

**UNITED STATES VIRGIN ISLANDS
HOUSING FINANCE AUTHORITY**

**CONFLICT OF INTEREST POLICY AND
PROCEDURES MANUAL**

VERSION: 2.0

July 18, 2023

Prepared by:

Virgin Islands Housing Finance Authority



This Manual represents the current version of the Virgin Islands Housing Finance Authority's (VIHFA) policies which shall provide general guidance for the operation of its Programs. The policies and procedures stated in this Manual are current as of July 18, 2023. All manuals will be reviewed periodically and will be updated. Therefore, you are strongly urged to visit our website at <https://cdbgdr.vihfa.gov/> to ensure that you have the latest version.

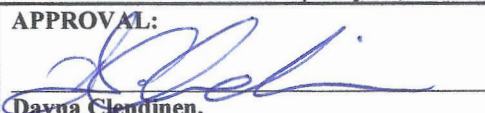
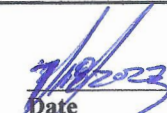
SUBJECT: Conflict of Interest Policy and Procedures	
Version Number	2.0
Revised Date	July 18, 2023
Effective Date	July 18, 2023
APPROVAL:	
 Dayna Clendinen, VIHFA Interim Executive Director	 Date

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SECTION I: POLICY

1.0: VERSION POLICY

1.1: Version History

Version history and dates of publication are tracked in the above table above. Substantive changes that reflect a policy change will result in the issuance of a new Version with a new primary version number, future policy changes and publications will result in additional revision Versions.

Non-substantive changes, such as minor wording and editing or clarification of existing policy that does not affect the interpretation or applicability of the policy, will be included in minor Version updates; such changes will result in a sub-version number, such as 2.1, 2.2, etc.

1.2: Policy Change Control Board

Policy changes for the U.S. Virgin Islands Housing Recovery Program are considered through a change control process, which includes a Policy Change Control Board (PCCB). The PCCB is composed of the CDBG-DR Legal Counsel, the Senior Policy Manager, one IT representative, at least one Subject Matter Expert, and other program staff members representing Program leadership, as needed.

When policy clarifications, additions, or deletions are needed to more precisely define the rules by which the Program will operate, Program staff will submit a Policy Change Request Form or a Request for Decision Form for internal review by the PCCB. Within the PCCB, two members will separately perform a review to verify that all relevant information and any supporting documentation are included in the request. Upon PCCB concurrence by these two members that the request raises a policy issue, rather than a process issue, the Policy Change Request Form or Request for Decision is forwarded to the Policy Change Control Board for consideration. The requests are compiled and brought before the entire PCCB for a final policy change determination.

The PCCB meets as needed to consider all pending requests and critical policy decisions.

2.0: ACRONYMS AND DEFINITIONS

2.1: Acronyms

- **CDBG** – Community Development Block Grant
- **CDBG-DR** – Community Development Block Grant – Disaster Recovery
- **CDBG-MIT** – Community Development Block Grant – Mitigation
- **CDBO** – Community Based Development Organization
- **CFR** – Code of Federal Regulations
- **CHDO** – Community Housing Development Organization
- **ESG** – Emergency Solutions Grant Program
- **HCDA** – Housing and Community Development Act
- **HOME** – HOME Investments Partnerships Program
- **HUD** – U.S. Department of Housing and Urban Development
- **VIHFA** – Virgin Islands Housing Finance Authority

2.2: Definitions

Actual Conflicts - Actual conflict of interest means when a person exercises their power or performs an official duty or function and at the same time knows that in doing so there is an opportunity to further their own private interest or the private interest of an immediate family member.

Covered Person – A covered person is an employee, officer, agent, consultant, or an appointed or elected official that works for the Virgin Islands Housing Finance Authority or one of its subrecipients/subgrantees.

Developer - A developer is a private entity with an ownership interest in the project (e.g., a for-profit or nonprofit entity). A community- based development organization carrying out a project can be a “developer”.

Immediate Family Member - Immediate family ties include (whether by blood, marriage, or adoption) the spouse, parent (including a stepparent), child (including a stepchild), brother, sister (including a stepbrother or stepsister), grandparent, grandchild, and in-laws of a covered person.

