



# DEPARTMENT OF MENTAL HEALTH POLICY/PROCEDURE

SUBJECT  <b>CONFLICT OF INTEREST</b>	POLICY NO.  <b>608.2</b>	EFFECTIVE DATE <b>03/01/03</b>	PAGE <b>1 of 7</b>
APPROVED BY:  <div style="text-align: right;">Director</div>	SUPERSEDES  <b>10/01/98</b>	ORIGINAL ISSUE DATE <b>08/04/82</b>	DISTRIBUTION LEVEL(S) <b>1</b>

## PURPOSE

- 1.1 To provide guidelines and establish policy regarding potential and/or actual conflict of interest for all Department of Mental Health (DMH) employees.

## DEFINITION

- 2.1 The term “employee” applies to all DMH paid employees; all individuals with contracts to provide direct, indirect or consultant services; all temporary staff providing services of any kind; all compensated individuals; and all interns, trainees and volunteers.
- 2.2 A conflict of interest exists when an employee receives or dispenses monetary or other favors by virtue of the individual’s status as an employee of DMH.
- 2.3 A “potential or actual conflict of interest” exists when an employee’s commitments and obligations of DMH may be compromised by outside employment; if the employee’s interests or commitments to other paid or volunteer activities compromise the employee’s responsibilities to DMH; or if an employee receives or gives monetary gains or favors by virtue of the use of his/her position in DMH. (See Policy 608.6, Statements of Economic Interests, for additional disclosure information and reporting requirements.)
- 2.4 “Outside employment or business activity” is defined as the performance of any compensated or uncompensated (i.e., volunteer, intern, etc.) profession, trade, business, occupation or other function for oneself or for any other individual, private firm, corporation or other governmental entity. (See Policy 608.1, Outside Employment, for further information.)

## POLICY

- 3.1 No employee shall engage in any activity as an employee of DMH, as a private provider or as an employer, that is a conflict of interest.
- 3.2 DMH places the burden of responsibility on the employee to disclose and report all potential conflict of interest situations:
  - 3.2.1 to his/her supervisor or appropriate division head, and



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- 3.2.2 to document the circumstances and to secure consultation regarding the procedures to be followed in situations where potential or actual conflict of interest may exist.
- 3.3 An employee who violates the DMH Conflict of Interest Policy, who fails to make a timely or accurate report of potential, apparent or real conflict of interest, or who engages in any conflict of interest or fails to discontinue such conflict after being so advised, shall be subject to disciplinary action up to and including discharge.
- 3.4 The Personnel Officer shall establish procedures to assure employees are aware of this policy.
- 3.5 The following list provides guidelines related to specific situations that may present a perceived or actual conflict of interest and that are prohibited by the County of Los Angeles Department of Mental Health.
  - 3.5.1 No employee shall participate in a personal arrangement or business transaction that would generate potential conflicts of interest or compromise the employee's ability to provide treatment and/or other services fairly and objectively.
  - 3.5.2 No employee is permitted to accept any gifts or other considerations from any person, firm or corporation other than the County for the performance of an act that the employee would be required or expected to render in the regular course of their County employment.
  - 3.5.3 No employee shall use his/her position for personal or economic gain for the employee or a close relative (for further clarification, refer to DMH Policy 600.6, Nepotism).
  - 3.5.4 No employee shall refer clients receiving mental health services from DMH to any private psychological service, legal service, housing or the like that may result in potential or actual monetary benefit to the employee or a member of his/her family. Employees shall not incur a financial interest in any enterprise which may be affected by decisions or recommendations made by them, or by decisions or recommendations made by employees under their supervision, or which will otherwise create a conflict between their private interests and the public interest.
  - 3.5.5 Supervisors shall disqualify themselves from decisions concerning the personal financial matters of employees they supervise.
  - 3.5.6 Employees shall not negotiate for future employment outside County service with any person, firm or organization known by the employee to be dealing with the County concerning matters within such person's areas of responsibility or upon which they may act or make recommendations.



