



Workforce Innovation and Opportunity Act Policy
Employment System Administration and Policy

Washington envisions a nationally recognized fully integrated One-Stop system with enhanced customer access to program services, improved long-term employment outcomes for job seekers and consistent, high quality services to business customers. In order to achieve this vision, Employment System Administration and Policy sets a common direction and standards for Washington's WorkSource system through the development of WorkSource system policies, information memoranda, and technical assistance.

Policy Number: 5405
To: Washington WorkSource System
Effective Date: July 1, 2015
Subject: Conflict of Interest

1. Purpose:

This policy sets out the state's commitment to ensure system integrity and effective oversight of the WorkSource System in order to comply with federal laws, regulations, and guidance and state laws.

This policy applies to all partners at all levels of participation in the WorkSource System funded by the Workforce Innovation and Opportunity Act.

2. Background:

The public has always been sensitive to and interested in negative publicity about conflicts of interest and misuse of public funds.

A conflict of interest policy is required to ensure that individuals or representatives of organizations entrusted with public funds will not personally or professionally benefit from the award, administration, or expenditure of such funds.

3. Policy:

- A. The State Workforce Development Board (SWDB) must have a conflict of interest policy that, at a minimum, meets the following requirements:
 - i. Each grant recipient and subrecipient must maintain a written code of standards or conduct governing the performance of persons engaged in the award and administration of WIOA contracts and subgrants.

- ii. Each grant recipient and subrecipient must ensure that no individual in a decision-making capacity engages in any activity if a conflict of interest (real, implied, apparent, or potential) is involved. This includes decisions involving the selection, award, or administration of a grant, subgrant or contract supported by WIOA funds.
 - iii. An SWDB member cannot cast votes or participate in any decision-making about providing services by such member (or by any organization that member directly represents).
 - iv. An SWDB member cannot cast votes or participate in any decision-making on any matter that would provide any direct financial benefit to the member or to the member's organization.
 - v. SWDB officers, employees, or agents making awards cannot solicit or accept gratuities, favors, or anything of monetary value from awardees, potential awardees, or other parties to agreements.
 - vi. SWDB members who also serve as members of Local Workforce Development Boards (LWDBs) cannot cast votes or participate in any decision-making on matters affecting LWDBs on which they serve.
 - vii. Where LWDBs serve as the one-stop operator, the SWDB policy on conflict of interest must use such criteria to assess and certify the one-stop center to avoid conflicts of interest inherent in an LWDB self-assessment.
 - viii. The code of conduct must contain penalties, sanctions, or other disciplinary actions in accordance with state and local law for violations of the provisions regarding conflict of interest.
- B. Each Local Workforce Development Board (LWDB) must have a conflict of interest policy that, at a minimum, meets the following requirements:
- i. Each grant recipient and subrecipient must maintain a written code of standards or conduct governing the performance of persons engaged in the award and administration of WIOA contracts and subgrants.
 - ii. Each grant recipient and subrecipient must ensure that no individual in a decision-making capacity engages in any activity if a conflict of interest (real, implied, apparent, or potential) is involved. This includes decisions involving the selection, award, or administration of a subgrant or contract supported by WIOA funds.
 - iii. An LWDB member or a member of an LWDB standing committee cannot cast a vote or participate in any decision-making about providing services by such member (or by any organization that member directly represents).

- iv. An LWDB member or a member of an LWDB standing committee cannot cast a vote or participate in any decision-making on any matter that would provide any direct financial benefit to the member or to the member's organization.
 - v. LWDB officers, employees, or agents of the agencies and members of the LWDB standing committee making awards cannot solicit or accept gratuities, favors, or anything of monetary value from awardees, potential awardees, or other parties to agreements.
 - vi. The recipient or subrecipient code of conduct must contain penalties, sanctions, or other disciplinary actions in accordance with state and local law for violations of the provisions about conflict of interest.
- C. Any organization that has been selected or otherwise designated to perform more than one function related to WIOA must develop a written plan that clarifies how the organization will carry out its multiple responsibilities while demonstrating compliance with WIOA, corresponding regulations, relevant Office of Management and Budget circulars, and this conflict of interest policy. This plan must limit conflict of interest or the appearance of conflict of interest, minimize fiscal risk, and develop appropriate firewalls within that single entity performing multiple functions. The plan must be agreed to by both the LWDB and local Chief Elected Official.
- D. One-Stop operators must disclose any potential conflicts of interest arising from relationships with training providers and other service providers, as specified in an SWDB and/or LWDB conflict of interest policy.
- E. Membership on the SWDB or LWDB, or being a recipient of WIOA funds to provide training or other services, is not by itself a violation of conflict of interest provisions of WIOA or corresponding regulations.

4. Definitions:

Conflict of interest – Conflict between the official responsibilities and the private interests of a person or entity that is in a position of trust. A conflict of interest would arise when an individual or organization has a financial or other interest in or participates in the selection or award of funding for an organization. Financial or other interest can be established either through ownership or employment.

Individual – (1) an individual; i.e., employee, officer, or agent, or (2) any member of the individual's immediate family (spouse, partner, child, or sibling), or (3) the individual's business partner.

Organization – A for-profit or not-for-profit entity that employs, or has offered a job to, an individual defined above. An entity can be a partnership, association, trust, estate, joint stock company, insurance company, or corporation, whether domestic or foreign, or a sole proprietor.

5. References:

- Public Law [113-128](#) Section 101(f) - State Board Conflict of Interest
- Public Law 113-128 Section 102(b)(2)(E) - State Plan Conflict of Interest Assurance
- Public Law 113-128 Section 107(h) - Local Board Conflict of Interest
- Public Law 113-128 Section 121(d)(4) - One-Stop Operators
- Proposed 20 CFR 697.430
- Proposed [679.130\(f\)\(1\) through \(3\)](#) - State board must use criteria to certify One Stops to avoid inherent conflict of interest
- Proposed 20 CFR 679.410(a)(3) and (c) - Local board must avoid inherent conflict of interest
- Proposed 20 CFR 679.430 - Entities performing multiple functions
- Proposed 20 CFR 683.200(c)(5) - Administrative Rules, Costs, Limitations – Title I WIOA and Wagner-Peyser
- 29 CFR 97.36(3)
- [2 CFR 899 Part 200 and Part 2900](#) - Office of Management and Budget Uniform Guidance on administrative, cost, and audit provisions for federal grants
- [Revised Code of Washington \(RCW\) 42.20.070](#) - Misappropriation and falsification of accounts by a public officer
- RCW [42.20.080](#) – Other violations by officers
- RCW [42.52.160](#) – Use of persons, money or property for private gain

6. Supersedes:

WIA Title I-B Policy 3420, Revision 1

7. Website:

http://www.wa.gov/esd/1stop/policies/wioa_title1.htm

8. Action:

Local Workforce Development Boards and their contractors should make this information available to appropriate staff to ensure they are familiar with its content and requirements in order to prepare state or local plans and a Conflict of Interest policy.

9. Attachments:

None.

Direct Inquiries To:

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