Conflict of Interest

**Primary Reviewer:** Fiscal Expert  
**Secondary Reviewer:** Governance/Administrative Expert

**Authority:** Section 330(a)(1) and 330(k)(3)(D) of the PHS Act; 42 CFR 51c.113 and 42 CFR 56.114; and 45 CFR 75.327
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Document Checklist for Health Center Staff

Documents Provided Prior to Site Visit:

☐ Procedures for purchasing and procurement, including if applicable or separate, procedures for contracting and contract management
☐ Audits and management letters for past two years

Documents Provided at the Start of the Site Visit:

☐ Documentation containing the health center’s standards of conduct (e.g., articles of incorporation, bylaws, board manual, employee manual, standards of conduct, policies and procedures, disclosure forms)
☐ Sample of written disclosures with respect to real or apparent conflicts of interest completed by officers, employees, board members and agents of the health centers (e.g., forms, signed statements, employment contracts)
☐ Sample of supporting documentation for one to two procurements supported with Federal funds from the past 3 years (can be same sample as used for Contracts and Subawards)
☐ Agreements with parent corporation, affiliate, subsidiary, or subrecipient organization (if applicable)

Demonstrating Compliance

Element a: Standards of Conduct

NOT APPLICABLE FOR LOOK-ALIKES¹

The health center has and implements written standards of conduct that apply, at a minimum, to its procurements paid for in whole or in part by the Federal award. Such standards:

- Apply to all health center employees, officers, board members and agents² involved in the selection, award, or administration of such contracts;
- Require written disclosure of real or apparent conflicts of interest;
- Prohibit individuals with real or apparent conflicts of interest with a given contract from participating in the selection, award, or administration of such contract;³

¹ Because Look-alikes do not receive Federal funding under section 330 of the PHS Act, any aspects of the requirement that relate to the use of Health Center Program Federal award funds are not applicable to look-alikes.
² An agent of the health center includes, but is not limited to, a governing board member, an employee, officer, or contractor acting on behalf of the health center.
³ This includes, but is not limited to, prohibiting board members that are employees or contractors of a subrecipient of the health center from participating in the selection, award, or administration of that subaward. This also includes prohibiting board members who are employees of an organization that contracts with the health center from participating in the selection, award, or administration of that contract.
• Restrict health center employees, officers, board members and agents involved in the selection, award, or administration of contracts from soliciting or accepting gratuities, favors, or anything of monetary value for private financial gain from such contractors or parties to sub-agreements (including subrecipients or affiliation organizations); and
• Enforce disciplinary actions on health center employees, officers, board members, and agents for violating these standards.

Site Visit Team Methodology

- Review relevant documents where standards of conduct relative to procurement are contained.
- Review sample of written disclosures with respect to real or apparent conflicts of interest completed by officers, employees, board members and agents of the health center.

Site Visit Findings

1. Was the health center able to provide documents that contain its written standards of conduct for the selection, award and administration of contracts that, at a minimum, apply to its procurements paid for in whole or in part by the Federal award?
   ☐ YES  ☐ NO

   If No, an explanation is required:

2. Do these written standards of conduct:
   o Apply to all health center employees, officers, board members and agents?
     ☐ YES  ☐ NO  ☐ NOT APPLICABLE
   o Require disclosure of any real or apparent conflicts of interest?
     ☐ YES  ☐ NO  ☐ NOT APPLICABLE
   o Prohibit individuals with a real or apparent conflict of interest with a given contract from participating in the selection, award, or administration of such contract?
     ☐ YES  ☐ NO  ☐ NOT APPLICABLE
   o Prohibit accepting gratuities, favors, or anything of monetary value?
     ☐ YES  ☐ NO  ☐ NOT APPLICABLE
   o Provide for disciplinary actions for violating the conflict of interest requirements?
     ☐ YES  ☐ NO  ☐ NOT APPLICABLE

   If No was selected for any of the above, an explanation is required, including specifying which areas were not addressed:

4 Health centers may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value.
3. Was the health center able to provide a sample of written disclosures with respect to real or apparent conflicts of interest completed by officers, employees, board members and agents of the health centers?
☐ YES ☐ NO

If No, an explanation is required:

**Element b: Standards for Organizational Conflicts of Interest**

If the health center has a parent, affiliate, or subsidiary that is not a State, local government, or Indian tribe, the health center has and implements written standards of conduct covering organizational conflicts of interest\(^5\) that might arise when conducting a procurement action involving a related organization. These standards of conduct require:

- Written disclosure of conflicts of interest that arise in procurements from a related organization; and
- Avoidance and mitigation of any identified actual or apparent conflicts during the procurement process.

**Site Visit Team Methodology**

- Review agreements with parent corporation, affiliates, subsidiaries, and subrecipients (if applicable).
- Review Audits and management letters for the past two years for any references to related party transactions.

**Site Visit Findings**

4. Does the health center have a parent, affiliate or subsidiary?
☐ YES ☐ NO

5. **If Yes:** Was the health center able to provide document(s) that contain its written standards of conduct for the selection, award and administration of contracts that involve the related party or organization?
☐ YES ☐ NO ☐ NOT APPLICABLE

If No, an explanation is required:

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\(^5\) Organizational conflicts of interest mean that because of relationships with a parent company, affiliate, or subsidiary organization, the health center is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization. See: 45 CFR 75.327(c)(2).
6. Do the health center’s organizational conflict of interest standards prevent or mitigate any identified or apparent conflicts of interest?

☐ YES ☐ NO ☐ NOT APPLICABLE

If No, an explanation is required:

Element c: Dissemination of Standards of Conduct

The health center has mechanisms or procedures for informing its employees, officers, board members, and agents of the health center’s standards of conduct covering conflicts of interest, including organizational conflicts of interest, and for governing its actions with respect to the selection, award and administration of contracts.

Site Visit Team Methodology

- Review documentation containing the health center’s standards of conduct, including if applicable, those covering organizational conflict of interest.
- Review sample of written disclosures with respect to real or apparent conflicts of interest completed by officers, employees, board members and agents of the health centers.
- Interview health center CEO, board member(s) and other relevant staff involved in procurement and/or HR regarding mechanisms or procedures for informing employees, officers, board members, and agents of the health center’s standards.

Site Visit Findings

In responding to the question below, please note:

- For look-likes, the questions under this element are applicable ONLY for those look-alikes that have a parent, affiliate, or subsidiary that is not a State, local government, or Indian tribe as identified in the assessment of element b.

7. Does the health center inform employees, officers, board members, and agents of its conflict of interest standards of conduct?

☐ YES ☐ NO

If No, an explanation is required:

Element d: Adherence to Standards of Conduct

In cases where a conflict of interest was identified, the health center’s procurement records document adherence to its standards of conduct (for example, an employee whose family member was competing for a health center contract was not permitted to participate in the selection, award, or administration of that contract).
Site Visit Team Methodology

- Review sample of supporting documentation for one to two procurement actions supported by Federal funds in the past three years.
- Review audits and management letters for any findings related to conflicts of interest.

Site Visit Findings

In responding to the questions below, please note:

- For look-likes, the questions under this element are applicable ONLY for those look-alikes that have a parent, affiliate, or subsidiary that is not a State, local government, or Indian tribe as identified in the assessment of element b.

8. Were any conflicts of interest (real or apparent), including organizational conflicts of interest, identified in the past 3 years that were associated with procurement involving Federal funds?
   ☐ YES ☐ NO

9. If Yes: Was the health center able to produce documentation that it adhered to its standards of conduct related to the identified conflict(s) of interest?
   ☐ YES ☐ NO ☐ NOT APPLICABLE

   If No, an explanation is required: