

## Compliance Today – April 2022

# Identifying and addressing conflicts of interest from every angle

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While most effective compliance programs maintain a robust conflict-of-interest policy, some may not realize just how to operationalize that policy. A conflict-of-interest policy addresses what constitutes a conflict, what to do when a conflict arises, and key stakeholders who should be involved, but it might not explain where a conflict can originate. It all starts with a policy (and sometimes a procedure). A conflict-of-interest policy should outline the definition of a conflict—generally an outside activity or relationship that influences or even just *appears* to influence a person’s decision-making on behalf of your organization—encourage persons to disclose, describe how to address a conflict, and outline procedures for violations of the policy. This basic policy addresses your standard conflict-of-interest disclosure but does not address *how* conflicts are disclosed to your compliance program. Conflicts come from every angle, and once your compliance program experiences gaps, you may realize that you should be diverting more resources to conflicts than you have been. Let’s go over some common and less common origins of conflicts of interest.

### Colleague conflicts of interest

A colleague (i.e., any person who is employed or otherwise engaged by your organization, including volunteers and contracted employees) conflict of interest generally comes from four angles: new hires, annual disclosures, ad hoc disclosures, and hotline calls. Most conflicts of interest should be disclosed when someone is hired, and if your compliance team determines it requires managing, it may be a good idea to manage it before they start working for your organization. Most other conflicts can be captured through an annual conflict-of-interest survey where all colleagues disclose whatever conflicts they may have. Some of these might be duplicates, as they were disclosed upon hire or the prior year, but all should be reviewed to determine whether they require further management. If your compliance office is not getting ad hoc conflicts of interest, consider sending out a communication letting colleagues know that they should disclose the conflicts as they happen. This allows colleagues to seek other interests (such as moonlighting, per diem work, teaching, and consulting) while maintaining employment in your organization. Once disclosed, you and your team can determine whether a conflict can be managed. An ad hoc disclosure means that the colleague is comfortable coming to you asking for permission rather than begging for forgiveness. Lastly, you may get conflicts of interest through your hotline. That is when someone believes that a conflict of interest *has* influenced the decision-making of one of your colleagues. Sometimes it may be a manager who hires a family member; sometimes it may be a colleague who gets a job with a vendor. These are unique situations and should be taken as seriously as any other hotline call.

One other thing to consider for capturing colleague conflicts of interest is collaborating with your finance and human resources departments to determine whether any colleagues have the same address as a vendor. A vendor/colleague address match means that your organization may be paying an employee twice for the same work, or it may mean that this employee has received a contract due to their relationship with your organization.

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These are often due to household members contracting with your organization, but there is always the possibility that you are missing a conflict of interest.

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