

# Health Sciences and Services Authority

## ETHICS AND CONFLICTS OF INTEREST POLICY

### **Article 1 – Purpose and Statement of Intent**

1.0 The Health Sciences and Services Authority (HSSA) Board is comprised of three (3) County appointees, three (3) City of Spokane appointees and three (3) members appointed by the Governor. The HSSA is charged with the responsibility of carrying out the purpose of promoting bioscience-based economic development and advancing new therapies and procedures to combat disease and promote public health as provided for in chapter 35.104 RCW. The HSSA Board has all powers and duties as set forth in RCW 35.104.060 including among others the making and executing of agreements, contracts, and other instruments with public and private entities or persons in accordance with chapter 35.104 RCW.

1.1 It is the purpose of this policy to ensure that HSSA Board and staff comply with the Washington State Ethics in Public Service Act, chapter 42.52 RCW, while maintaining their ability to perform their statutory obligations to the HSSA.

1.4 This policy addresses issues related to conflicts of interest (RCW 42.52.030 and .040), outside compensation (RCW 42.52.120), employment after public service (RCW 42.52.080) and activities incompatible with public duties (RCW 42.52.020). It does not purport to address other provisions of the Ethics in Public Service Act, which continue to apply in full force to the Board members.

### **Article 2 – Definitions**

2.0 Interested Party. Any Member or employee of the HSSA who has a Beneficial Interest in a contract or grant to be awarded by the HSSA or is an employee or officer of an entity seeking such a contract or grant is an Interested Party.

2.1 Beneficial Interest. A person has a Beneficial Interest if the person has directly or through business, investment, or family:

a. an ownership or investment interest in any entity that has submitted a proposal for a contract or grant with the HSSA, or

b. a current compensation arrangement with any entity or individual that has submitted a proposal for a contract or grant with the HSSA, a reasonably foreseeable potential future ownership or investment interest in, or compensation arrangement with, any entity or individual that is the recipient of a grant or contract that is being monitored or supervised by the HSSA, or a significant competitive interest that would be affected by a grant or contract awarded by the HSSA. Compensation includes direct and indirect remuneration, as well as gifts or favors that are not insubstantial. An ownership interest in a mutual fund or similar

investment pooling fund in which the owner has no managerial powers does not constitute a Beneficial Interest.

### **Article 3 – Conflicts Procedures Related to Beneficial Interests**

3.0 Duty to Disclose. An Interested Party must promptly disclose the Beneficial Interest to the HSSA or any committee, taskforce or employee of the HSSA with authority to take action on, review, or make a recommendation for a contract or grant. This disclosure requirement also applies to decisions by the HSSA to seek proposals in a certain subject area and discussions related to the amount of HSSA's moneys that should be available for contracts or grants in certain subject areas.

3.1 Avoiding an Impermissible Conflict of Interest. After disclosing the Beneficial Interest as required in section 3.0:

- The Interested Party may use his/her general expertise to educate or provide general information to other HSSA members, employees, and consultants about the subject at issue.
- The Interested Party may participate in discussions about whether to seek proposals in various subject areas or discussions related to the amount of Authority's money that should be available for contracts or grants in certain subject areas.

The Interested Party shall not participate in any review or ranking of grant or contract proposals in which he/she has a Beneficial Interest.

- The Interested Party shall not participate in the HSSA's consideration or action on a grant or contract in which he/she has a Beneficial Interest.
- The Interested Party shall not participate in the administration or monitoring of any grant or contract in which he/she has a Beneficial Interest.
- In the exercise of its discretion, the HSSA may delegate the authority to make a decision on contract or grant proposals to a committee of the HSSA or to outside consultants or advisory boards as necessary to effectuate the purpose of the HSSA, including situations in which a quorum of the HSSA would not be available due to recusals described above.

3.2 Procedures after Disclosure. After disclosure of a Beneficial Interest, the Interested Party:

- a. shall excuse him/herself from discussions and action on the grant or contract in which he/she has a Beneficial Interest. The reason for recusal shall be recorded in any minutes of such meeting, and

b. shall not attempt to influence the decision of other Board Members or employees with respect to the grant or contract in which he/she has a Beneficial Interest.

#### **Article 4 – Disclosure of Volunteer Relationships**

4.0 A Board member or employee who serves as a uncompensated volunteer in the capacity of a Board member, officer or other leadership position in an entity seeking a grant or contract from the HSSA shall disclose the nature and scope of the relationship to the HSSA and any committee, taskforce or employee of the HSSA with authority to take action on, review or make recommendations on the contract or grant. After making such disclosure, the Board member may choose to follow the procedures for recusal set forth in Sections 3.1 and 3.2. Upon the request of a majority of the remaining Board members, the Board member shall comply with such procedures.

#### **Article 5 – Procedures After Award to Interested Party**

5.0 It is recognized that positions as HSSA Board members are volunteer positions with no compensation.

5.1 Where Board members and employees have followed the recusal procedure in Article 3 above, they may retain or obtain a Beneficial Interest, including an employment interest or ownership interest, in the resulting contract or grant from the HSSA, provided that:

- a. the contract or grant was awarded pursuant to the HSSA grant process and complied with all HSSA policies and procedures, including review and ranking by an independent research review committee;
- b. the Board member or employee performs bona fide services for the entity receiving the contract or grant; and
- c. the Board Member or employee does not disclose confidential information obtained as a result of his position as another Board member or employee.

#### **Article 6 – Record of Proceedings**

The minutes of the HSSA and all committees with delegated powers shall contain:

- The names of the persons making conflicts disclosures and the nature of the Beneficial Interest(s) or volunteer relationship;
- The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

6.1 If a grant or contract is awarded to an Interested Party or an entity in which an Interested Party has made a conflicts disclosure, the minutes shall contain a statement that the HSSA, or committee thereof, duly considered the disclosure in making its decision.

### **Article 7 – Annual Statements**

7.0 Each Board member and employee of the HSSA shall annually sign a statement which affirms that he/she:

- a. has received a copy of the Ethics and Conflicts of Interest Policy,
- b. has read and understands the policy, and
- c. has agreed to comply with the policy.

### **Article 8 – Violations of the Conflicts of Interest Policy**

8.0 If the HSSA has reasonable cause to believe a Board member or employee has failed to comply with this policy or other provisions of the Ethics in Public Service Act, it shall inform the Board member or employee of the basis for such belief and afford that person an opportunity to explain the alleged non-compliance.

8.1 If, after hearing the response and after making further investigation as warranted by the circumstances, the HSSA determines likely non-compliance by a Board member or employee it shall consult the appropriate appointing authority about appropriate remedial or corrective action.

8.2 If, after hearing the response and after making further investigation as warranted by the circumstances, the HSSA determines that a Trustee or employee has failed to comply with the terms of this policy or the Ethics in Public Service Act, it shall take appropriate remedial, disciplinary or corrective action.

*Adopted February 4, 2009*