



# Boston VA Research Institute, Inc.

Date 11/25/2008

Governance

POLICY NO.08 3

## TITLE OF POLICY:

CONFLICT OF INTEREST

## 1.0 PURPOSE:

This BVARI policy is intended to supplement, but not replace, federal and state laws and directives governing conflicts of interest applicable to nonprofit corporations (NPCs).

## 2.0 SCOPE:

This policy applies to BVARI board members and staff with significant decision-making authority and their associated interested parties.

## 3.0 POLICY:

A conflict of interest may exist when the interests or concerns of an interested party may be seen as competing with the interests or concerns of BVARI. There are a variety of situations that raise conflict of interest concerns including, but not limited to, the following:

3.1 Financial Interests – A conflict may exist where an interested party directly or indirectly benefits or profits as a result of a decision, policy or transaction made by BVARI. Examples include situations where:

- BVARI contracts to purchase or lease goods, services, or properties from an interested party.
- BVARI offers employment to an interested party, other than a person who is already employed by BVARI.
- An interested party is provided with a gift, gratuity, or favor of a substantial nature from a person or entity that does business or seeks to do business with BVARI.
- An interested party is gratuitously provided use of the facilities, property, or services of BVARI.
- BVARI adopts a policy that financially benefits an interested party.
- A financial interest is not necessarily a conflict of interest. A financial conflict of interest exists only when the board decides a person with a financial interest has a conflict of interest.

3.2 Other Interests – A conflict also may exist where an interested party obtains a non-financial benefit or advantage that he/she would not have obtained absent his/her relationship with BVARI. Examples include

where:

- An interested party seeks to obtain preferential treatment by BVARI or recognition for himself/herself or another interested party.
- An interested party seeks to make use of confidential information obtained from BVARI for his/her own benefit (not necessarily financial) or for the benefit of another interested party.
- An interested party seeks to take advantage of an opportunity or enables another interested person or other organization to take advantage of an opportunity that he/she has reason to believe would be of interest to BVARI.
- BVARI adopts a policy that provides a significant non-financial benefit to an interested party.

3.3 A conflict of interest exists only when the Board of Directors decides there is a conflict.

## 4.0 DEFINITIONS:

Interested parties: Persons covered under this policy, as well as their relatives and associates

## 5.0 RESPONSIBILITIES:

5.1 BVARI Board of Directors: The BVARI Board of Directors is responsible for the overall policy, planning and coordination of all BVARI activities within the VA Boston Healthcare System.

5.2 CEO: The BVARI CEO is responsible for developing, administering and coordinating a business process that provides optimal internal controls for BVARI.

(1) A statement signed by the CEO of the Corporation verifying that each board member, officer, and employee has certified awareness of and compliance with, such laws and regulations pertaining to conduct and conflicts of interest in the same manner required of Federal employees. To comply with this requirement, at the time a director, officer, or employee is appointed by the Corporation, a statement should be signed certifying compliance with and awareness of Federal laws and regulations pertaining to conduct and conflicts of interest (see App. D). This statement must be retained in the personnel file of each board member, officer, or employee. *NOTE: Once a year, the CEO needs to verify those employees' personnel files contain a signed certification.*

5.3 Department Director: BVARI's Department Director is responsible for ensuring that the BVARI employees follow the policies defined in the policy.

## 6.0 PROCEDURES:

## 6.1 Disclosure of Potential Conflicts of Interest

An interested party is under a continuing obligation to disclose any potential conflict of interest as soon as it is known or reasonably should be known.

An interested party shall complete the attached Questionnaire to fully and completely disclose the material facts about any potential conflicts of interest. The disclosure statement and Affirmation of Compliance shall be submitted upon his/her association with BVARI, and shall be reviewed annually thereafter. An additional disclosure statement shall be filed whenever a potential conflict arises.

