

Charleston Research Institute Policy Memorandum

Title: Conflict of Interest for Directors, Officers, and Employees Policy

Reviewed by: Board of Directors

Implementation Date: June 17, 2004

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Next Scheduled Review Date: 4/24/2022

Approval: R. Amanda C. Larue, Ph.D., Chairperson

I. Purpose.

The purpose of this policy is to protect the interests of Charleston Research Institute (CRI) when contemplating a new hire, a transaction or an arrangement that might cause an officer, director or employee to choose between personal interests and the interests of CRI or that may call into question their independence or impartiality.

II. Application of Policy

Pursuant to 38 U.S.C. § 7366(c), as amended by Public Law 111-163, § 801-806, all directors, officers, and employees of CRI are subject to this conflict of interest policy. This policy is intended to supplement, but not replace, applicable federal and state laws governing conflicts of interest including those VA policies pertaining to research conflicts of interest. CRI will provide applicable training in accordance with VHA Handbook 1200.17, paragraph 9. b.(2) and c.

III. Definitions

Conflict of interest: A conflict of interest may exist when the interests of a director, officer or employee may be seen as competing with the interests of CRI. A director, officer or employee may be considered to have a conflict of interest whenever they or their relative has an existing or potential financial or other material interest that impairs or might appear to impair their independence or objectivity in the discharge of their responsibilities to CRI. Additionally, personal and business relationships may cause “dual loyalties” that are unrelated to personal financial gain, but nonetheless may raise conflict of interest concerns.

A financial or other interest is not necessarily a conflict of interest. A financial or other conflict of interest exists only when the CRI Board of Directors (Board) decides a person with an interest has a conflict of interest.

Relatives: For purposes of this policy, “relatives” include the spouse, parent, child and any other relative by blood or marriage with whom a CRI officer, director or employee has similarly close personal ties as well as any other member of their household.

Financial interest: A CRI director, officer or employee has a “financial interest” if through business, investment or a relative they have an ownership or investment interest in, or a

compensation arrangement with, any entity or individual with which NPC has or is contemplating a transaction or arrangement.

Business associate: A “business associate” is any person or entity with which an NPC officer, director or employee, or any of their relatives, engage in the exchange of goods or services for remuneration, where the business relationship has the potential for conflict of interest, and excludes straightforward retail relationships.

IV. Duty to Disclose Potential Conflicts of Interest

All CRI directors, officers and employees have a duty to disclose any situation that involves personal, familial or business relationships that may give rise to a real or perceived conflict of interest as soon as it is known.

V. Disclosure Procedures

In addition to the ongoing duty to disclose described in Section IV above:

- All CRI directors, officers (including the executive director), and employees will complete a Disclosure Questionnaire (Attachment A) and an Affirmation of Compliance (Attachment B) upon initiating their association with CRI.
- All directors and officers, and any employees with decision making authority (“key employees”), will submit a new disclosure and affirmation statement any time a change in their circumstances may result in a potential conflict of interest, but at least annually.

Disclosure Questionnaires will be submitted and reviewed as follows:

- **Board members, officers and key employees** will submit their completed Disclosure Questionnaire and Affirmation of Compliance to the executive director. Any questionnaire with a disclosure will be provided to the Board to review. The Board will decide whether any disclosures (“yes” responses) represent actual, perceived or potential conflicts of interest.
- **Administrative personnel other than key employees and employees working directly on VA research or education** will submit their completed Disclosure Questionnaire and Affirmation of Compliance to the executive director upon initiating their employment. The executive director will review the forms and will provide any with disclosures to the chair and the employee’s supervisor. Together the supervisor, executive director and chairperson will decide whether any disclosures represent actual, perceived or potential conflicts of interest that require consideration by the Board.

Confidentiality. Disclosure Questionnaires may contain confidential information and will be treated as confidential documents.

