

Policy Number GV2.081	Policy Section Governance	Effective: October 31, 2012 Amended: May 15, 2019
Title: Conflict of Interest Policy – Employees		Executive Sponsor: Director, People Services & Organizational Development

1. PURPOSE

This policy sets out how CLBC manages conflicts of interest involving employees, and applies to all employees. In concert with conflict of interest provisions in other policies and standards related to recruitment, employee conduct, funding levels and contracting and procurement, it forms part of a robust risk management approach designed to protect the integrity of CLBC, the interests of the individuals supported by the organization and the public interest.

2. DEFINITIONS

Conflict of Interest: Incompatibility between the private interest of an employee, and the interests of CLBC or an individual supported by CLBC. This definition includes three types of conflict of interest:

- i) **Real** conflict of interest exists when the private interest of an employee adversely affects the interests or integrity of CLBC or of an individual supported by CLBC, the public's trust and confidence in CLBC, or the professional discharge of the employee's duties at CLBC; or when an employee uses his or her position at CLBC to advance his or her private interest.
- ii) **Perceived** conflict of interest exists when a well-informed person might reasonably believe that a conflict of interest exists.
- iii) **Potential** conflict of interest exists when an employee's private interest could result in a real conflict of interest in the future.

Private Interest: A material relationship, obligation or responsibility that is unique to the employee and/or a related person, and that benefits them in a disproportionate or preferential way. A private interest is often, but does not have to be, financial in nature.

Related Person: In relation to any employee, a person who does not deal with such employee at arm's length. Without limiting the generality of the foregoing, the following shall be deemed to be persons who are related persons in relation to an employee:

- i) Individuals connected by blood relationship, marriage, common-law partnership or adoption, (herewith known as "family members").
- ii) A company if the employee, or a family member, is an employee or senior officer of that company or has a direct or indirect beneficial control of that company.
- iii) A trust or estate, if the employee, or a family member, has a substantial beneficial interest therein or serves as a trustee, executor, administrator, professional advisor or in any similar capacity for such trust or estate.
- iv) A partnership, if the employee, or a family member, is a partner of the partnership.

- v) A person or company that has a material business relationship with the employee or a family member such that the employee or a family member would consider that person or company as a material client, customer or supplier.

3. POLICY

- 3.1 Within its broader organizational values, CLBC manages conflict of interest involving employees based on the balanced and sensible application of three principles:

Openness

Free and frank disclosure of private interests that may constitute conflicts of interest, and a transparent process for managing conflict of interest situations.

Employees as Citizens

Recognition that employees enjoy the same rights in their private dealings as other citizens, except where restriction is essential to protect the interests of CLBC and/or of an individual supported by CLBC.

Interests of Individuals Supported by CLBC

Vigilant respect for the rights and informed choices of individuals supported by CLBC.

- 3.2 CLBC manages conflicts of interest through a proactive process of prevention, disclosure, assessment, mitigation, recording/reporting and monitoring, as set out in Section 4, Procedures, and further described in the *Managing Conflict of Interest Practice Guide*. The organization provides information, training and support to employees and managers on how to implement this policy, under the leadership of the Director, People Services & Organizational Development.

- 3.3 CLBC **prohibits** employees being in conflicts of interest and requires all conflicts be eliminated. Examples are::

- Hiring, supervising or otherwise having influence over job duties, pay or promotion of a related person, close friend or someone with whom they have a personal relationship.
- Participating in the development of, or adjudication of responses to, a Request For Proposals or Request For Qualifications to which a related person, close friend or someone with whom they have a personal relationship is responding.
- Serving as a member of the CLBC Board of Directors.
- Serving on a microboard, which contracts with CLBC, of an individual supported by CLBC.

- 3.4 Some conflicts can be eliminated through mitigation **only on an exceptional basis**, with CEO approval. This would occur when;

- i. The interests of an individual supported by CLBC would be significantly adversely **impacted**;
- ii. There is no reasonable alternative; and,
- iii. Mitigation, recording/reporting and monitoring are in place.

Such situations include, but are not limited to:

- Accepting paid work from a CLBC-funded service provider or supplier, including on-call, auxiliary or contract work.
- Providing contracted services for CLBC, either directly or indirectly.
- Receiving CLBC-funded services.
- Serving as a volunteer, board member or owner of an organization that has contractual or referral relationships with CLBC or that may lobby or seek to influence the actions or decisions of CLBC.

In a situation where there is a conflict of interest relating to the CEO, it may be eliminated through mitigation only on an exceptional basis, with Governance and HR Committee approval and reporting to the Board.