In the case of staff with significant decision-making authority, the disclosure statements shall be provided to the CEO of BVARI. In the case of the CEO, the disclosure statement shall be provided to the Chair of the Board. In all cases, the recipient is the designated reviewing official responsible for bringing potential conflicts to the attention of the appropriate authorities. The Secretary of the Board of Directors shall file copies of all disclosure statements with the official corporate records of BVARI.

## 6.2 Procedures for Review of Potential Conflicts

Whenever there is reason to believe that a potential conflict of interest exists between BVARI and a Board member, or member of any of its committees, or the CEO, the Board of Directors shall determine the appropriate response. This shall include, but not necessarily be limited to, invoking the procedures described below with respect to a specific proposed action, policy or transaction. The designated reviewing official has a responsibility to bring a potential conflict of interest to the attention of the board promptly for action at the next regular meeting of the board or during a special meeting called specifically to review the potential conflict of interest.

Where the potential conflict involves an employee of BVARI other than the CEO, the CEO shall be responsible for reviewing the matter and may take appropriate action as necessary to protect the interests of BVARI. The CEO shall report to the Chair the results of any review and the action taken. The Chair shall determine whether any further board review or action is required.

## 6.3 Procedures for Addressing Conflicts of Interest

Where a potential conflict exists between the interests of BVARI and an interested party with respect to a specific proposed action, policy or transaction, the Board of Directors shall consider the matter during a meeting of the board. BVARI shall refrain from acting until such time as the proposed action, policy or transaction has been approved by the disinterested members of the Board of Directors of BVARI. The following procedures shall apply:

An interested party who has a potential conflict of interest with respect to a proposed action, policy or transaction of the corporation shall not participate in any way in, or be present during, the deliberations and decision-making vote of BVARI with respect to such action, policy or transaction. However, the interested party shall have an opportunity to provide factual information about the proposed conflict

and/or action, policy or transaction. Also, the board may request that the interested party be available to answer questions.

- The disinterested members of the Board of Directors may approve the proposed action, policy or transaction upon finding that it is in the best interests of BVARI. The board shall consider whether the terms of the proposed action, transaction or policy are fair and reasonable to BVARI and whether it would be possible, with reasonable effort, to find a more advantageous arrangement with a party or entity that is not an interested party.

- Approval by the disinterested members of the Board of Directors shall be by vote of a majority of directors in attendance at a meeting at which a quorum is present. An interested party shall be counted neither for purposes of determining whether a quorum is present, nor for purposes of determining what constitutes a majority vote of directors in attendance.

- The minutes of the meeting shall reflect that the conflict disclosure was made to the board, the vote taken and, where applicable, the recusal from voting and participation by the interested party. Whenever possible, the minutes should frame the decision of the board in such a way that it provides guidance for consideration of future conflict of interest situations.

#### 6.4 Violations of Conflict of Interest Policy

If the Board of Directors has reason to believe that an interested party has failed to disclose a potential conflict of interest, it shall inform the person of the basis for such belief and allow the person an opportunity to explain the alleged failure to disclose.

If the board decides that the interested party has in fact failed to disclose a possible conflict of interest, the board shall take such disciplinary and corrective action as the board shall determine.

### 7.0 RELATED DOCUMENTS:

conflict of interest-questionnaire.docx  
conflict of interest-certification.docx

### 8.0 REVISION HISTORY:

<b>Revision Letter</b>	<b>Author</b>	<b>Revision Date</b>	<b>Description of Changes</b>
A	Nancy Watterson-Diorio	11/25/2008	Original document

Date

**REASON FOR ISSUE:**

**SUMMARY OF CHANGES:**

**RELATED DOCUMENTS:**

**RESPONSIBLE OFFICER:**

Director of Grant Administration

**RESCISSION:**

**RECERTIFICATION:** This policy is scheduled for recertification on or before the last working day of January , 2011 .

Nancy Watterson-Diorio  
Chief Executive Officer

**DISTRIBUTION** Board of Directors, Date \_\_\_\_\_

FLD: Sharepoint Server \_\_\_\_\_, E-mailed \_\_\_\_\_ to:

# BVARI Staff, Stakeholders