Retention. The executive director will file Disclosure Questionnaires and Affirmations of Compliance with the official records of CRI and will retain annual disclosures for three years. Disclosure Questionnaires of employees subject to the requirement for one-time disclosure will be retained until the end of the individual’s CRI relationship.

If a potential conflict of interest arises subsequent to submitting a Disclosure Questionnaire or between submissions, a director, officer or employee will promptly bring the situation to the attention of the appropriate person as follows:

- Members of the Board, officers and the executive director: the chairperson of the Board
- CRI administrative employees: the executive director
- Employees directly or indirectly engaged in VA research or education: supervisor and the executive director

Such disclosures will be reviewed in accordance with the procedures described above for disclosures made on Disclosure Questionnaires.

VI. Procedures for Review of Potential Conflicts

Whenever there is reason to believe that a potential conflict of interest exists between CRI and any board member, officer or employee, the Board will promptly convene a meeting to determine whether a conflict exists and the appropriate response.

Any response by the Board will include, but may not necessarily be limited to, invoking the procedures described below with respect to a specific proposed matter.

If there is reason to believe that a potential conflict affects VA interests, the Board will bring the potential conflict to the attention of the appropriate VA authorities which may include the facility Research Conflict of Interest Committee and/or the facility's designated ethics official (DEO) in the Office of Regional Counsel.

VII. Procedures for Addressing Conflicts of Interest

When a potential conflict exists between the interests of CRI and a director, officer or employee, the Board will consider the matter during a meeting of the board.

Other than taking steps necessary to protect the interests of CRI until a meeting of the Board may be convened and a decision made, CRI will refrain from acting on the matter that invoked the potential conflict of interest. The following procedures will apply:

- **Board Review.** A director, officer or employee who has a potential conflict of interest with respect to a proposed CRI decision, policy or transaction or arrangement (an "interested party") will not participate in any way in, or be present during, the deliberations and decision-making vote of CRI with respect to such matter. However, that person will have an opportunity to provide factual information about the proposed conflict and/or matter that provoked the potential conflict. Also, the Board may request that an interested party be available to answer questions. Board options include, but are not limited to:
 - Allowing the proposed matter to go forward upon finding that it is in the best interests of CRI;
 - Prohibiting the proposed matter;
 - Approving mitigating actions (including but not limited to recusal, limitation of duties, transfer or reassignment, additional supervisory review or other action considered appropriate by the Board); or

- Recommending an alternative arrangement.
- **Vote.** A decision by the disinterested members of the Board will be made by vote of a majority of members in attendance at a meeting at which a quorum is present. An interested director will not be counted for purposes of determining whether a quorum is present, or for purposes of determining what constitutes a majority vote of directors in attendance.
- **Minutes.** The minutes of the Board meeting will reflect that the conflict disclosure was made to the Board, the vote taken and, when applicable, the abstention from voting and participation by any interested party. Whenever possible, the minutes should frame the decision in such a way that it provides guidance for consideration of future conflict of interest situations.

VIII. Violations of Conflict of Interest Policy

If a director, officer, employee, or the supervisor of a CRI employee, has reason to believe that any other director, officer or employee has failed to disclose an actual or potential conflict of interest, such person has a responsibility to inform the chairperson of the Board or the executive director of the basis for their belief. In such event, the chairperson of the Board or the executive director will refer the matter to the Board. The Board will inform the person of the allegation and will allow the person an opportunity to explain the alleged failure to disclose.

If after affording a CRI director, officer or employee with a potential or actual conflict an opportunity to disclose all material facts, the Board decides that such an individual has in fact failed to disclose a possible conflict of interest, the Board will determine the corrective steps to be taken and/or disciplinary action.

IX. Training A. Requirements

1. All Directors, officers, and employees (including those with VA WOC appointments to conduct VA research or education activities) shall receive training on this Policy within ninety (90) days of hire or affiliation with NPC.

