



**ABOVE AND BEYOND. BY DESIGN.**

**COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

**FOR CORONAVIRUS RESPONSE (CDBG-CV)**

***PUBLIC SERVICE APPLICATION***

***FUNDING ROUND 2***



## Program Overview

The City of Overland Park has been awarded a supplemental allocation to the annual Community Development Block Grant funds that must be used to prevent, prepare for, and respond to the coronavirus (COVID-19). This allocation was authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116-136, which was signed by President Trump on March 27, 2020, to respond to the growing effects of this historic public health crisis. The CARES Act will provide Community Development Block Grant Coronavirus (CDBG-CV) funds to the City from the U.S. Department of Housing & Urban Development (HUD) and the City has made funding available for public service projects.

The City is requesting applications from not-for-profits and other eligible entities for participation in the CDBG-CV program. Funds may be used for public service activities that **must** be associated with preparation, response and/or prevention of COVID-19; additional information regarding eligible activities is included within this guide.

HUD has provided maximum flexibility for the use of CDBG-CV funding by eliminating the typical CDBG percentage caps for which the amount of grant funds can be used. **Eligible CDBG-CV projects/programs must be within the city limits of Overland Park or provide services to Overland Park residents.**

CDBG-CV grants will be subject to oversight, reporting, and requirements that each grantee have adequate procedures to prevent the duplication of benefits which means grant funds may not be used to pay costs if another source of financial assistance is available to pay that cost. **Awarded subrecipients will be required to certify during the contract term that there is no supplanting of federal funds for requested projects/programs.**

## Eligible Applicants

The City of Overland Park is requesting applications from eligible entities including Non-profit 501(c)(3) and Faith-based Agencies for participation in the CDBG-CV program for the period of March 01, 2020 through February 28, 2022.

Eligible applicants are limited to entities that either operate within the City of Overland Park, or provide direct benefits to residents of Overland Park and function under a cooperative agreement with the City, or are a nonprofit agency, a faith-based **organization, or a County Department.**

## Public Services

### Public Services (24 CFR 570.201(e))

Provision of public services, including but not limited to those concerned with employment, crime prevention, childcare, health, drug abuse, education, energy conservation, welfare, or recreational needs. In order to be eligible for CDBG assistance, public services must meet each of the following criteria:

1. A public service must be either **(a) a new service, or (b) a quantifiable increase in the level of**

service above that provided by or on behalf of the unit of general local government in the twelve calendar months prior to the submission of the statement.

2. **The use of the funds shall be limited to providing services (for which there is normally a charge)** to low- to moderate-income individuals at a reduced rate or free of charge, or for minor needed repairs and improvements to facilities which serve predominantly low- to moderate-income individuals. In the case of building improvements, a stipulation may be added to the grant agreement that an agency, vacating the facility prior to a five year period, will be required to repay a prorated share of the grant funds.

## Program Requirements

1. Project must include the provision of new or quantifiably increased public services that assist and/or benefit those affected by COVID-19.
2. Funds must be used to benefit for low and moderate income Overland Park households and must be associated with the impact of the COVID-19 pandemic. The following income levels are applicable for the use of these funds, until updated income limits are provided by HUD.

2021 Income Limits (Kansas City, MO-KS Metro)								
<i>Persons in Household</i>	1	2	3	4	5	6	7	8
<i>Very Low Income (30% AMI)</i>	\$18,200	\$20,800	\$23,400	<b>\$26,000</b>	\$28,100	\$30,200	\$34,350	\$34,350
<i>Low Income (50% AMI)</i>	\$30,350	\$34,650	\$39,000	<b>\$43,300</b>	\$46,800	\$50,250	\$53,700	\$57,200
<i>Moderate Income (80% AMI)</i>	\$48,550	\$55,450	\$62,400	<b>\$69,300</b>	\$74,850	\$80,400	\$85,950	\$91,500

3. All eligible public service project applications will be considered, but the following will be prioritized:
  - Emergency Financial Assistance
  - Childcare Assistance and Services
4. CDBG-CV funding will be provided on a cost reimbursement basis. Eligible expenditures used to prevent, prepare for, or respond to COVID-19 incurred as of March 01, 2020 and paid for with non-federal funds may be eligible for reimbursement. Recipients will be required to maintain accurate records demonstrating household eligibility and the relationship of the need to COVID-19.

