implemented immediately.

PROMULGATED: July 1, 1988

SUPERSEDES Policy Circular P8.05, promulgated June 1, 1983.

The purpose of this circular is to establish minimum standards for use by Provider Agencies in the development and implementation of a Conflict of Interest policy.

I. SCOPE

This policy circular applies to all Contracts.

II. DEFINITIONS

In addition to defined terms included in the Glossary of the Manual, the following terms, when capitalized, shall have meanings as stated:

Conflict of Interest (also Conflict) means a conflict, or the appearance of a conflict, between the private interests and the official responsibilities of a person in a position of trust. Persons in a position of trust include Provider Agency Staff Members, officers or Governing Board members.

Governing Board (also Board) means the Provider Agency board, commission, council or other organizational body which signs the Contract, enacts Provider Agency policy regarding Contract services, and is responsible to the Department for Contract compliance.

Staff Member means a person who receives all or part of his/her income from the Provider Agency's payroll.

III. POLICY

Each Provider Agency must have written policies and procedures on Conflict of Interest.

A. The purpose of such policies and procedures is to prevent the personal interest of Staff Members, officers or Governing Board members from:

1. interfering with the performance of their responsibilities to the Provider Agency and its clients; or
 2. resulting in personal financial, professional and/or political gain on the part of such persons at the expense of the Provider Agency's and/or clients' interest.
- B. The policy must, at minimum, include provisions for disclosure of situations when:
1. a member of the Governing Board is related to another member of the Governing Board;
 2. a member of the Governing Board is related to a Staff Member;
 3. a member of the Governing Board is also a Staff Member;
 4. a Staff Member in a supervisory capacity is related to another Staff Member he/she supervises;
 5. a member of the Governing Board or a Staff Member receives payment from the Provider Agency for any sub-contracts, goods or services, such as consultant, laundry, maintenance, construction or remodeling; and
 6. a member of the Governing Board or a Staff Member is a member of the governing body of a contributor to the Provider Agency.
- C. The policy must specify what procedures must be followed in the event situations specified in B above occur. Possible procedures include:
1. procedures for determining if a Conflict exists;
 2. mandated or voluntary non-participation of Staff Members, officers, or Governing Board members in a situation in which there is a Conflict of Interest;
 3. sanctions conforming to relevant State and federal Conflict of Interest laws, rules and regulations; and
 4. appeal and administrative review of imposed sanctions.
- D. In addition, the policy must contain specific provisions which ensure that any Provider Agency Staff Member, officer, or Governing Board member does not participate in the selection, award or administration of a procurement transaction in which federal or State funds are used, where,

to his/her knowledge, any of the following has a financial interest in that transaction:

1. the Staff Member, officer or Governing Board member;
2. any member of his/her immediate family;
3. his/her partner;
4. an organization in which any of the above is an officer, director or employee; and
5. a person or organization with whom any of the above is negotiating or has any arrangement concerning prospective employment.

III. PROCEDURES

- A. The Provider Agency must develop a written Conflict of Interest policy in accordance with the minimum guidelines specified in this circular.
- B. The policy must be adopted by the Provider Agency's Governing Board, in accordance with procedures in the Board's by-laws.
- C. A copy of the adopted policy, with a date for compliance, must be furnished to Governing Board members, officers and Staff Members, and must be posted in a conspicuous place of the Provider Agency's facilities.
- D. A copy of the policy must be forwarded to the Department for review and filing with the Provider Agency's Contract documents. Any revisions to the policy, as they are made and adopted, must be forwarded to the Department.

Issued by:



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