



Boston VA Research Institute, Inc.

Date: 10/15/2014

Department: Office of General Counsel

POLICY NO. 11-03

TITLE OF POLICY:

CONFLICT OF INTEREST POLICY

1.0 PURPOSE

The purpose of this policy is to protect the interests of BVARI when contemplating a new hire, a transaction or an arrangement that might cause an officer, director or employee to choose between personal interests and the interests of BVARI or that may call into question their independence or impartiality. This policy is intended to supplement, but not replace, applicable federal and state laws governing conflicts of interest including those VA policies pertaining to research conflicts of interest. Persons covered under this policy, as well as their relatives and associates, are hereinafter referred to as "interested parties."

2.0 SCOPE

Pursuant to 38 U.S.C. § 7366(c), as amended by Public Law 111-163, § 801-806, all Board members, officers, and key employees of BVARI are subject to this conflict of interest policy. This policy applies to all current employees and candidates for employment.

3.0 DEFINITION

A conflict of interest exists when (a) an individual (i.e., director, officer, employee, contactor) has a relationship or engages in an activity that impairs or adversely influences his or her judgment with respect to the best interest of BVARI; (b) when the relationship or activity adversely influences the performance of the employee's duties; or (c) when the employee benefits financially, either directly or indirectly (i.e., benefits family member, and nepotism), based on employment.

Nepotism is the unfair practice by a person in position of giving jobs and other favors to a family member. A family member is defined as one of the following: relationships by blood—parent, child, grandparent, grandchild, brother, sister, uncle, aunt, nephew, niece and first cousin; and relationships by marriage—husband, wife (as defined by state law), step-parent, step-child, brother-in-law, sister-in-law, father-in-law, mother-in-law, son-in-law, daughter-in-law, half-brother, half-

sister, uncle, aunt, nephew, niece, spouse/partner of any of the above and co-habiting couples or significant others.

Due to potential for perceived or actual conflicts, such as favoritism or personal conflicts from outside the work environment, which can be carried into the daily working relationship, BVARI will hire or consider other employment actions concerning relatives of persons currently employed only if: a) candidates for employment will not be working directly for or supervising a relative, and b) candidates for employment will not occupy a position in the same line of authority in which employees can initiate or participate in decisions involving a direct benefit to the relative. Such decisions include hiring, retention, transfer, promotion, wages and leave requests.

4.1 EXAMPLES OF FINANCIAL & OTHER CONFLICTS OF INTEREST

- BVARI contracts to purchase or lease goods, services, or properties from an interested party.
- BVARI offers employment to an interested party and the interested party shall include a relative and or individual where a close relationship exists where said party is not qualified for the position, other than a person who is already employed by BVARI.
- An interested party is provided with a gift, gratuity, or favor of a substantial nature from a person or entity that does business or seeks to do business with BVARI.
- An interested party is gratuitously provided use of the facilities, property, or services of BVARI.
- BVARI adopts a policy that financially benefits an interested party. (*NB*: A financial interest is not necessarily a conflict of interest. A financial conflict of interest exists only when the board decides a person with a financial interest has a conflict of interest).
- An interested party seeks to obtain preferential treatment by BVARI or recognition for himself or herself or another interested party.
- An interested party seeks to make use of confidential information obtained from BVARI for his or her own benefit (not necessarily financial) or for the benefit of another interested party.
- An interested party seeks to take advantage of an opportunity or enables another interested person or other organization to take advantage of an opportunity that he or she has reason to believe would be of interest to BVARI.
- BVARI adopts a policy that provides a significant non-financial benefit to an interested party.
- A manager wants to hire his/her family member in which the family member is directly supervised by said manager.

A conflict of interest also exists when the Board of Directors decides a conflict exists with an interested party.

5.0 RESPONSIBILITIES

5.1 All BVARI Directors, Officers and Employees are subject to BVARI's conflict of interest policy.

5.2 BVARI requires training for all directors, officers and employees about the Conflict of Interest Policy within 90 days of hire or affiliation and annually thereafter for directors, officers and employees with decision making authority (key employees). (*NB:* The conflict of interest training provided by BVARI does not fulfill the requirement for all new VA employees to take Government ethics training, nor does VA Government ethics training fulfill the BVARI conflict of interest training requirement). However, Principal Investigators are required to execute a VA Boston Healthcare System's COI for any research project prior to any work to be performed.

5.3 All officers, directors and employees must certify their understanding of and compliance with this Policy. The Affirmation of Compliance shall be reviewed and audited annually thereafter by the CEO.