## Application Process

Complete hard copy and electronic application packets will be accepted until 5:00pm on Wednesday, July 14, 2021. Recommendations for funding awards will be presented to the Overland Park City Council

and final awards will be made in August 2021.

**Completed applications are due by 5:00 p.m. Wednesday, July 14, 2021.**

Please submit the application as follows:

1. One, original, signed hard copy application
  - a. Submit to: Julie Smith, Grant Programs Coordinator  
Neighborhood Services  
Myron E. Scafe Building  
8500 Antioch Road  
Overland Park, Kansas 66212
2. One electronic application
  - a. Submit to: [julie.smith@opkansas.org](mailto:julie.smith@opkansas.org)

## **Acknowledgements**

The City of Overland Park reserves the right, at its sole discretion, to award all, a portion, or none of the available CDBG-CV funding, and may reject any and all proposals based on the quality and/or merits of the proposals, or when it is determined to be in a public interest to do so. Furthermore, Overland Park may extend deadlines and timeframes, as needed.

## **Questions**

Julie Smith, Grants Program Coordinator  
(913) 895-6192  
[Julie.smith@opkansas.org](mailto:Julie.smith@opkansas.org)

# Section I – Applicant Information

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Applicant Legal Name:

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Applicant Address:

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Applicant Fiscal Year (Month/Day):

to

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Agency's DUNS #:

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Federal Tax ID Number:

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Project Contact/Title:

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Phone Number:

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Email Address:

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## Section II – Project Information

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<b>Title of Proposed CDBG-CV Project:</b>			
<b>Amount of CDBG-CV Funds Requested:</b>			
<b>Location of Service:</b>	<input type="checkbox"/> On Site	<input type="checkbox"/> Off Site	<input type="checkbox"/> Out of Overland Park
<b>Project Address:</b>			
<b>Is this a new project or activity?</b> If yes, describe process for determining the need for a new project.	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
<b>Is this project a quantifiable increase in the level of service for an existing program?</b> If yes, describe the process for determining the need for increased services?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>Number of unduplicated clients to be served by project:</b>	Individuals:		
	Households:		
<b>Describe what specific activities or services will be funded through this project in response to COVID-19?</b>			

## Section III – Project Description

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<b>Briefly describe of the project and the impact the requested CDBG-CV funding will have:</b>	
<b>Explain the specific local need directly related to COVID-19 that this project will address:</b>	
<b>Describe how the project will coordinate with other agencies in the community and avoid duplication of services and funding sources:</b>	
<b>Identify the target population this project will serve:</b>	
<b>Describe how the target population will be informed about the project:</b>	
<b>Describe the objectives for this project and how outcomes will be measured:</b>	

## Section IV – Proposed Project Budget

**REVENUES: Must directly support and be essential to the implementation of the CDBG-CV project in direct response or prevention of COVID-19 effects.**

LIST ALL REVENUE SOURCES	AMOUNT
<i>Funds Requested from:</i>	
Overland Park CDBG-CV	
Johnson County CDBG-CV	
Olathe CDBG-CV:	
Shawnee CBDG-CV:	
Lenexa CDBG-CV:	
<i>Other Project Revenue:</i>	
Other Federal Funds:	
State/Local Funds:	
Private Funds:	
Other:	
<b>Total Project Revenue:</b>	

**EXPENSES: Must be eligible CDBG-CV activities**

SOURCE	AMOUNT
Personnel: (excluding general administration costs)	
Equipment:	
Supplies:	
Space Rent/Utilities:	
Direct Financial Assistance:	
Other:	
<b>Total Project Expenses:</b>	



# Section V – Certifications

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## **General Application Certifications**

Applicant certifies that all information reported in this application and attached is true, accurate and complete to the best of its belief and knowledge.

