

Version Date 9/14/2018
 Last Review Date 9/14/2018
 Reviewer Jeff Kaczmariski
 Policy Number COMPLIANCE-2

- Organization-wide
- Corporate Department

Corp. Dept. Name

- Regional

Region

Site(s) &/or Program(s)

CONFLICTS OF INTEREST – BETHESDA CONTRACTS OR TRANSACTIONS

POLICY: Management staff involved in contracting on behalf of Bethesda¹ shall, following the procedures of this policy, disclose any possible conflict of interest they may have involving any Bethesda contract, transaction or arrangement.

PURPOSE: The purpose of this policy is to protect Bethesda when it is considering entering into a contract, transaction or arrangement that might benefit the private interest of executive, management or administrative staff involved in contracting on behalf of Bethesda.

PROCEDURE:

I. Definitions.

- A. “Interested employee” means any executive, management or administrative employee who has a financial interest, as defined below, in any Bethesda contract. An interested employee for any corporation in which Bethesda has a membership or controlling interest is an interested employee for all such corporations.
- B. “Financial interest.” An employee has a financial interest if the employee has, directly or indirectly, through business, investment or family:
 1. An ownership or investment interest in any entity or individual with which Bethesda has a contract, transaction or arrangement, or
 2. A compensation arrangement with any entity or individual with which Bethesda has a contract, transaction or arrangement, or
 3. An ownership or investment interest in, or compensation arrangement with, any entity or individual with which Bethesda is negotiating or contemplating a contract, transaction or arrangement.

A financial interest is not necessarily a conflict of interest. Under § C., 2., an employee who has a financial interest may have a conflict of interest only if following procedures it is determined that a conflict of interest exists.

¹ In this policy, “Bethesda” refers collectively to Bethesda Lutheran Communities, Inc. and any affiliated corporation providing services to persons with intellectual and developmental disabilities.

- C. “Compensation” includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

II. Procedures.

- A. Duty to Disclose. Where there is any actual or possible conflict of interest, an interested employee must disclose his or her financial interest and all material facts to the employee’s supervisor. The supervisor should report the disclosure and all material facts to the Vice President of Operations for Operations staff, and to the Vice President Officer for the relevant department for Corporate staff.
- B. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested employee, the relevant Officer shall consult with the Chief Legal Officer, who shall make a recommendation to the Chief Executive Officer on whether a conflict of interest exists
- C. Procedures for Deciding if There is a Conflict of Interest.
 - 1. The Chief Executive Officer may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement, and to investigate and make recommendations to the Chief Executive Officer regarding matters herein.
 - 2. After exercising due diligence, the Chief Executive Officer will decide if Bethesda can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
 - 3. If a more advantageous contract, transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Chief Executive Officer will decide if the contract, transaction or arrangement is in Bethesda’s best interest, for its own benefit, and whether it is fair and reasonable to Bethesda. The Chief Executive Officer will decide whether to enter into the contract, transaction or arrangement based on this evaluation.

III. Violations of the Conflicts of Interest Policy.

- A. If there is reasonable cause to believe that an interested employee has failed to disclose actual or possible conflicts of interest, the Chief Executive Officer or designee will inform the employee of the basis for the belief and give the employee an opportunity to explain the alleged failure to disclose.
- B. If, after hearing any explanation and making such further investigation as may be warranted in the circumstances, the Chief Executive Officer determines that the employee has in fact failed to disclose an actual or possible conflict of interest, appropriate disciplinary and corrective action should be taken.

IV. Annual Policy Review and Attestation. Each interested employee having responsibility to recommend, negotiate, or review any Bethesda contracts, transactions or arrangements will annually attest that he or she:

- A. Has received a copy of the conflicts of interest policy,

B. Has read and understands the policy, and

C. Has agreed to comply with the policy.

The attestation also shall require each interested employee to disclose any and all gifts or favors received from vendors, contractors or others.

The Chief Legal Officer shall initiate the annual policy review and attestation and keep a record of this process. Normally, this review and attestation process should take place near the beginning of each fiscal year.