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- 3.5.7 Employees shall refrain from improper departmental activity or any other actions or practices that would interfere with the proper performance of the duties of others. Employees shall report any suspected improper activities of other DMH employees. Employees who fail to disclose such conflict of interest situations are subject to disciplinary actions up to and including discharge.
- 3.5.8 No employee shall directly or indirectly use or attempt to use his/her authority or influence of his/her position for the purpose of intimidating, threatening, coercing, commanding or influencing any person with the intent to interfere with that person's duty to disclose such improper activity.
- 3.5.9 Employees shall not inspect or license private facilities for whom they work, in which they manage or in which they own an interest.
- 3.5.10 Employees shall not work for, manage or own an interest in any mental health facility to which they refer clients.
- 3.5.11 Employees are not authorized to determine or supervise the determination of County benefit eligibility to family members, neighbors, acquaintances, friends, tenants or boarders.
- 3.5.12 While working in any outside employment, employees shall not solicit or authenticate any outside work in the name of DMH or any other County agency. Employees engaged in outside work or private endeavor shall make it clear in dealing with those parties connected to their outside employment that they are engaged in such practice as a private individual and not as a DMH employee (for further clarification see DMH Policies 608.3 Solicitation and 608.4 Soliciting Business for Attorneys).
- 3.5.13 No employee shall use County telephones, computers, office stationery, supplies, other equipment or vehicles or use County records or any other data in connection with personal gain or outside work.
- 3.5.14 Employees shall not make use of confidential records and information relative to DMH clients in connection with outside work or business interests. In those cases where DMH employees have part time jobs as professional clinicians and may be treating DMH clients, the following provisions apply:
  - 3.5.14.1 Confidential information possessed by DMH and required by professional clinicians in carrying out private services to clients shall be obtained only through application to DMH for such information and only with the approval of the client concerned; and



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- 3.5.14.2 DMH clinicians shall not provide private services to clients who are part of the professional clinician’s normal caseload nor shall the clinician engage in any type of reciprocal or individual referral system for such private services.
- 3.5.15 No employee shall utilize contact with DMH clients or access to information about clients in connection with outside employment.
- 3.5.16 Employees shall complete a Conflict of Interest Disclosure Form (Attachment I) who know, believe, suspect or are unsure that they are in a potential or actual conflict of interest situation. Employees who believe they may have a financial interest in a decision or contract that is within their DMH responsibility should immediately discuss the issue with the appropriate supervisor or manager before they, in any way, participate in the decision or in the making of the contract. Employees who fail to disclose conflict of interest situations are subject to disciplinary action up to and including discharge.
- 3.5.17 No employee shall exercise any discretionary powers for, or make any recommendations on behalf of or to the County or any department or officer thereof with respect to any contract or sale to which the County or any department thereof is a party and in which such persons shall knowingly be directly or indirectly financially interested (for further clarification see DMH Policy 608.6 Statements of Economic Interests).
- 3.5.18 An employee is deemed to have a financial interest in a decision if it is reasonably foreseeable that the decision will have a material effect on the employee or a member of his/her immediate family who has:
- 3.5.18.1 Any business entity in which the employee has a direct or indirect interest, or
  - 3.5.18.2 Any real property in which the employee has a direct or indirect interest, or
  - 3.5.18.3 Any source of income to the employee: provided to, received by or promised to the employee within twelve (12) months prior to the time when the decision is made. (Income to an individual’s spouse is, in most circumstances, attributable to the individual. Thus, an employee may have a financial interest in a spouse’s employer/source of income), or
  - 3.5.18.4 Any business entity in which the employee is a director, officer, partner, trustee, employee or holds a position of management.



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3.5.19 Employees are precluded from participating in the making of a contract in which he/she has a financial interest. For the purposes of this prohibition, the concept of “participating in the making of a contract” has been very broadly defined to include involvement in any aspect of the contract process, including, but not limited to, the recommendation of whether to contract out specific work, the drafting of contract specifications, the evaluation of proposals/bids, the recommendation to award the contract to a proposer/bidder, the monitoring of a contract, or the recommendation to extend or terminate a contract.

3.5.20 No employee shall be involved in the decision to transfer or refer a DMH client to a private facility in which the employee has a financial interest (i.e., a facility in which the employee has an investment, serves as a partner, officer or director or from which the employee receives income) unless specifically authorized to do so by the Director, after disclosing the nature of the affiliation.

3.6 Los Angeles County Code prohibits the County from contracting with certain persons or entities unless the Board of Supervisors declares an exception. Those persons or entities are:

3.6.1 Profit-making businesses in which County employees serve as officers, principals or major shareholders.

3.6.2 Persons who were County employees within the preceding twenty-four (24) months and who were in positions of responsibility in the areas to be served by the contract; or who participated in developing the contract specifications; and profit-making businesses in which those former County employees are officers, principals or major shareholders.

