

## **Board Approved Policy:**

### **Policy For PHA Staff On Conflicts Of Interest**

Approved: May 19, 1993  
Last Amended: March 28, 2007

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#### **I. Policy Statement**

The Public Housing Agency of the City of Saint Paul (PHA) expects its staff to maintain the highest standards of ethical conduct in order to ensure the public's confidence and respect. The avoidance of employee misconduct and conflicts of interest, apparent or real, through the use of informed judgment and timely disclosures, is necessary in order to maintain this confidence and respect. This policy reinforces and clarifies relevant provisions in the PHA's Guide to Conduct.

#### **II. Conflicts Of Interest: Reporting**

PHA employees shall avoid any conduct or activity which might result in or create the appearance of a conflict of interest, including but not limited to:

- A. Improperly using public employment for private gain.
- B. Improperly giving preferential treatment to any organization or person.
- C. Compromising the independence or integrity of the Agency or any employee.
- D. Impairing the PHA's efficiency or economy.
- E. Adversely affecting the confidence of PHA residents, employees or the public in the integrity of the PHA.

Whenever an employee encounters a situation that involves a conflict of interest or potential conflict of interest not previously disclosed, the employee must submit a written disclosure statement to his or her supervisor. In most cases, no further action will be required of the employee. The act of disclosure reduces the opportunity for improper conduct, and allows the PHA staff and Board to satisfy themselves that no unfair influence actually occurred.

The following sections on contracts and gifts further explain some of the more common conflict of interest situations.

#### **III. PHA Contracts**

When the PHA contracts with individuals or firms, PHA employees who are directly or indirectly involved in the contracting process must avoid the appearance of conflicts of interest such as those listed above. In some cases, the appearance of a conflict of interest may prevent the PHA from contracting with a particular individual or firm. This might

occur if a PHA employee who has a direct financial interest in the other business is directly involved in awarding the contract.

The following factors should be considered:

- A. The extent of the employee's involvement in the business. Part or sole owner, part-time employee, etc.? Does the employee have a stake in the business personally, or only through a spouse, sibling, parent, child, or more remote relative? If the employee is directly involved in the business or is closely related to a person who has a significant financial interest in the business, the appearance of a conflict of interest is greater and the facts must be disclosed.
- B. The size of contract and the contract award process including but not limited to the following:
  - Informal bid
  - Purchase order
  - Formal bid and award
  - Emergency award
  - Subcontracts
  - Consulting contracts (design, testing, services, etc.)

The more formal the bidding and award process, the less likely it is that an employee's interest in an outside firm could influence the award process. Nevertheless, if a PHA employee who has any role in the contracting process has a close personal or family relationship with an individual who has a significant financial stake in the business, a conflict of interest could be found. Such situations must be disclosed, and avoided, to the extent reasonably possible.

- C. The relationship of the interested PHA employee to the PHA staff who award or administer related contracts. Are they in the same department? Does the interested employee supervise staff who award contracts or purchase orders? If the employee with an apparent financial interest in the contract either supervises the employee who awards the contract or is closely involved in the process, the appearance of a conflict of interest is greater. Disclosure is required, and the total circumstances might require the contract to go to another firm.
- D. If a PHA employee transacts non-PHA business with an individual or firm which also contracts with the PHA, or which bids on PHA work, an appearance of a conflict may arise. The potential conflict is that the employee, the contractor, or third parties may believe that the employee can or will exert improper influence over the PHA contracting process to gain some personal advantage in the non-PHA contract. The factors listed above should be considered to determine whether it is proper for the employee to conduct non-PHA business with the contractor, and whether disclosure is required. The PHA employee should explain to the contractor that no preferential treatment is expected or permitted.

- E. To avoid the fact or appearance of a conflict of interest, a PHA employee cannot own or manage rental property which is assisted under the PHA's Section 8 Housing Choice Voucher Program.

#### **IV. Disclosures**

To protect the PHA and its employees, employees shall disclose any potential conflicts of interest at least annually, or when necessary as changes occur which require reporting, and at the time when a potential conflict arises or may arise. Both the employee's own business relationships which create the conflict and those of immediate family members (at least spouse, domestic partner, parent, minor or adult child, sibling) must be disclosed. The employee shall explain all relevant facts, in writing, to his or her supervisor, who shall report the matter to the department director. Department directors shall inform the Executive Director when they find an employee's real or potential conflict of interest to be significant.

The completed disclosure forms shall be retained in the employee's personnel file.

#### **V. Gifts, Gratuities, And Other Financial Transactions**

- A. No PHA employee shall, by reason of his or her employment with the PHA, whether on behalf of the employee or a relative of the employee, solicit or receive any gift, gratuity, or loan of money or any other item with a monetary value from any person or entity, including an applicant or recipient of housing assistance, or a business which contracts with the PHA. Employees are covered by the prohibition in State law against receiving anything of value from any person or entity with a direct financial interest in any decision the employee may make. Minnesota Statutes Section 471.895 (1994 Laws, Chapter 377).
- B. An employee shall not accept or exercise any form of access or control over a resident's financial affairs or other property, whether by power of attorney, joint ownership of accounts, or otherwise, except that when the resident is a relative of the employee and the employee provides the following, the employee may be excluded from this prohibition:
  - 1. documentary proof of the relationship; and
  - 2. a written explanation of the necessity for the employee to have access to or control over the resident's financial affairs.

Any employee whose relative accepts any form of access to or control over a resident's financial affairs, whether by power of attorney, joint ownership of accounts or other property, or otherwise, shall report the fact to the employee's supervisor or department director.

- C. An employee shall not perform services for residents or others who do business with the PHA in exchange for payment of money or for items with monetary value.

These prohibitions apply to employees during both on-duty and off-duty hours.

Any employee whose relative performs services for residents or others who do business with the PHA in exchange for payment of money or for items with monetary value shall report the fact to the employee's supervisor or department director.

- D. PHA staff or commissioners whose positions allow or require air travel at Agency expense are not permitted to benefit personally from travel credits (such as "frequent flyer miles") which may be awarded or available based on that travel. When traveling by air, employees or commissioners must request that such travel credits not be issued. If the credits are issued, the employee or commissioner must request that they be canceled. If the credits cannot be canceled, they may only be used to reduce the cost of future travel on Agency business. This provision applies to air travel after March 19, 1997.

## **VI. Violations**

Because of the importance to the PHA of avoiding conflicts of interest, an employee who violates this policy by failing to fully disclose a situation which presents a significant conflict of interest shall be subject to disciplinary action, possibly including termination of employment.

Regardless of disclosure, an employee who permits a conflict of interest to improperly influence his or her actions shall be subject to disciplinary action, possibly including termination.

An employee who believes that another employee has not adequately disclosed a significant conflict of interest must report the matter to his or her supervisor or department director. Failure to do so may result in disciplinary action.

## **VII. Administration Of Policy**

The Executive Director shall issue appropriate forms and procedures to implement this policy.