2. Directors, officers, and Key Employees shall receive training on this Policy annually thereafter.

B. Tracking. The Executive Director shall ensure that all NPC personnel fulfill their training requirements and shall ensure that written documentation of such training is maintained for three years.

C. Sanctions. Failure to fulfill the Training requirement may result in sanctions up to and including dismissal.

Charleston Research Institute Conflict of Interest Confidential Disclosure Questionnaire

Please complete the questionnaire below, indicating any potential conflicts of interest. If you answer "yes" to any of the questions, provide a written description of the details in the space allowed. Attach additional sheets as needed. Submit your completed form to the Charleston Research Institute executive director.

Financial Interests - A conflict may exist when a Charleston Research Institute (CRI) director, officer or employee or any of their relatives may directly or indirectly benefit or profit as a result of a decision, policy, transaction or arrangement made by CRI.

During the past 12 months (for each "yes" response, please describe below or on a separate page):

- | | |
|---|-----------|
| 1. Has CRI proposed to contract or contracted to purchase or lease goods, services, or property from you, a relative or a business associate? | Yes
No |
| 2. Are you related to any current or prospective CRI director, officer or employee, or to the supervisor of any CRI employee? | Yes
No |
| 3. Have you, a relative or a business associate been 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 CRI? | Yes
No |
| 4. Have you, a relative or business associate been gratuitously provided use of the facilities, property, or services of CRI? | Yes
No |
| 5. Are you, a relative or a business associate in a position to benefit financially from decision, policy, transaction or arrangement made by CRI? | Yes
No |

Other Interests - A conflict may also exist when a CRI officer, director, employee or any of their relatives may obtain a non-financial benefit or advantage that they would not have obtained absent their relationship with CRI, or when their duty or responsibility owed to CRI conflicts with a duty or responsibility owed to some other organization.

During the past twelve months (for each "yes" response, please describe below or on a separate page.):

- | | |
|--|-----------|
| 1. Did you obtain for yourself or any other person or organization preferential treatment, promotion, recognition or a non-salaried appointment as a consequence of your association with CRI? | Yes
No |
| 2. Did you make use of confidential information obtained from CRI for your own benefit or for the benefit of any person or organization? | Yes
No |
| 3. Did you take advantage of an opportunity or enable any person or organization to take advantage of an opportunity that you had reason to believe would be of interest to CRI? | Yes
No |
| 4. Were you in a position to benefit in a nonfinancial way from a decision, policy, transaction or arrangement made by CRI? | Yes
No |

Other - Describe any other circumstances or relationships you or a relative may have that you believe may assist CRI in protecting its interests and preventing conflicts of interest:

Name

Signature

Date

Charleston Research Institute Conflict of Interest Affirmation of Compliance

I have received and carefully read the Conflict of Interest Policy for directors, officers and employees of Charleston Research Institute (CRI) and have considered the literal expression of the policy as well as its intent. By signing this affirmation of compliance, I hereby affirm that I have read, understand and agree to comply with the CRI Conflict of Interest Policy. I further understand that CRI is a nonprofit organization and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes without personal inurement, other than by salary.

Except as otherwise indicated in the Disclosure Questionnaire and attachments below, I hereby state that neither I nor any relative or business associate has any conflict of interest, financial or otherwise that may be seen as competing with the interests of CRI. Also, neither I nor any of my relatives or business associates benefit from any action, policy or transaction made by CRI in a manner that has not been previously disclosed.

If any situation should arise in the future that I believe may involve me in a conflict of interest, I will promptly and fully disclose the circumstances as appropriate:

- For members of the Board, officers and the executive director: the chairperson of the Board
- For key administrative employees: the executive director
- For employees directly or indirectly engaged in VA research or education: supervisor and the executive director

I further certify that the information set forth in the Disclosure Questionnaire and attachments, if any, is true and correct to the best of my knowledge, information and belief.

Name (Please print)

Signature

Date

For directors, officers and key employees: Annual reaffirmation

Signature

Date

Signature

Date

Signature

Date