

## Conflict of Interest

**General Topic:** Human Resources

**Policy #:** 3.41

**Subject:** Conflict of Interest/Department Services

**Issued:** TBD (supersedes policy dated 2/25/10)

**Applies to:** All employees except as provided in a collective bargaining agreement and/or identified in this policy.

**Contact:** Office of Human Resources

**See also:** RCW 42.52, Ethics in Public Service; Employee Policy 3.00, Compliance with Ethics Laws and Rules; Employee Policy 3.30, Private Use of State Resources; Procedures; Conflict of Interest Analysis

## Purpose and Description

Each employee of the Department of Labor and Industries is a steward of the public's trust. This responsibility requires awareness of how real and perceived conflicts of interest distract from fulfilling the agency's mission and can create personal liability for the employees. This policy is intended to inform and reinforce the obligation of Department of Labor and Industries' employees to maintain high standards of integrity and to avoid both real and perceived conflicts of interest in the delivery of agency services.

This policy will also serve to ensure the nature of employees' outside employment or volunteer activity does not create a conflict of interest, or perception of conflict of interest with their agency employment or the public's perception of their execution of official duties.

This policy is intended to assist employees in protecting themselves from individual liability under the Ethics in Public Service Act, Chapter 42.52 RCW. Employees should also use L&I's Ethics policy and guidance from their supervisors and managers to ensure compliance with all applicable laws and policies.

**Employees remain personally liable under Chapter 42.52 RCW and the Department has no authority to lessen the prohibitions of the Ethics Law.**

## Definitions

- Conflict of Interest

Conflict of Interest includes any situation that has the potential to undermine the impartiality of a person because of the possibility of a clash between the person's self-interest and professional interest or public interest.

Examples:

- A conflict of interest may occur when a state employee accepts compensation for actions taken outside their employment with the Department and those actions conflict with, or are perceived to conflict with, performance of their official duties on behalf of the state.
- Conflicts of interest may occur whenever a state employee has a beneficial interest in a transaction with the state; accepts outside compensation for the performance or non-

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performance of an official duty; or accepts or seeks outside compensation relating to a matter in which the employee participated in an official capacity.

- Conflict of interest extends to those matters in which a state employee exercises responsibility.
- Volunteer activities or off-duty conduct can create a conflict of interest or the perception of conflict of interest.

- Employer

is any individual, partnership, association, corporation, firm, institution, or other entity, whether or not operated for profit, for which an individual performs work.

- Outside Employer

is defined as an individual or organization for which an individual performs work other than the agency from which an employee receives any form of payment for services rendered. This may include individuals or organizations other than L&I for whom an employee provides volunteer services.

- Outside Employment

is defined as any work activity for which an employee received compensation to perform other than the duties they are paid to perform for Labor and Industries.

- Participate

means to participate in state action or a proceeding as a state officer or state employee, through approval, disapproval, decision, recommendation, the rendering of advice, or investigation.

- Relative

includes any persons related to the employee by blood, marriage, domestic partnership or adoption.

- Immediate family

includes the spouse, domestic partner, dependent children, and other dependent relative, if living in the household.

- Friend

includes any individual with whom the employee maintains or has maintained an active social relationship or any other individual who, due to social or economic relationships with the employee or mutual acquaintances, could have a reasonable expectation that the relationship might in any way influence the employee's handling of agency transactions.

- Co-worker

includes any employee of the agency who has worked or is working in the same organizational unit (as identified on the official agency-wide organization chart) as the employee in question, who has been or is responsible for reviewing the work of the employee in question, or whose work has been or is subject to review by the employee in question.