- 3.5 CLBC manages all other conflicts of interest in a way which ensures balanced application of the principles, and reflects the level of risk to the interests of individuals supported by CLBC and to the integrity of the organization. Level of risk (low, medium or high) is based on the significance of harm, wrongdoing or unfair advantage that has or could result, and affects the type and extent of mitigation and monitoring, and the severity of penalties for non-disclosure.
- 3.6 CLBC requires employees to complete a *CLBC Conflict of Interest Disclosure Form* upon hire and every five years thereafter, and at any time an employee feels he or she may be in a conflict of interest situation. Failure to disclose a conflict of interest, cooperate with an assessment of a conflict of interest or failure to promptly participate in elimination or mitigation of a conflict of interest may result in disciplinary action, up to and including dismissal.
- 3.7 For the purposes of this policy, the term *employee* includes a related person.
- 3.8 Where a conflict of interest situation involves a manager/senior manager, the manager/senior manager responsibilities under this policy fall to the next excluded supervisor, up to the CEO. Where a conflict of interest situation involves the CEO, those responsibilities fall to the Board.

4. PROCEDURES

4.1 Prevention

Employees

- Keep your role and private interests as a citizen separate and distinct from your role as a CLBC employee.
- Seek advice and clarification from your manager or Human Resources if you have any questions about whether a situation might constitute a conflict of interest.

Managers

- Provide information about conflict of interest to prospective employees prior to confirming hiring, and ask them to disclose any conflicts of interest immediately.
- Periodically review this policy and the *CLBC Managing Conflict of Interest Practice Guide* with employees, and be prepared to answer questions as they arise.
- Seek support from Human Resources as needed.

4.2 Disclosure

Employees

- Do not solicit or accept a gift or benefit from your employment with CLBC. The exception is gifts worth under \$25 that are part of the normal exchange of hospitality or gifts between friends or people doing business together, or a token exchanged as part of protocol or a public function. Such gifts must be infrequent, create no obligation, and allow for easy reciprocation. Disclosure is always required.
- Promptly disclose to their manager, any conflict of interest involving another employee, including any situation where another employee has failed to disclose a conflict of interest.

Director, People Services & Organizational Development

- Remind all employees on an annual basis, of the Conflict of Interest Policy and the requirement to disclose any situations which may be a real, perceived or potential conflict.
- Ensure new employees are aware of and disclose any situations which may be a real, perceived or potential conflict.
- Track for five year re-signing requirement and remind managers to follow-up.

4.3 Assessment

Director, People Services & Organizational Development

- In consultation with a senior manager with knowledge of the situation and/or individuals involved, assess the disclosure to determine if a conflict of interest exists, whether it is real, perceived or potential, and whether it is low, medium or high risk.
- If a conflict is prohibited under this policy (Section 3.3), take immediate steps to ensure it is eliminated.
- Advise the employee who made the disclosure, and their manager, of the outcome of this assessment.

4.4 Mitigation

Director, People Services & Organizational Development

- Work in consultation with the senior manager and with reference to the *CLBC Managing Conflict of Interest Practice Guide*, in developing mitigation strategies.
- Where the conflict of interest and/or mitigation strategies have broad application or implications for CLBC policy or practice, or are subject to exceptional approval (Section 3.4), forward mitigation recommendations to the CEO for review and direction prior to finalizing.
- Send mitigation directive to the responsible senior manager.
- Advise all parties involved of the mitigation requirements.

Senior Managers

- Carry out mitigation strategies, including identifying and actioning any required modifications to contracts under mitigation.

4.5 Recording and Reporting

Director, People Services & Organizational Development

- Enter all required data into the *Conflict of Interest Disclosure Log*, whether a conflict of interest was confirmed or not.
- Update and maintain the *Conflict of Interest Disclosure Log* on an ongoing basis.
- Where contracts are involved in mitigation strategies, create BF's for contract expiry and renewal dates and flag for appropriate senior manager as they arise.
- Place record (disclosure form and contract, if applicable) on Employee File, and on Competition File in the case of a new hire.
- Provide bi-annual summary of disclosed conflicts of interest and their resolution to Senior Management Team.
- Where there is a conflict of interest relating to the CEO, report to the Board Chair and Governance and HR Committee for review and mitigation.

4.6 Monitoring

Senior Managers

- Oversee and ensure implementation and compliance with mitigation strategies, including follow-up required on an ongoing basis, such as contract renewals.
- Confirm that mitigation is complete and provide verifying documentation to Director, People Services & Organizational Development.
- Report any changes to contracts that are subject to mitigation to Director, People Services & Organizational Development.
- Conduct annual reviews of conflict situations that are being mitigated on an ongoing basis and report any failure to comply, or changes required, to Director, People Services & Organizational Development.

Vice-President, Corporate Services

- Carry out periodic internal audits of mitigation strategies and the *Conflict of Interest Disclosure Log*.
- Identify to the CEO any situations or trends that may pose an unacceptable risk to the organization or otherwise require attention.

Vice-President, Strategic Initiatives

- Carry out periodic policy audits to determine level of compliance with the policy and identify policy or implementation improvements required.

5. DOCUMENTATION

Conflict of Interest Disclosure Form

Conflict of Interest Disclosure Log

6. PRACTICE

See the accompanying *CLBC Managing Conflict of Interest Practice Guide* for practice guidance and examples of conflict of interest scenarios.

7. REFERENCES

CLBC Contracting & Procurement Policy and Guide

CLBC Transfer Policy

CLBC Managing Conflict of Interest Practice Guide

Standards of Conduct for CLBC Employees