Policy Letter #17

TO: **All Mid-Carolina Staff and Board Members**

FROM: **Samantha Wullenwaber, Director**

SUBJECT: **Conflict of Interest Requirements for Workforce Development Boards (WDBs) and Staff Policy**

PURPOSE

In compliance with NCWorks Commission Policy Statement CPS 05-2022 (dated May 11, 2022), this policy establishes guidance regarding conflict-of-interest requirements for Workforce Development Boards (WDBs), Chief Local Elected Officials (CLEOs), staff, and service providers involved in Workforce Innovation and Opportunity Act (WIOA) programs.
This policy also incorporates the requirements of North Carolina General Statute (NCGS) 14-234, which prohibits public officers or employees from benefiting from public contracts.
Additional guidance related to procurement and conflicts of interest is provided in 2 C.F.R. § 200.318, Public Law 113-128 Workforce Innovation and Opportunity Act Section 107(h), and NCGS §§ 14-234 – 14-234.3.

The purpose of this policy is to ensure that all decisions involving WIOA resources are conducted with integrity, transparency, and accountability while avoiding real, perceived, or potential conflicts of interest.

BACKGROUND

Consistent with WIOA Section 121(d)(4)(A) and (C), any organization or entity that performs multiple functions within a Local Workforce Development Area must develop a written agreement with the Local WDB and CLEO.

This agreement must clearly define how the organization will carry out its responsibilities while demonstrating compliance with WIOA requirements, corresponding federal regulations, Uniform Guidance, and applicable conflict-of-interest policies established by the state and the entity performing multiple functions.

As stewards of federal and state workforce funds, the Mid-Carolina Workforce Development Board (Mid-Carolina WDB) must maintain strict ethical standards and implement safeguards to prevent conflicts of interest that could compromise the integrity of workforce programs.

ACTION

General Conflict-of-Interest Requirements

All CLEOs, Workforce Development Board Members, staff, and service providers must comply with all applicable federal, state, and local conflict-of-interest requirements when administering or participating in programs funded through WIOA.

Individuals involved in the administration of WIOA services must maintain the highest standards of ethical conduct and take appropriate steps to prevent real, perceived, or potential conflicts of interest.

Board Member Responsibilities
Members of the Mid-Carolina WDB have fiduciary responsibilities to ensure that workforce funds are administered responsibly and without the appearance of impropriety.

For purposes of this policy, the term "Member" includes any WDB Board Member, employee, officer, service provider contractor, or agent of the WDB.

All Members must:

- Avoid conflicts of interest, whether real or perceived.
- Immediately disclose any potential or actual conflict of interest to the Workforce Development Board Director.
- Refrain from discussing, presenting proposals, or voting on any matter in which they have a financial or personal interest.
- Participate in discussions only when requested by other Members as part of a scheduled opportunity for interested parties to provide information.

Members may participate in discussions and vote on matters that do not create a financial benefit or personal advantage to the Member.

Each Member must annually sign a statement confirming that the individual:

1. Has received a copy of the Mid-Carolina Workforce Development Board Conflict of Interest Policy;
2. Has read and understands the policy; and
3. Agrees to comply with the policy.

Prohibited Conduct
No official, employee, or contractor authorized to negotiate, approve, or administer contracts associated with WIOA programs may have a direct or indirect financial or personal interest in any such contract or subcontract.

It is strictly prohibited for any employee, officer, contractor, or volunteer to directly or indirectly solicit, request, or accept anything of value in exchange for:

- Being influenced in the performance of official duties;
- Participating in or enabling fraud or misuse of funds; or
- Performing any act that violates official responsibilities.

Discovery of a Conflict of Interest
If a potential or actual conflict of interest is identified, the WDB Chair or Vice Chair will appoint an ad hoc committee to review the matter.

The committee will:

- Investigate the circumstances,

- Report findings to the Board, and
- Recommend appropriate action if a violation is confirmed.

Recommended actions may include removal of the Member from the Board and requesting the Consortium Board to appoint a replacement.

Procurement and Contracting
All procurement activities must be conducted through arm's-length negotiations, meaning that transactions must be conducted independently and without special relationships or influence.

Conflicts of interest may arise when:
- The individual,
- A member of the individual's immediate family,
- The individual's partner, or
- An organization employing any of the above

has a financial interest in the entity selected for a contract or sub-award.

No Board Member or associated individual may:
- Participate in the selection, award, or administration of contracts where a conflict of interest exists.
- Solicit or accept gratuities, favors, or anything of value from contractors or potential contractors.
- Vote on or influence decisions that would provide direct financial benefit to themselves or an organization they represent.

Members must disclose conflicts and recuse themselves from any related decision-making process.

Work Experience Placements
The Division of Workforce Solutions (DWS) discourages placing participants in work-based learning opportunities located at:
- Workforce Development Board offices
- NCWorks Career Centers
- Administrative entities

due to the potential for conflicts of interest.

Such placements may only occur when:
- The placement directly supports the participant's career goals and skills development; and
- No other suitable worksite is available.

Appropriate documentation supporting the placement must be included in the participant file.

Service Providers and Contractors

While WIOA services are available to eligible individuals, enrollment decisions must not be influenced by personal relationships, political influence, or other improper considerations.

Service providers must ensure that all participants are:
Eligible and suitable for services; and
Enrolled through fair and impartial procedures.

When a service provider or contractor has a relationship with a WDB staff member or officer, firewalls must be established to prevent the staff member from participating in oversight or monitoring activities related to that entity. An alternate staff member must assume these responsibilities.

Additional guidance is provided in *Policy #18 – Serving Immediate Family Members, Close Acquaintances, and Other Stakeholders in WIOA Training Programs*.

Code of Conduct
The Mid-Carolina WDB maintains a *Code of Conduct* governing ethical behavior and conflict-of-interest standards for all staff, officers, and agents involved in program administration, as required under 29 CFR 95.42.

Firewalls
Firewalls must be established to ensure transparency and impartiality in procurement processes. A firewall is a policy or procedure designed to prevent undue influence or bias during procurement or decision-making activities.

Examples of firewalls include:
- Separation of duties among staff involved in procurement
- Confidentiality agreements
- Disclosure requirements
- Independent evaluation of bids and proposals

No entity or individual involved in developing procurement requirements, drafting solicitations, evaluating proposals, or selecting contractors may compete for that procurement.

REFERENCES
2 CFR 200-112: Conflict of Interest
TEGL 35-10: Transparency and Integrity in Workforce Investment Board Decision
CPS 05-2022: Conflict of Interest Requirements for Workforce Development Boards (WDBs) and Staff

ATTACHMENTS
Attachment A: Conflict of Interest Policy Template
Attachment B: North Carolina General Statue §§144-234 – 14-234-3
Attachment C: Potential Conflict Scenarios
Attachment D: Mid-Carolina Workforce Development Board Code of Conduct

CREATION DATE
July 2022

REVISION DATES
January 2024
December 2024
March 2026