



State of New Jersey

DEPARTMENT OF COMMUNITY AFFAIRS

101 SOUTH BROAD STREET

PO BOX 811

TRENTON, NJ 08625-0811

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

LORI GRIFA
Commissioner

PROGRAM POLICY BULLETIN #11-05

DATE: October 26, 2011

TO: NJ Community Action Agency (CAA)
Executive Directors

AFFECTED PROGRAMS: All Programs That Utilize Non-Discretionary
CSBG Funds

SUPERSEDES: None

SUBJECT: **Conflict of Interest For Services provided**
to Agency Employees, Volunteers, Board
Members, Relatives of Board Members and
Staff, and all Conflict of Interest Services
related matters

POLICY SUMMARY: This policy bulletin addresses the issue of services
actually or appearing to be provided to "connected"
individuals. Connected individuals include all
persons who are or maybe related to Board
Members or Staff by consanguinity/affinity,
business or other relationship. These circumstances
create or have the appearance of impropriety where
services are being provided to Agency Employees,
Volunteers, Board Members, their Relatives or
other connected individuals who may be eligible for
agency services. The eligibility determination for
such individuals must be reviewed and approved by
the Board of Directors.

DISCUSSION: A CSBG applicant may be related or have a
personal or business relationship with personnel of
the Agency in some way. Perhaps the applicant is



an agency employee, board member or volunteer; or is related to someone who is an agency employee, board member or volunteer. A Board Member or Staff Member may have a conflict of interest pertaining to a CSBG applicant that creates or appears to create the appearance of impropriety in that Board Member or Staff Member having a vote or involvement in the decision making about providing services or providing services to the CSBG applicant. Provided that the applicant is eligible for service based on the contractual eligibility criteria, the applicant may receive service in accordance with the procedures required in this Bulletin.

Eligibility criteria for CSBG service are listed in each CSBG Contract in Attachment D. All applicants, whether or not they have a connection with the Agency, who meet the listed criteria are potentially eligible for service. Applicants must apply for services and provide the documentation required by the agency to make the eligibility determination. When the application is complete (including all support documentation and permission forms) and the connected applicant has been determined to be eligible for service, the application and supporting documentation must be reviewed and approved by the Board to receive final authorization for service if the applicant poses a conflict of interest situation.

IMPLEMENTATION GUIDELINES

When serving an applicant who is a connected individual or with a perceived conflict of interest, all CSBG personnel must be alert to the potential for an appearance of favoritism which could harm the public reputation of the agency and the program. The appearance of favoritism will be avoided through a policy/procedure consisting of three parts: DISCLOSURE, DELEGATION and DOCUMENTATION.

- 1) **DISCLOSURE** – Applications for service must include a certification wherein the applicant declares if he/she is an employee, Board member or volunteer of the Agency, or is related to someone who is an employee, Board member or volunteer of the Agency.

Whenever a potential conflict of interest arises pertaining to an applicant, written notification should be made by the Board Member or Staff Member who recognizes the possible conflict to the Executive Director with a copy to the applicant. This notification to the agency Executive Director shall be routed to him/her through the agency chain-of-command. If the conflict of interest involves the Executive Director, this notification shall be addressed to the Chairperson of the agency's Board of Directors, and copied to the entire Board. In addition, the CSBG Manager will inform the NJ Office of Community Action in writing of the potential conflict of interest. These notifications must state:

- a) How the applicant may have a conflict of interest with the Agency and/or with a Board/Staff Member of the agency.
 - b) At what point during the CSBG process did the identification take place.
- 2) **DELEGATION** - The decision to proceed with services to an applicant who may be subject to a conflict of interest problem shall be immediately forwarded to the agency's Board of Directors for final determination. The agency Board of Directors shall decide whether to grant written authorization to proceed with the provision of service. The agency Board of Directors shall meet in Executive Session when considering the authorization of service in a conflict of interest applicant matter. Efforts shall be made to protect the confidentiality as to the applicant and any Board/ Staff Members involved in the perceived conflict of interest. The Board's decision shall be in the form of a Resolution. The Resolution shall explicitly certify that the applicant shall not receive any extra benefits as a result of the conflict of interest. It shall also state that the conflicted Board/Staff Member has recused him/herself from the decision making process and did not in any way influence the decision of the Board. Or, the Board Resolution shall determine that no conflict of interest exists and shall detail the findings and basis for their conclusion.

Emergent Issues. If the applicant is in need of service prior to the next meeting of the Board, the Executive Director, or if appropriate, the Chairperson may authorize the approval of the service on an emergent basis. The decision to grant services must be fully documented and copies thereof must be forwarded to the Board. The grant of service must be confirmed by the Board by Resolution at its next session.

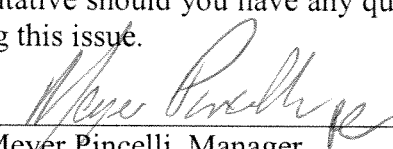
- 3) **DOCUMENTATION** - The purpose of the client file contents is to provide a clear and accurate history of the client's involvement with the CSBG program. This is especially important whenever there is a potential conflict of interest. At a minimum, the written notifications to the NJ Office of Community Action and the agency's Executive Director (or Board Chairperson) that a potential conflict of interest has been identified and the Board's authorization/certification/resolution to proceed with the provision of services must become part of the client file. Contemporaneous documentation of agency actions

within the client file provides a much more convincing explanation of agency decisions than after-the-fact assertions.

Failure to follow the procedure described in this Bulletin may result in a decision by the NJ Office of Community Action to disallow the costs of the CSBG service.

Please contact your NJDCA/DCR Regional Representative should you have any questions regarding this issue.

SIGNED: _____


Meyer Pincelli, Manager
Community Services Element

- c. Paul Stridick, Director, DHCR
- Patricia Swartz, Administrator, CSBG Office
- CSBG Program Staff