Perceived Conflicts - a situation where reasonably well-informed people could believe that an individual has an actual conflict of interest, even where that is not the case.

Organizational Conflicts – Organizational conflicts of interest refer to an entity’s relationship(s) with a parent company, affiliate, or subsidiary organization, that prohibits impartiality in conducting a procurement action involving a related organization.

State - Any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and any agency or instrumentality thereof exclusive of local governments.

Subrecipient/Subgrantee – Refers to an entity, usually but not limited to non-Federal entities, that receives a subaward from a pass-through entity to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Unit of General Local Government – Any unit of government within a state, including counties, boroughs, municipalities, cities, towns, townships, parishes, local public authorities (including public housing agencies covered under [United States Housing Act of 1937](#)), special districts, school districts, intrastate districts, council of governments (whether or not incorporated as a nonprofit corporation under State law), and any other agency or instrumentality of a multi-, regional, or intra-State or local government.

3.0: OVERVIEW

The Virgin Islands Housing Finance Authority (VIHFA or the Authority) is dedicated to upholding the greatest standards of integrity, and it anticipates that its staff will act objectively and honestly in their interactions with one another, the Authority, and other organizations. This policy's goal is to offer guidance for identifying and addressing real and perceived conflicts of interest. It establishes a standard of conduct to protect the financial well-being, reputation, and legal obligations of the Authority.

2 CFR Part 200.112 requires federal awarding agencies to establish conflict of interest policies for federal awards. Non-federal entities must disclose in writing any potential conflict of interest to the federal awarding agency in accordance with applicable federal awarding agency policy.

The requirements of this policy apply to the following individuals (“covered persons”), either within VIHFA or one of its subrecipients/subgrantees:

- Agents
- Consultants
- Elected or appointed officials
- Employees
- Officers

Covered persons must adhere to all requirements, declare any ethical, legal, financial, or other conflicts of interest involving a VIHFA-assisted activity, and vacate any positions of decision-making authority regarding any such conflicts, per the following regulations:

- [2 C.F.R. §§ 200.317](#) and [318](#) – Procurement
- [24 C.F.R. § 92.356](#) – HOME Investments Partnership Program

- [24 C.F.R. § 576.404](#) – Emergency Solutions Grant Program (ESG)
- [24 C.F.R. § 570.489\(h\)](#) – Community Development Block Grant Program (CDBG)

For all cases not governed by the above regulation, 24 CFR 570.611 shall apply.

4.0: GENERAL CONFLICT OF INTEREST REQUIREMENTS

4.1: Procurement

Procurement-related conflict of interest requirements are set by [2 CFR §§ 200.317](#) and [318](#), which mandates that the Authority maintain written standards of conduct governing the selection, award, and administration of contracts. It is also set by 570.611 (h) Conflict of interest. Per standards set by [2 CFR §§ 200.317](#) and [318](#), no employee, officer, Board member, or agent of the grantee, referred to as “covered person”, will participate in selection, or in the award or administration of a contract supported by federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when any of the following parties has a financial or other interest in the firm selected for an award:

- Covered persons as defined in this policy;
- A covered person’s immediate family;
- A covered person’s partner;
- An organization which employs or is about to employ any of the above.

To further clarify:

- Covered Persons as defined in this policy is an employee, officer, Board member, or agent involved in making the award;
- A covered person’s immediate family is defined as his/her relative (including father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, or half-sister);
- A covered person’s partner is defined as his/her partner; or
- An organization which employs or is about to employ any of the above is defined as an organization which employs or is negotiating to employ, or has an arrangement concerning prospective employment of any of the above.

Under such circumstances, covered persons shall not participate directly or indirectly in any contract.

4.1.1: Gifts and Emoluments

Covered persons may neither solicit nor accept gratuities, favors, or items of more than \$25 in value from contractors or parties to subcontracts. Additionally, confidential information shall not be used for actual or anticipated personal gain.