Applicant will provide written notice of any changes or additions to this information. Applicant understands that the agency may need to provide additional information during the application process and if funded.

Applicant understands a written contract will be required between the Agency and County upon award of funds.

Applicant is aware that the submission of this application does not guarantee funding by Overland Park.

Applicant is aware that all proposed projects must pass all applicable environmental reviews.

All required documentation, including attachments, have been included in the original application. The required original documents with all attachments and one electronic version of the application in Adobe Acrobat format have been submitted.

Applicant certifies that it is authorized to make this application to execute a public service program on behalf of the applicant and have been designated as such by the Executive Director or Department Director.

Applicant understands that applications received after 12:00 PM on November 17, 2020 will not be accepted or considered.

Applicant will comply with the other provisions of the CARES Act and with other applicable laws.

## **Certification of No Supplanted Funding**

Federal law prohibits recipients of federal funds from replacing state, local, or agency funds with federal funds. Federal funds may not supplant/displace existing funds for a project and its individual sub-activities, including staff costs and general operating costs. Applicant certifies that:

- (1) CDBG-CV funds, if awarded, will not supplant funds received from other Federal, State or local government sources, or funds independently generated by the expenditures from other Federal, State, or local sources or funds independently generated by the subrecipient agency;
- (2) CDBG-CV funds, if awarded, will not supplant any funds used to leverage other funding; and
- (3) CDBG-CV funds, if awarded, will not be used to supplant other funds provided directly to agency clients by the agency's program, other programs, or direct Federal, State, or local funding.

## **Religious/Faith-Based Agency Certifications**

In addition to, and not in substitution for, other provisions of this agreement regarding the provision of Community Development Block Grant Coronavirus (CDBG-CV) program activities pursuant to the CDBG-CV program/activity, the applicant;

- 1) Represents that it is, or may be deemed to be, a religious or denominational institution or organization or an organization operated for religious purposes.
- 2) Agrees that, in connection with such community development activities and operational costs:
  - a. It will not discriminate against any persons seeking community development services and/or related services on the basis of religion or religious belief; and
  - b. It will not use CDBG-CV funds to support any inherently religious activities, such as worship, religious instruction, or proselytization.

### **Drug-Free Workplace Act Certification**

1. Applicant certifies that it shall provide a drug-free workplace by:
  - (a) Publishing a statement notifying employees that unlawfully manufacturing, distributing, dispensing, possessing or using a controlled substance in the workplace is prohibited and specifying the actions that will be taken against employees for violation of such prohibition;
  - (b) Establishing a drug-free awareness program to inform employees about:
    - (1) The dangers of drug abuse in the workplace;
    - (2) The company's policy of maintaining a drug-free workplace;
    - (3) Any drug counseling, rehabilitation, and employee assistance programs that are available; and
    - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
  - (c) Making it a requirement that each employee to be engaged in the performance of the Agreement be given a copy of the statement required by paragraph (a).
  - (d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the Agreement, the employee shall:
    - (1) Abide by the terms of the statement; and
    - (2) Notify the employee's employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such a conviction;
  - (e) Notifying County within ten (10) days after receiving notice under subparagraph (d)(2), from an employee or otherwise receiving actual notice of such conviction;
  - (f) Taking one of the following actions, within thirty (30) days of receiving notice under subparagraph (d) (2), with respect to any employee so convicted:
    - (1) Taking appropriate personnel action against such an employee, up to and including termination; or
    - (2) requiring such an employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state or local health, law enforcement, or other appropriate agency;
  - (g) Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (b), (c), (d), (e), and (f).

### **Conflict of Interest Statement**

The conflict of interest provisions will apply to any person who is an employee, agent, consultant, officer, elected or appointed official of the applicant, of any designated public agencies, or subrecipients that are receiving CDBG-CV funds.