5.4 An interested party is under a continuing obligation to disclose any potential conflict of interest as soon as it is known or reasonably should be known by filing a new Confidential Disclosure Questionnaire. The interested party is required to fully and completely disclose all material facts about any potential conflicts of interest. The Confidential Disclosure Questionnaire shall be reviewed and audited annually thereafter by BVARI's General Counsel.

5.5 Other than Statutory VA Directors, VA employees serving as BVARI Directors, officers or employees do so in their personal capacities and are prohibited by Federal conflict of interest laws from participating personally and substantially as part of their official VA duties, in any matter that will have a direct and predictable effect on their own financial interests or the financial interest of BVARI.

5.6 All new BVARI Board members, including Statutory VA Directors, and all new Executive Directors, officers, and key employees (key employees are BVARI administrators, supervisors, employees approving and making purchases, employees authorizing time records, and any and all employees with the authority to make financial decision(s)) must take internal controls training within 90 days of assuming the role and must provide BVARI with proof of training completion. BVARI must retain these training certifications for as long as the individual holds his or her position at BVARI.

5.7 Board of Directors: The BVARI Board of Directors is responsible for the overall policy, planning, and coordination of all BVARI activities within the VA Boston Healthcare System. The BVARI Board of Directors is responsible for the oversight of the BVARI Conflict of Interest Policy. The Board of Directors has a fiduciary duty to BVARI to make decisions that are free from conflicts of interest.

5.8 CEO: BVARI's CEO must verify and certify in an annual statement that each director, officer and employee has 1.) been trained about the Conflict of Interest Policy; 2.) acknowledged understanding

of and agrees to comply with the policy; and; 3.) submitted a conflict of interest disclosure form. Moreover, BVARI's CEO must verify and certify that directors, officers and key employees have fulfilled the Internal Controls Training, have provided proof of completion of this training. Proof of completion is retained as long as an individual holds his or her position at BVARI.

5.9 Employees: BVARI Employees should avoid placing themselves in any situation where conflicts of interest may arise. For example, employees should refrain from accepting gifts from sales people, vendors, suppliers, or any other solicitors except gifts of nominal monetary value (*e.g.*, pens, note pads, etc.). Moreover, employees should not engage in business or professional activities that have or may have the appearance of conflict of interest with BVARI or VA.

6.0 PROCEDURES

6.1 Disclosure of Potential Conflicts of Interest

In the case of employees, the Confidential Disclosure Questionnaire shall be provided to the CEO of BVARI. In the case of the CEO, the Confidential Disclosure Questionnaire shall be provided to the Chair of the Board of Directors. In all cases, the recipient is the designated reviewing official responsible for bringing potential conflicts to the attention of the appropriate authorities. Copies of all Confidential Disclosure Questionnaires will be retained by BVARI

6.2 Pre-Employment Procedure for Disclosure of a Conflict of Interest

Prior to the employment offer, the immediate supervisor must complete a signed statement certifying that the candidate for employment or other employment action is not a relative as defined above. Failure to submit the signed statement to the Director of Human Resources ("HR") will result in the delay of the job offer until the statement is submitted,

The hiring supervisor is responsible for ensuring policy compliance and is responsible for monitoring changes with the employee in order to continue compliance with this policy. Employees are responsible for immediately reporting any changes to their supervisor. In addition, Employees maintain a continued responsibility to disclose any conflict of interest that may arise

No exception to this procedure will be made without the written consent of BVARI's Board of Directors.

6.3 Procedures for Review of Potential Conflicts

Whenever an appearance of a conflict of interest and/or a conflict of interest exists between BVARI and a Board member, or member of any of the BVARI Board of Director committees, or the CEO, the Board of Directors shall determine the appropriate response. This shall include, but not be limited to, invoking the procedures described below with respect to a specific proposed action, policy or transaction. The designated reviewing individual has a responsibility to bring a potential conflict of interest to the attention of the board promptly for action at the next regular meeting of the Board or during a special meeting called specifically to review the potential conflict of interest.

Where the potential conflict involves an employee of BVARI other than the CEO, the CEO shall be responsible for reviewing the matter and may take appropriate action as necessary to protect the

interests of BVARI. The CEO shall report to the Chair the results of any review and the action taken. The Chair shall determine whether any further Board of Directors' review or action is required.

