

Social Innovation Fund
Round 2: Pay for Success
Conflict of Interest Training for
Federal Staff Reviewers

2016

Topics Covered

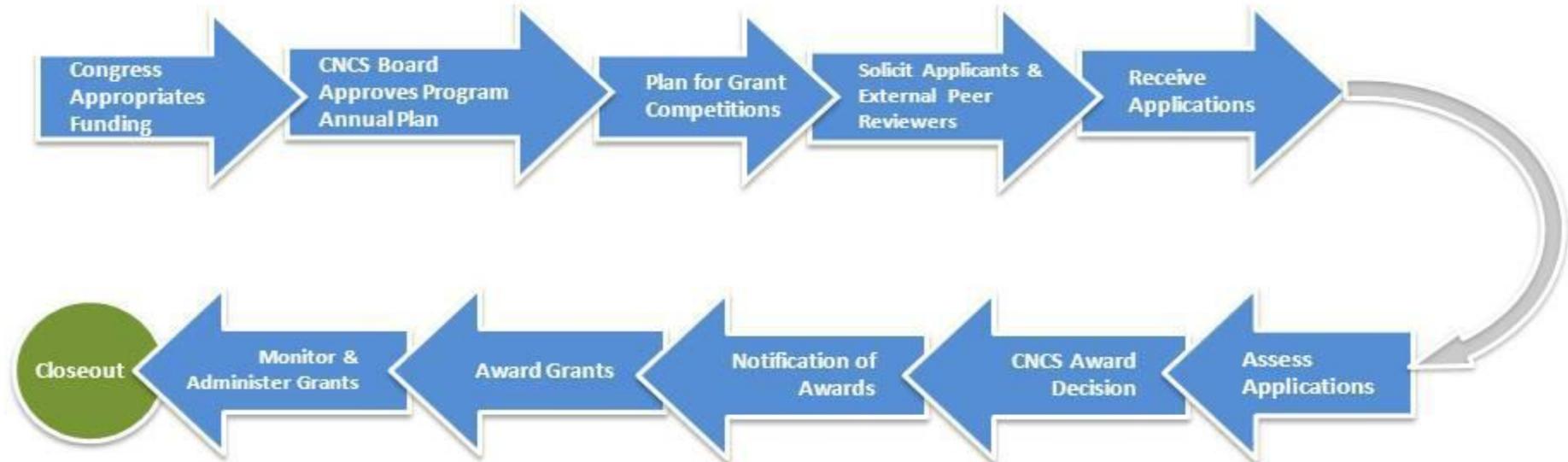
- * Purpose
- * Context
- * Definitions
 - * Conflict of Interest
 - * Financial Interest
 - * Particular Matter
 - * Impartiality
- * Examples
- * Quiz

Training Purpose

- * To create a common understanding of the conflict of interest rules that apply to all staff involved in the CNCS Grant Application Review Process (GARP)
- * To review the process for identifying and resolving staff questions about potential conflicts of interest

Blended Review in Context

- * CNCS has established a multi-step grant-making process from the appropriation of funds and awarding grants, through monitoring activities, to close-out.



What is the Goal of GARP?

- * CNCS's review and selection process is designed to ensure that grant applications submitted to CNCS for funding are evaluated based on a fair, equitable, transparent, unbiased, and timely process.
- * This process assures that awards made are aligned with the CNCS Strategic Plan and Annual Plan, based on the selection criteria stated in the *Notice of Federal Funding Opportunity or Availability (Notice)*, and represent a well-balanced portfolio of programs.

How Does Blended Review Fit In?

- * Blended Review is one part of the overall GARP process. Federal Staff should always feel comfortable providing their candid and unbiased assessment based on the selection criteria.
- * Blended Review is important, but it is only one element in the process.

Why is the Conflict of Interest Review Important?

- * CNCS wants to maintain public confidence in the integrity of our grant award process.
- * You have the opportunity to use your talent and expertise to do work that benefits the public.
- * You must avoid using your CNCS work to benefit yourself or your family personally, or any individuals or organizations that you have some connection with outside of your federal job.
- * The conflict of interest review is intended to identify and eliminate any potential concern that you will be motivated by considerations other than your desire to do what is best for the public as a whole.
- * Each employee is personally responsible for complying with the criminal conflict of interest statutes and the Standards of Ethical Conduct for Employees of the Executive Branch (Standards).
- * A violation of the statutes could result in criminal prosecution or violation of the Standards could result in disciplinary action.

What is a Conflict of Interest?