To the best of applicant's knowledge: (1) no Federal appropriated funds have paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement; (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant loan, or cooperative agreement, it will complete and submit Standard Form – LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and (3) It will require that the language of paragraph (h) of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

### **Anti-Lobbying Statement**

The anti-lobbying provisions will apply to any person who is an employee, agent, consultant, officer, elected or appointed official of the subrecipient that is receiving CDBG-CV funds.

Applicant certifies that:

1. No Federal funds have been paid or will be paid, by or on behalf of the applicant, to any person for influencing or attempting to influence an officer or employee of the awarding of any Federal, state or municipal contract, the making of any Federal or municipal grant, the making of any Federal or municipal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal, state or municipal contract, grant, loan or cooperative agreement.
2. If any funds other than Federal funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any Federal or municipal agency/department, Member of Congress, an officer or employee of Congress, an employee of a Member of Congress, Mayor, City Council member, County Commissioner, or
3. employee of a Mayor, City Council member, or County Commissioner in connection with this application, contract, grant, loan or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions; and

### HUD Section 3 Statement

1. The applicant agrees to comply with Section 3 of the Housing and Urban Development Act of 1968, as amended, the regulations set forth in 24 C.F.R. Part 135, and all applicable rules and orders. Subrecipient understands that compliance shall be a condition of the federal assistance provided under this Agreement and binding upon the Grantee, the Subrecipient and any sub-Subrecipients. Failure to comply with these requirements shall subject the Grantee, the Subrecipient and any sub-Subrecipients, their successors and assigns, to those sanctions specified by the Agreement through which federal assistance is provided, and as set out in 24 C.F.R. Part 135, Subpart O. The Subrecipient agrees that no contractual or other disability exists which would prevent compliance with these requirements. The Subrecipient shall include the following language in all subcontracts executed under this Agreement:

"The work to be performed under this contract is a project assisted under a program providing direct federal financial assistance from HUD and is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701. Section 3 requires that, to the greatest extent feasible, opportunities for training and employment be given to lower income residents of the project area and contracts for work in connection with the project be awarded to business concerns which are located in, or owned in substantial part, by persons residing in the areas of the project."

2. The Subrecipient shall send to each labor organization or representative of workers with which it has a collective bargaining agreement or other contract or understanding, if any, a notice advising said labor organization or worker's representative of its commitments under this Section 3 clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment or training.
3. The Subrecipient shall include this Section 3 clause in every subcontract and will take appropriate action pursuant to the subcontract upon a finding that the sub-Subrecipient is in violation of regulations issued by the Grantee. The Subrecipient will not subcontract with any sub-Subrecipient where it has notice or knowledge that the latter has been found in violation of regulations under 24 C.F.R. Part 135 and will not let any subcontract unless the sub-Subrecipient has first provided it with preliminary statement of ability to comply with the requirements of these regulations.

### Other CDBG-CV Related Certifications

Overall Benefit: The applicant certifies that the CDBG-CV funds awarded by Johnson County will be used only for the benefit of Johnson County residents – those residing within the actual County Limits of Johnson County excluding the cities of Overland Park, Lenexa, Olathe and Shawnee. City of Olathe applicants may will only be used for the benefit of Olathe residents.

Compliance with Anti-discrimination laws: The programs funded in part or totally by CDBG-CV will be conducted and administered in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing

Act (42 USC 3601-3619), and implementing regulations, as amended.

**Affirmatively Furthering Fair Housing:** The applicant will take appropriate actions when applicable to overcome the effects of any impediments identified through the County's Analysis of Impediments to Fair Housing Choice and the County's Fair Housing Plan, and maintain records reflecting the actions taken. The grant will be conducted and administered in compliance with (1) Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352; 42 U.S.C. Subsection 2000 et seq.); (2) The Fair Housing Act (42 U.S.C. 3601-20). It will affirmatively further fair housing.