3.6.3 The County Code also requires that contracts submitted to the Board of Supervisors for approval or ratification shall be accompanied by an assurance from the submitting Department that the provisions of the Code have not been violated.

3.6.4 Employees who contract with private persons or entities shall determine, before contract approval and periodically thereafter, that those private persons or entities are in compliance with County conflict of interest codes. Any changes in circumstances during the life of the contract(s) must be reported immediately.

## **PROCEDURE**

4.1 The Personnel Officer shall be responsible to:

4.1.1 Provide notification and written acknowledgement of this policy to incoming employees.



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- 4.1.2 Ensure distribution of the Annual Policy Certification form to all pay location managers, in order to obtain employee signatures, as part of the of the annual Performance Evaluation process.
- 4.1.3 Provide consultation to program managers in the determination of conflict of interest situations, and
- 4.1.4 Evaluate requests for disciplinary actions, conduct investigations and initiate appropriate disciplinary actions when requested by management.
- 4.2 Employees are responsible to:
  - 4.2.1 Review and be familiar with the Conflict of Interest Policy,
  - 4.2.2 Advise their program managers of any known, suspected or actual conflict of interest situation, and
  - 4.2.3 Complete a Conflict of Interest Disclosure Form (Attachment I) and submit the form to their program managers.
  - 4.2.4 Report any suspected conflict of interest situations involving other employees to the employee's supervisor or program head.
- 4.3 Supervisors/managers are responsible to:
  - 4.3.1 Review this policy with their employees on an annual basis and receive written acknowledgement.
  - 4.3.2 Review all Conflict of Interest Disclosure Forms received from employees and determine whether or not a conflict of interest exists.
    - 4.3.2.1 If the program manager determines that a conflict of interest exists, the program manager is to advise the employee,
    - 4.3.2.2 If the program manager is uncertain as to the presence of an actual conflict of interest, the program manager may consult with the Employee Relations Division of the Human Resources Bureau to assist in the final determination.
  - 4.3.3 Initiate corrective or disciplinary action for non-compliance with this policy.



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## **REFERENCE**

DMH Policies:	Code of Ethics	#100.1
	Nepotism	#600.6
	Outside Employment	#608.1
	Discipline	#605.1
	Solicitation	#608.3
	Soliciting Business for Attorneys	#608.4
	Statements of Economic Interests	#608.6

## **AUTHORITY**

Los Angeles County Code, Title 5, Chapter 5.44  
Political Reform Act of 1974  
Fair Political Practices Commission Regulations  
Department of Health and Human Services, Office of the Inspector General, Compliance Program  
Guidance for Medicare+Choice Organizations Offering Coordinated Care Plans, Federal  
Register, November 15, 1999

## **ATTACHMENTS**

Attachment I Conflict of Interest Disclosure Form

## **REVIEW DATE**

This policy shall be reviewed no later than March 15, 2005.

# COUNTY OF LOS ANGELES DEPARTMENT OF MENTAL HEALTH

## Conflict of Interest Disclosure Form

EMPLOYEE TO COMPLETE UPPER PORTION OF FORM AND SUBMIT TO IMMEDIATE SUPERVISOR

Employee Name: \_\_\_\_\_ Employee #: \_\_\_\_\_

DMH Facility/Program: \_\_\_\_\_ Dept. #: \_\_\_\_\_

Work Address: \_\_\_\_\_  
(Street) (City) (Zip Code)

Work Phone #: \_\_\_\_\_ Employee Payroll Title: \_\_\_\_\_

Immediate Supervisor: \_\_\_\_\_ Supervisor's Phone #: \_\_\_\_\_

I am currently not engaged in a Conflict of Interest situation.

I am/I believe I am engaged in a Conflict of Interest situation.

I believe/know of a Conflict of Interest situation.

Describe the conflict of interest situation: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**NOTE:** If the conflict of interest situation involves non-County employment, you must obtain prior approval using the Outside Employment reporting Form and approval process. Your signature below certifies that the above information is true and complete to the best of your knowledge. Failure to disclose all know conflict of interest information accurately will subject you to disciplinary action up to and including discharge from County Service.

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_

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(CONTINUED ON BACK)

I have reviewed the information above and discussed it with the employee. We have agreed to resolve the situation in the following way in order to best protect the interest of the County:

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**Immediate Supervisor's Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Deputy Director's Approval:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**DISTRIBUTION:**

- Original: Personnel File
- Employee
- Office Personnel File

REH