A conflict of interest would exist if you participate personally and substantially in a “particular matter” that directly and predictably affects your financial interests, or those of your spouse, minor child, general partner, or non-Federal entity or organization with which you hold a position (officer, director, employee, contractor, or consultant) or are seeking employment or have an arrangement concerning prospective employment. (18 U.S.C. 208)

What is a Financial Interest?

- * A **financial interest** arises from your property interests or those of your spouse or minor children. It may include any current or contingent ownership, equity, or security interest in real or personal property or a business and may include an indebtedness or compensated employment relationship. The financial assets of a same sex spouse or partner who lives with you are imputed to you.
- * The following are examples: stocks, bonds, partnership interests, fee and leasehold interests, mineral and other property rights, deeds of trust, or liens, stock options or commodity futures.
- * It does not include a future interest created by someone other than the employee, his spouse, or dependent child or any right as a beneficiary of an estate that has not been settled.

What is a Particular Matter?

- * A matter that involves deliberation, decision, or action that is focused upon the interests of specific persons, or a discrete and identifiable class of persons.
- * The term particular matter, however, does not extend to the consideration or adoption of broad policy options that are directed to the interests of a large and diverse group of persons. For example, an IRS rule about depreciation is not a particular matter.
- * **CNCS examples of particular matters**—grants, contracts, cooperative agreements, audits, or CNCS grant regulations (because it applies to an identifiable class)

Test Your Knowledge

Check the items you believe might be a financial interest that could become a conflict of interest:

- a. My spouse works for this applicant.
- b. I work part-time for a consulting firm, and I helped write this grant application for one of its clients.
- c. The grant applicant is in my portfolio.
- d. My alma mater is applying for a grant.
- e. I worked for this applicant four years ago.
- f. I am the chair of the board of directors of an applicant listed for my panel.
- g. I have had no direct contact with the organization, but I have heard disparaging comments made about the program in my community.

Correct Answers

- * **Answers a, b, and f might create conflicts of interest.**
- * **Answer a:** The interests of your spouse are imputed to you. You should discuss this issue with the Review Coordinator. If your spouse's salary will be funded by the grant, you will have a conflict of interest. If your spouse will have no contact with the CNCS grant, if awarded, the Review Coordinator is still going to look at whether there is an appearance issue or concern about your impartiality. It is likely that you would be assigned to a different panel or the grant would be moved to a different panel.

Correct Answers Continued

- * **Answer b:** Generally, you are permitted to have part-time employment with the consulting firm. However, the assignment to write a grant application for a CNCS program would create a conflict. Your role in helping to write the grant application would absolutely require your disqualification from review of this application. A reasonable person with knowledge of the facts would question the integrity of the CNCS process if you were allowed to perform evidence review of this application.

Correct Answers Continued

- * **Answer f:** Your outside position as the Chair of the Board of the grant applicant is a conflict of interest under the criminal statute. It does not matter whether the outside position is paid or unpaid. The financial interests of the grant applicant are imputed to you. You are disqualified from official action on this application. You must report it immediately.

Incorrect Answers

Knowledge of an applicant or grantee does not create a conflict of interest. Apply the guidelines, policies, and procedures objectively.

Answer c: It is not a conflict of interest for you to review an application for an organization in your current portfolio.

Answer d: Familiarity or affinity for the organization does not create a conflict of interest. However, if you are currently attending school and your program or department applies for a grant, it would be appropriate to discuss the impartiality issue.

Answer e: The cooling-off period for a former employer is one year under the Standards of Conduct.

Answer g: Your evaluation of the application should be based on the information in eGrants or given to you through official channels. If you become aware of information that you believe would be important to our grant decision, tell your Review Coordinator.

Impartiality in Performing Your Official Duties

- * Some relationships do not rise to the level of conflicts of interest, but they may create an appearance of impropriety or lack of impartiality.
- * You should not participate in a particular matter involving specific parties which you know is likely to affect the financial interests of a member of your household, or in which you know a person with whom you have a “covered relationship” is or represents a party. **You must consider whether** a reasonable person with knowledge of the relevant facts would question your impartiality in the matter. Any employee who is concerned that circumstances would raise a question regarding his impartiality should contact the Review Coordinator.

What are Covered Relationships?

You have a covered relationship with:

- * a person with whom you have or seek to have a business, contractual, or other financial relationship;
- * a person who is a member of your household or is a relative with whom you have a close personal relationship;
- * a person for whom your spouse, parent, or dependent child serves or seeks to serve as an officer, director, trustee, general partner, agent, attorney, consultant, contractor, or employee;
- * any person for whom you have within the last year served as an officer, director, trustee, general partner, agent, attorney, consultant, contractor, or employee; or
- * any organization (other than a political party) in which you are an active participant.