**Anti-displacement and Relocation Plan:** In the event that the applicant conducts housing acquisition, demolition or rehabilitation with CDBG-CV funds that require the relocation of residents, the applicant will comply with the Uniform Relocation Assistance and Real Property

Acquisition Policies Act of 1970, as amended, and the regulations at 49 CFR 24; and it has in effect and is following a residential anti-displacement and relocation assistance plan as required under section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the Johnson County CDBG-CV program.

**Lead-Based Paint:** Any activities concerning lead-based paint will comply with the requirements of part 34, subparts A, B, J, K and R of Title 24 of the Code of Federal Regulations.

**Compliance with Laws:** The applicant will comply with all applicable local, state and federal laws.

# Section VI: Supplemental Documents

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*Please include the following attachments in the order listed:*

1. 501(c)3 Verification

For non-profit applicants only, please provide current 501(c)3 verification documentation.

2. Board of Directors List

Please include a complete list of the names and employers of each member of the organization's Board of Directors.

3. Conflict of Interest Bulletin

Please review the provided Conflict of Interest Bulletin from the Office of Inspector General and have the authorizing official sign with live signature and date at the bottom of page 5.

4. Project Location Map(s)

Please provide a color map of the location that the project or services will be provided.

5. Project Policies and Procedures

Please provide written policies and procedures for the administration of the proposed project. These documents should include how the project is implemented, how services are provided and eligibility criteria.

## Section VI: Application Authorization

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Applications and attachments which require signature must be authorized by the Director of a County Department, or by the Executive Director of a non-profit or faith-based agency.

I certify that this application was completed after reading the Application Instructions and Application Handbook provided, that all information provided in this application is true and accurate to the best of my knowledge, and that the Department/Agency has read and will comply with all certifications listed in Part 6 of this application, the CARES Act of 2020, and 24 CFR Part 570.

**Printed Name:**

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**Title:**

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**Date:**

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**Signature:**

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## 7 Keys to Handling Conflicts of Interest

Conflicts of interest arise when officials or staff stand to benefit--either directly themselves or indirectly through business partners or relatives--from the awarding or contracting of grant funds. Grantees are encouraged to avoid conflicts of interest to the extent possible. When conflicts of interest arise, grantees must identify, disclose, and manage them in compliance with applicable rules and regulations. When conflict-of-interest issues are overlooked or hidden, this creates problems for the individuals involved, as well as grantees, subrecipients, or contractors. This bulletin discusses common types of conflicts of interest, offers best practices for avoiding and managing them, and the potential consequences of not handling them appropriately.

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*Identify, disclose, and manage all real and apparent conflicts of interest through elimination, mitigation, or waivers.*

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### 1. Know the Requirements

In general, conflicts of interest occur when one's private interest and public duties overlap, resulting in a real or perceived lack of independence or impartiality. Common situations include:

- Elected officials voting on awarding of funds to organizations where a family member is on the staff or where the elected official is on the subrecipient's board;
- Executive directors of subrecipients entering into contracts with companies they are affiliated with through employment of, or ownership by, themselves or their relatives;
- Grantee officials or staff who have relatives who may benefit from a subrecipient's programmatic activities; and
- Failure to notify the U.S. Department of Housing and Urban Development (HUD) about conflicts of interest, or late and or incomplete requests for exceptions.

The existence of a conflict of interest does not necessarily mean that any individual acted improperly or illegally, but it does mean that, unless properly handled and addressed, he or she could end up being in violation of Federal rules. Therefore, all such cases must be identified and resolved by eliminating the conflict or obtaining a written exception.

Two sets of conflict-of-interest rules exist – one for procurement activities and others for non-procurement, sub-granting/program delivery activities.