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## Policy

### **A. Employees will not use their state positions for personal benefit or gain or the gain or benefit of another.**

1. Employees may not accept or solicit directly or indirectly anything of economic value such as a gift, gratuity, meals, entertainment or favor if it could be reasonably expected to influence the action, inaction, or judgment of the employee.
2. Employees, except in the course of official duties, will not assist others in a transaction involving the agency.
3. Employees will not make unauthorized disclosures of confidential information for personal gain or benefit or the gain or benefit of another. They will not engage in any business or professional activity that might reasonably be expected to require or induce unauthorized disclosure of confidential information acquired as an employee.
4. As established under RCW 42.52, employees may not accept honoraria for performance of activities that are associated with the Department responsibilities. Honoraria means money or anything of value offered for a speech, appearance, article, or similar item or activity in connection with a state officer or employee's official role. Payment for reasonable expenses incurred for travel and subsistence in connection with a speech, presentation, appearance, etc., made in an official capacity, may be accepted.
5. Employees may not have a beneficial interest in a contract that is made by, through, or under his or her supervision. An employee may not accept any compensation from another person beneficially interested in a contract that is made by, through, or under the employee's supervision. "Beneficial interest" is the right to enjoy, benefit or advantage from a contract or other property. For example, Washington is a community-property state; a husband and wife, or each individual in a domestic partnership, have a beneficial interest in the other's property.

### **B. Employees will not regulate or provide paid or unpaid services to themselves, a relative, friend, current or former co-worker, or their outside employer without receiving approval through the Conflict of Interest Analysis form. Employees will discuss the situation with their supervisor and submit the Conflict of Interest Analysis form to their chain of command, including their appointing authority, for final determination to be made by the Assistant Director of the Office of Human Resources.**

1. An employee participates in regulatory responsibilities or contractual matters when he or she approves, disapproves, makes decisions, provides recommendations, renders advice, or investigates matters or issues on behalf of the agency. Employees with regulatory responsibilities will not inspect, investigate, or otherwise review the affairs or activities of themselves, a relative, friend, current or former co-worker, or outside employer.
2. Employees who have been authorized with Power of Attorney or other legally established authority to act on behalf of another may exercise that authority but must provide the documentation of such authority to the Department prior to engaging in activities otherwise prohibited under this policy.
3. Employees will not, in any way, involve themselves in any phase of the agency's provision of services to self, relatives, friends, co-workers or their outside employers.

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4. Employees may not represent or advocate for a relative, friend, co-worker or outside employer in any Department actions.

**C. Employees will not review or approve the regulation of or provision of services to themselves, relatives, friends, co-workers, or their outside employers.**

**D. Employees are prohibited from engaging in any outside employment, paid or unpaid, without receiving approval through the Conflict of Interest Analysis form. Employees will discuss the situation with their supervisor and submit the Conflict of Interest Analysis form to their chain of command, including their appointing authority, for final determination to be made by the Assistant Director of the Office of Human Resources.**

1. Employees are prohibited from performing any duties of outside employment during their paid work time.
2. Employees are prohibited from performing any duties of outside employment using any state-owned or provided transportation, equipment, supplies, or other resources, including printed or electronic resources. (See Employee Policy 3.30, Private Use of State Resources)
3. Employees may be prohibited from entering into outside employment they are able to perform solely because of or as a result of their state employment or position.
4. Employees may be prohibited from entering into any outside employment where there may reasonably appear to be a connection to their regulatory function or a role with L&I, or could cause a reasonable person to believe that a conflict of interest exists.

**E. Employees are responsible for notifying supervisors of a real or perceived potential conflict of interest.**

1. Employees called upon to conduct activities listed in sections A through D or that otherwise create a real or potential conflict of interest will notify their supervisors.
2. A new form must be submitted by the employee when/if the employee has a change of supervisor or job duties.

**F. Supervisors are responsible for working with an employee who notifies them of having a real or perceived potential conflict of interest.**

1. Any supervisor who has been notified of a real or potential conflict of interest will work with the employee to complete and submit a Conflict of Interest Analysis Form for review through their chain of command, including their appointing authority, for final determination to be made by the Assistant Director of the Office of Human Resources.
2. Supervisors will annually review an employee's report of Conflict of Interest with the employee to ensure the information is current. If there are changes, supervisors will work with the employee to either submit a new form or notify the Office of Human Resources if the outside employment or activity has ceased.

**G. The Assistant Director of the Office of Human Resources is responsible for acceptance or denial of the request.**

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**H. Violation of this policy may be grounds for disciplinary action.**

Employee activities presenting a conflict of interest - whether reported or not - may result in corrective or disciplinary action, up to and including dismissal.

**I. Employees leaving state employment should familiarize themselves with the Washington State Ethics Law regarding post-employment restrictions.**

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