

Topic/Grant

Conflict of Interest

FAQ/Requirements**Conflicts of Interest**

Non-federal entities are required to use Federal funds in the best interest of the award program. Decisions related to these funds must be free of undisclosed personal or organizational conflicts of interest, both in fact and in appearance. Non-federal entities are required to disclose in writing any potential conflict of interest to the awarding agency or pass-through entity, as applicable. See [2 C.F.R. § 200.112](#).

Conflict in Fact. In the use of award funds (direct or indirect), a recipient or subrecipient should not participate in any decisions, approval, disapproval, recommendations, investigation decisions, or any other proceeding concerning any of the following people or groups:

- An immediate family member;
- A partner;
- An organization in which they are serving as an officer, director, trustee, partner, or employee;
- Any person or organization with whom they are negotiating or who has an arrangement concerning prospective employment, has a financial interest, or for other reasons can have less than an unbiased transaction with the recipient or subrecipient.

Conflict in Appearance. In the use of award funds, recipients and subrecipients should avoid any action which might result in, or create the appearance of:

- Using an official position for private gain;
- Giving special treatment to any person;
- Losing complete independence or objectivity;
- Making an official decision outside official channels; or
- Affecting negatively the confidence of the public in the integrity of the Government or the program.

Typical conflict-of-interest issues may include:

- Less-than-arm's-length transactions—the act of purchasing goods or services or hiring an individual from a related party such as a family member or a business associate of the recipient.
- Not using fair and transparent processes for subrecipient decisions and vendor selection. These processes must be free of undue influence, and fair and transparent. Most procurement requires full and open competition.
- Consultants can play an important role in award programs; however, recipients and subrecipients must ensure that their work conforms to all applicable regulations

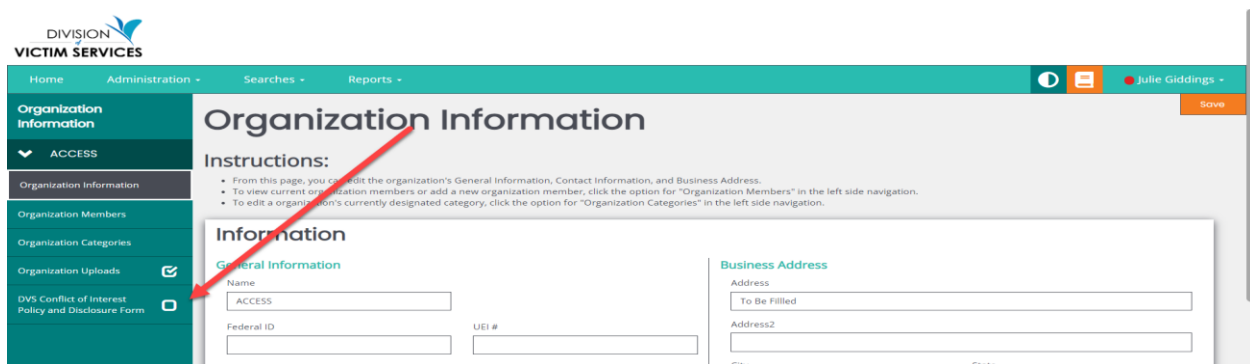
governing the selection process, reasonable pay rates, and specific verifiable work product.

Possible scenarios

Background	Possible Fraud Indicator	Scheme Identified	Result
An individual was assigned to purchase equipment using a Federal award.	Circumvention of the established procurement process; vendor complaints.	Individual stole over \$100,000 by directing contracts to bogus companies that he had established.	240-month prison sentence

How do we document a conflict?

ALL conflicts need to be documented using the DVS Conflict of Interest Policy and Disclosure Form. The form is available on IGX by going to the Organizational Information page and clicking on the form on the left side of the page.



References

<https://www.ojp.gov/funding/financialguidedoj/iii-postaward-requirements#7z64coi>