- A. Procurement Standards:** Regulations at 2 CFR (Code of Federal Regulations) 200.318(c) require non-Federal entities to maintain written standards of conduct



Regulations are in transition between grants issued before December 26, 2014 (when 2 CFR Part 200 went into effect), and those issued later. See the footnote below for more detail.<sup>1</sup>

### **Example of a Procurement Conflict of Interest**

- A Neighborhood Stabilization Program (NSP) grantee funded a subrecipient to rehabilitate 28 homes. The subrecipient failed to report a conflict-of-interest situation when it entered into two contracts with a construction company that was 50 percent owned by the NSP subrecipient's executive director. Although the subrecipient stated that it had disclosed all relationships to the grantee in the proposal process, the grantee overlooked HUD's conflict-of-interest requirements and the requirements found in the agreement. Because the grantee approved the proposal and awarded the agreement, the subrecipient believed that there were no conflict-of-interest issues. The grantee should have flagged the conflict of interest situation during its risk assessment of the subrecipient and prohibited the use of the executive director's construction firm.

- B. Non-procurement Standards:** Regulations at 2 CFR 200.112 require HUD to establish conflict-of-interest policies for Federal awards and require non-Federal entities to disclose in writing any potential conflict of interest to HUD or a pass-through entity in accordance with HUD's policy. HUD is finalizing its conflict-of-interest policy, but entities are still expected to use the policies developed under the various Community Planning and Development (CPD) program-specific regulations. In general, all CPD program regulations prohibit grant-assisted activity benefitting relatives of people who work for the grantee or the pass-through entity.

### **Example of Non-Procurement Conflict of Interest**

- A city awarded a Community Housing Development Organization (CHDO) \$215,975 in HOME funds to sell and construct one single-family home. At the time of the award, a city official's daughter was the president of the CHDO. The city official abstained from voting on the basis that there was a relationship with the executive director. However, the city was required to disclose these relationships to HUD and had not done so. The city should have developed and implemented written procedures to ensure compliance with HUD's conflict-of-interest regulations, including disclosure of potential conflict-of-interest situations.



## **2. Train Employees**

Grantees and subrecipients ought to build an organizational culture that is conscious of potential conflicts of interest so that action can be taken to avoid or mitigate conflicts as they arise. Provide conflict-of-interest training for all employees, including those of the organization and

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<sup>1</sup> For more detail see Special Directive SD-2015-01, dated February 26, 2015, "Transition to 2 CFR Part 200," Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Guidance. (<http://portal.hud.gov/hudportal/documents/huddoc?id=15-01sdn.pdf>)

the governing authority, the organization's leadership and, as appropriate, the organization's agents. To have the most impact, the organization should have a written policy requiring annual conflict-of-interest training, and legal counsel or other qualified individuals should review the policy with employees (and board members), subrecipient officers, and pass-through entity staff at least annually. Documenting training is a best practice. The organization should:

- Provide training;
- Require that staff annually submit certifications regarding outside businesses, outside employment, and volunteer positions;
- Record a certification of attendance at trainings; and
- Follow up with annual refresher sessions.



### **3. Create Procedures to Document Compliance**

Conflict-of-interest policies and procedures should describe how conflicts will be handled. When a conflict or potential conflict of interest exists, the person with the conflict should advise the board or management committee in writing and seek guidance on how to resolve the conflict. Conflict-of-interest notifications usually include:

- The person's name, position, phone number and address;
- Details of the nature of the conflict of interest, (perceived, apparent, or actual);
- Date of notification; and
- Requested action to address the conflict of interest (recusal, exemption request, etc.).

The notification and subsequent actions should be recorded in minutes of board or management meetings. Record-keeping best practices includes documenting:

- Conflict-of-interest notifications;
- Cases of failure to disclose;
- Disclosure by others (for example colleague or member of the public);
- Reviews or investigations of alleged conflicts;
- Assessment of the matter and how it was considered;
- Action taken or resolution; and
- Annoying or trivial claims.



### **4. Implement the Regulations**

Often people are unaware that their activities are in conflict with the best interests of the organization. A goal should be to raise awareness, encourage disclosure and discussion of issues that may constitute a conflict, and constantly encourage a "culture of candor."