6.4 Procedures for Addressing Conflicts of Interest

Where a potential conflict exists between the interests of BVARI and an interested party with respect to a specific proposed action, policy or transaction, the Board of Directors shall consider the matter during a meeting of the Board. BVARI shall refrain from acting until such time as the proposed action, policy or transaction has been decided by the disinterested members of the Board of Directors of BVARI. The following procedures shall apply:

An interested party who has a potential conflict of interest with respect to a proposed action, policy or transaction of the corporation shall not participate in any way in, or be present during, the deliberations and decision-making vote of BVARI with respect to such action, policy or transaction. However, the interested party shall have an opportunity to provide factual information about the proposed conflict and/or action, policy or transaction. Also, the board may request that the interested party be available to answer questions.

The disinterested members of the Board of Directors may approve the proposed action, policy or transaction upon finding that it is in the best interests of BVARI. The board shall consider whether the terms of the proposed action, transaction or policy are fair and reasonable to BVARI and whether it would be possible, with reasonable effort, to find a more advantageous arrangement with a party or entity that is not an interested party.

6.5 Violations of Conflict of Interest Policy

If the Board of Directors has reason to believe that an interested party has failed to disclose a potential conflict of interest, it shall inform the person of the basis for such belief and allow the person an opportunity to explain the alleged failure to disclose. If the VA Boston Healthcare Systems' Institutional Review Board, pursuant to the Federal Wide Assurance Memorandum of Understanding between BVARI and the VA Boston Healthcare System determines that a conflict exists for one of BVARI's Principal Investigators, then BVARI shall abide by said decision.

If the Board decides that the interested party has in fact failed to disclose a possible conflict of interest, the Board of Directors shall take such disciplinary and corrective action as deemed appropriate.

7.0 RELATED DOCUMENTS:

Affirmation of Compliance Confidential Disclosure Questionnaire 38 U.S.C. § 7366
VA Boston Healthcare Systems Research Standard Operating Procedures (February 2012)
VA Boston Healthcare System Memorandum #05-051-LM; April 2013 Employment of Relatives and Relationships Between Superiors and Subordinates
NIH Financial Conflict of Interest Rules and Regulations

8.0 REVISION HISTORY

Revision Letter	Author	Revision Date	Description of Changes
A	Nancy Watterson-Diorio	12/15/2008	Original document
B	Jeffrey Burd	2/14/2012	Updated purpose and scope. Added Questionnaire
C	Jeffrey Burd	6/18/2014	Updated policy procedures, examples of COI, and policy related documents

Affirmation of Compliance

I have received and carefully read the Conflict of Interest Policy and have considered not only the literal expression of the policy, but also its intent. By signing this affirmation of compliance, I hereby affirm that I understand and agree to comply with the Conflict of Interest Policy. I further understand that BVARI is a non-profit organization and that in order to maintain its federal tax exemption status, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes without personal inurement (other than by salary) by Board members or staff.

Except as otherwise indicated in the Confidential Disclosure Questionnaire and attachments below, I hereby state that I do not have any conflict of interest, financial or otherwise that may be seen as competing with the interests of BVARI, nor does any relative or associate have such a potential conflict of interest. Nor shall I, any relative or associate benefit from any action, policy or transaction made by BVARI in a manner that has not been previously disclosed.

If any situation should arise in the future that I think may involve me in a conflict of interest, I will promptly and fully disclose in writing the circumstances to the Chair of the Board of Directors of BVARI or to the CEO, as applicable.

I further certify that the information set forth in the Confidential Disclosure Statement and attachments, if any, is true and correct to the best of my knowledge, information and belief.

Printed Name

Signature

Date

Confidential Disclosure Questionnaire

Please complete the questionnaire below, indicating any potential conflicts of interest. If you answer "yes" to any of the questions, provide a written description of the details in the space allowed. Attach additional sheets as needed. .

During the past 12 months (for each "yes" response, please describe below or on a separate page):

- | | |
|---|-----------|
| 1. Has BVARI proposed to contract or contracted to purchase or lease goods, services, or property from you, a relative or a business associate? | Yes
No |
| 2. Are you related to any current or prospective director, officer or employee , or to the supervisor of any of BVARI's and/or the VA Boston Healthcare System's employees? | Yes
No |
| 3. Have you, a relative or a business associate been provided with a gift, gratuity or favor of a substantial nature from a person or entity that does business or seeks to do business with BVARI? | Yes
No |
| 4. Have you, a relative or business associate been gratuitously provided use of the facilities, property, or services of BVARI? | Yes
No |
| 5. Are you, a relative or a business associate in a position to benefit financially from decision, policy, transaction or arrangement made by BVARI? | Yes
No |

I hereby certify that my answers above are true and accurate to the best of my ability. I further affirm my continuing duty to inform the Board of Directors and/or the BVARI CEO, if applicable, of a conflict of interest.

Printed Name

Signature

Date

(To Be Completed Annually)