Let's Look at Actual Examples

In January 2014, AmeriCorps hired Jan, a program officer who worked for a grantee. There was nothing inappropriate about hiring her. But under the ethics laws, Jan had a one year “cooling off” period because of the “covered relationship.” During GARP last year, she could not review grant applications submitted by her former employer or serve as the program officer for that grantee. Jan’s cooling off period has now expired so this year she can be assigned to work on matters involving her former employer.

Another Example

Tim joined CNCS in April 2014 as a Program Officer. Before coming to CNCS he worked as a program officer for a State Commission on Service and Volunteerism. He also serves on the board of a local non-profit. Tim has a one year “cooling off” period from personal and substantial participation in particular matters involving the State Commission or its sub-grantees . Therefore, he could not review grant applications for that State Commission during last year’s GARP.

Tim’s cooling off period continues as this year’s GARP begins. As long as Tim remains on the non-profit’s board, he also is disqualified from personal and substantial participation in any matter involving the local non-profit because such participation would create a criminal conflict of interest. Tim could not conduct a site visit for this organization if it has a CNCS grant or sub-grant.

What Happens When the Cooling Off Period Ends?

Once the “cooling off period” ends, an employee can be assigned to review applications of a former employer or non-profit where the employee served. However, if an employee continued to serve as a board member of a non-profit, the cooling off period does not begin until the employee actually gives up the role with the non-profit.

Conclusion

- * The ethics laws and regulations are intended to establish rules for employee conduct that will promote public confidence in the integrity of government programs. The rules are complex.
- * Please feel free to contact your Review Coordinator with any questions.
- * Adam Stinelli, astinelli@cns.gov

Quiz Question 1

I work in a CNCS State Office and one of the grant applicants that is a national nonprofit, has a presence in my state. I should recuse myself.

True or False?

Answer to Quiz Question 1

False. This is not a conflict of interest.

Quiz Question 2

Mary, a Program Officer, had her own consulting business before she came to work for CNCS. A former consulting client, the Red Cross of Baltimore County, is an applicant listed for her panel. Should she recuse herself from reviewing the application? (*Select the best answer*)

- a. Yes, it is a conflict of interest.
- b. No, she was only a consultant and that does not matter.
- c. She should inform her Review Coordinator.

Answer to Question 2

C is the best answer. Whether Mary has a conflict of interest or impartiality issue depends on when she served as a consultant. If she is still a consultant for the applicant, it may be a conflict of interest. If it has been less than a year since she served as a consultant, there is a covered relationship. She would have to receive approval from the Review Coordinator to review this application. If it has been more than a year since she did any work for the organization, she should be able to review the application. Mary should talk with the Review Coordinator in order to determine whether there is a conflict of interest or a need for an authorization (evaluation and approval from an ethics official) before Mary begins work on this application.

Quiz Question 3

My teenager works part-time for the applicant. May I serve on the panel? (*Select the best answer.*)

a. No, this is a conflict of interest. You should contact your Review Coordinator.

b. Yes, you are an honest person and you will follow the evaluation process.

Answer to Question 3

A is the best answer. This is a conflict of interest if your dependent child's pay or employment will be affected by the award of this grant. You must contact your Review Coordinator. If you can establish that the award of the grant would have no impact on the child's financial interest, you might be authorized to remain on the panel. However, because of the concerns about impartiality, your Review Coordinator may want to assign you to a different panel.

Quiz Question 4

My ex-wife is the Executive Director of the applicant.
May I serve as a Reviewer on the application?

(Select the best answer.)

- a. Yes. You are not married to her any more so you have no conflict of interest.
- b. No. I must consult with the Review Coordinator.

Answer to Quiz Question 4

B is the best answer. If your ex-wife's position will be funded by the grant and she pays child support or owes you some other debt, you have a continuing financial interest in her employment. It would be a conflict of interest. If you have no remaining financial tie, the issue of impartiality must be addressed.

Quiz Question 5

- * I applied for a job with a grantee 6 months ago in response to a job posting. I was not selected for the job. That grantee submitted an application for this GARP competition. I can review the application.

True or False?

Answer to Quiz Question 5

True. If you have received a definite rejection, you may review the application.

- * If, however, you sent an unsolicited resume to the grantee applicant and less than two months have passed and you have not been rejected, then you are seeking employment with that grantee and must notify your Review Coordinator that you are disqualified or you must withdraw your application for employment.

Quiz Question 6

- * My former co-worker/friend works at X grantee. Grantee X's application is assigned for me to review. Can I review the application?

Answer to Quiz Question 6

Yes. You may review the application of your friend's employer if it has been more than a year since you worked at the organization.

- * You may not review the application submitted by the employer of your spouse, dependent child, housemate, tenant, or family member with whom you have a close relationship.