Leadership and culture are important aspects of compliance. Boards or leaders should establish a culture of compliance and honesty and encourage disclosure by establishing a protocol for staff to self-report possible conflicts, raise suspected conflict-of-interest issues, or ask for guidance, without fear of retaliation. Leadership should appoint an individual or office to ensure conflict-of-interest rules are implemented and followed. However, the protocol should not rely solely on

voluntary compliance, but also on procedures to allow grantees and subrecipients to report and have independent checks made to ensure that conflicts do not exist.

Monitoring is a best practice that entails having someone review the names of the principals of businesses that may become subrecipients, contractors or suppliers to determine whether there are apparent or real conflicts of interest with staff or agents of the awarding entity or pass-through entity. Many organizations circulate a questionnaire each year (usually in conjunction with training) to find out whether any board member, officer, or employee has a conflict of interest. Typically, the questionnaire asks them to disclose existing conflicts and reminds them to disclose any that may crop up in the future.

Monitors should also determine whether subrecipients have conflicts of interest in sub-awards and contracts by asking them to disclose the names of their immediate family and business partners and those of the principals of the organizations and contractors with which they transact grant project business.

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*The primary goal in managing conflicts of interest is to ensure that as decisions are made, they are seen to be made on proper grounds, for legitimate reasons, and without bias or unfairness.*

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## **5. Know the Consequences**

Violating conflict-of-interest rules can have serious consequences for a grant program. Bad publicity surrounding undisclosed conflicts may seriously undermine the public trust in the program as well as damage personal reputations. Audits and investigations can result in the grantee's having to repay Federal funds, or individuals being fired or prosecuted.

### **A Conflict of Interest Can Lead to Criminal Actions**

In some cases, conflicts of interest can lead to criminal prosecutions. It's not that the conflict of interest itself is a criminal act, but it can lead to other acts, such as deliberately hiding relationships, financial gains or other advantages through false statements, misrepresentations, or filing false documents, which are crimes. With such personal risk at stake, it is easy to see why disclosures of conflicts of interest are so important.

#### **Example of a Prosecution Resulting from a Conflict of Interest**

- A former planning commissioner and her ex-boyfriend were convicted on Federal corruption charges. The pair took part in a scheme in which she steered more than \$2 million in contracts and loans to him. She got the agency to award a computer contract to the ex-boyfriend's company. The contract, which started at \$8,900, escalated to about \$1 million over 5 years. The former planning commissioner did not reveal details of her personal relationship with the ex-boyfriend and helped keep his name off the contracts his company received. She knowingly hid the conflict of interest and personally benefited from her actions. As a result, she and her ex-boyfriend were convicted. Sentencing is pending.

If you have knowledge of possible fraud, promptly report it to your local HUD Office of Inspector General (OIG) or online to the OIG hotline on OIG's Web site at <https://www.hudoig.gov/report-fraud>.



## **6. Request an Exception**

HUD may grant an exception to non-procurement conflicts of interest on a case-by-case basis. It is the recipient's responsibility to submit a written request for an exception to its local HUD CPD office. When submitting a request, the recipient must provide the following documentation as threshold requirements for consideration:

- A public disclosure of the conflict (include how the disclosure was made); and
- An opinion of the recipient's attorney that the exception does not violate State or local law.

HUD determines whether threshold requirements are met and whether the circumstances fall within exception criteria permitted by the regulations. Remember that submitting a request does not authorize a recipient to engage in any activity or enter into any contract that constitutes a conflict. The recipient may proceed only after receiving the approval in writing from HUD.



## **7. Get Help**

Conflict-of-interest requirements are often nuanced and must be reviewed case by case. HUD provides assistance when conflict-of-interest situations arise or are in question. You can get help from your local CPD office when such issues arise.

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*Bottom line:  
Conflicts of interest are situations not allegations...  
BUT they must be disclosed and managed properly.*

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