U.S. Virgin Islands law also sets requirements pertaining to gifts and emoluments. Title 14 V.I.C., Chapter 19 § 403 mandates, “*Whoever, being a judicial or other public officer or employee, asks or received any emolument, gratuity, or reward, or any promise thereof, except such as may be authorized by law, for doing any official act, shall be fined not more than \$1,000.00 or imprisoned not more than five years, or both.*”

4.1.2: Organizational Conflicts

Organizational conflict of interest refers to a situation in which an organization:

1. Lacks the ability to perform federal contract work objectively,
2. Provides impartial assistance or advice to the government,
3. Has an unfair competitive advantage over other entities due to other activities or relationships with other entities.

If the Authority or one of its subrecipients/subgrantees has an organizational relationship that is not with a State, local government, or Indian tribe, the entity must maintain written standards of conduct covering organizational conflicts of interest.

4.2: Non-Procurement

Procurement-related conflict of interest requirements are set by 24 CFR 570.611. The general standard is that no employee, agent, or officer of the Subrecipient, who exercises decision-making responsibility with respect to CDBG-DR funds and activities, is allowed to obtain a financial interest in or benefit from CDBG-DR activities, or have a financial interest in any contract, subcontract, or agreement regarding those activities or in the proceeds of the activities. Specific provisions include that:

- This requirement applies to any person who is an employee, agent, consultant, officer, or elected or appointed official of the grantee, a designated public agency, or a Subrecipient, and to their immediate family members, and business partner(s).
- The requirement applies for such persons during their tenure and for a period of 1 year after leaving the grantee or Subrecipient organization.
- Upon written request, exceptions may be granted by HUD on a case-by-case basis, after consideration of the cumulative effect of various factors listed at 24 CFR 570.611(d), and only with: (a) full disclosure of the potential conflict, and (b) a legal opinion of the grantee’s attorney that there would be no violation of Territory, state or local laws in granting the exception.

5.0: HUD CONFLICT OF INTEREST REQUIREMENTS

5.1: General Requirements

The Department of Housing and Urban Development mandates adherence to additional conflict of interest requirements in each of its programs. As the recipient of funds for the HOME, CDBG, and ESG programs, the Authority adopts the requirements stated in the following regulations:

- [24 C.F.R. § 570.489\(h\)](#) – Community Development Block Grant Program (CDBG)
- [24 C.F.R. § 576.404](#) – Emergency Solutions Grant Program (ESG)
- [24 C.F.R. 92.356](#) – HOME Investments Partnership Program

5.2: Community Development Block Grant (CDBG) Program

These regulations apply to the following CDBG-assisted activities where funding is provided by VIHFA or one of its subrecipients:

- Acquiring and disposing of real property
- Procurement of goods and services
- Construction activities
- Provision of assistance to individuals, businesses, and other private entities

Conflict-of-interest requirements apply to covered persons (during their tenure or for one year thereafter) who exercise(d) any functions or responsibilities for CDBG-assisted activities or who have decision-making responsibilities or can gain inside information from such activities.

Covered persons include anyone who is an employee, agent, consultant, officer, or elected official or appointed official of the State, or of a unit of general local government, or of any designated public agencies, or subrecipients which are receiving CDBG funds.

Conflicts arise when covered persons have any financial or other interest/benefit in a contract, subcontract, or agreement concerning CDBG-assisted activities or the proceeds from these activities either for themselves or those with whom they have family or business ties.

5.3: Emergency Solutions Grant (ESG) Program

The Emergency Solutions Grant (ESG) Program follows the same conflict of interest requirements in section 5.2 for all ESG-assisted activities.

Additionally, the Emergency Solutions Grant Program mandates that the provision of any type or amount of ESG assistance may not be conditioned on an individual's or family's acceptance or occupancy of emergency shelter or housing owned by the Authority, one of its subrecipients, or a parent or subsidiary of the subrecipient. No subrecipient may, with

respect to individuals or families occupying housing owned by the subrecipient, or any parent or subsidiary of the subrecipient, carry out the initial evaluation required under [§ 576.401](#) or administer homelessness prevention assistance under [§ 576.103](#).

5.4: HOME Investments Partnership Program

The HOME Investments Partnership (HOME) Program follows the same conflict of interest requirements in section 5.2 for all HOME-assisted activities.

Additionally, the HOME Investments Partnership Program mandates that the following individuals may not occupy a HOME-assisted affordable housing unit in a project during the required period of affordability specified in [§ 92.252\(e\)](#) or [§ 92.254\(a\)\(4\)](#):

- Owners, developers, or sponsors of a project assisted with HOME funds;
- Officer, employees, agents, elected or appointed officials;
- Consultant of the owner, developer, or sponsor;
- Immediate family members;
- Immediate family member of an officer, employee, agent, elected or appointed official, or consultant of the owner, developer, or sponsor.

These stipulations apply whether the individual is acting as a private, for-profit, or nonprofit (including a community housing development organization (CHDO) when acting as an owner, developer, or sponsor). This provision does not apply to an individual who receives HOME funds to acquire or rehabilitate his or her principal residence or to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.

6.0: DISCLOSURE OF CONFLICTS

6.1: General Requirements

All covered persons under this policy are required to make full disclosure to their immediate supervisor and sign a Conflict-of-Interest Disclosure Statement (Appendix A) if they are aware or suspect that they have a current or prior relationship or familiarity with a potential applicant, contractor, or other stakeholder receiving VIHFA funds. Potential conflicts of interest may include:

- Relationships with neighbors, acquaintances, friends, family members, and other members of the community;
- Relationships (personal or professional) with co-workers;
- Relationships with contractors

Any individual or entity seeking funds from VIHFA for any activity in which they or related individuals or organizations have an interest must disclose that interest when applying for funding.

6.2: VIHFA Conflict Disclosure

Generally, the Conflict of Interest Disclosure Form must be submitted to the individual's immediate supervisor (or the VIHFA Board in the case of the Executive Director). The form must then be submitted to the VIHFA Legal Counsel (or their equivalent), who will investigate all conflicts in accordance with this policy and their job responsibilities. If a conflict is found, the VIHFA Legal Counsel (or their equivalent) will submit such findings to the individual's supervisor who must require the individual to recuse themselves from any circumstances regarding the applicant, subrecipient, contractor, or other stakeholder applying for VIHFA funds. Such recusal includes barring the individual from accessing any knowledge or information pertaining to the circumstance in question.

This separation of responsibility will ensure an unbiased approach to the processing of all applications, contracts, and final eligibility determinations. The goal is for every citizen to have confidence that their application is being processed with efficiency and integrity.

6.3: Subrecipient/Subgrantee Conflict Disclosure

Conflict of Interest Disclosure Forms for a VIHFA subrecipient or subgrantee should be submitted to the VIHFA Legal Counsel for review. Once a determination is made, the Director's findings will be submitted to the subrecipient or subgrantee. If a conflict is found, the individual must follow the same protocols established in section 6.1.

6.4: Failure to Disclose Conflicts

Intentionally failing to disclose a conflict in accordance with this policy will result in disciplinary action, up to and including termination of the employee. For subrecipients and subgrantees, failure to adhere to this policy will result in de-obligation of VIHFA funding for the assisted activity.

6.5: Documenting Conflicts

The VIHFA Legal Counsel and Internal Audit shall keep a record of all investigated conflicts of interest. Legal Counsel will also supply copies of the Conflict of Interest and record of investigated conflicts to Human Resources, Compliance and Monitoring, and Procurement and Contracts (if applicable).

6.6: Employee Expectations

Employees have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest.

Transactions with outside firms must be conducted within a framework established in our policies. Business dealings with outside firms should not result in unusual gains for those firms. Unusual gain refers to bribes, product bonuses, special fringe benefits, unusual price breaks and other windfalls designed to ultimately benefit the employer, the employee, or both. Promotional plans that could be interpreted to involve unusual gain require specific executive-level approval.

No “presumption of guilt” is created by the mere existence of a relationship with outside firms. However, if employees have any influence on transactions involving purchases, contracts, or lease, it is imperative that they disclose to the immediate supervisor, Executive Director, Chief Financial Officer as soon as possible the existence of any actual or potential conflict of interest so that safeguards can be established to protect all parties.

Potential gain may result not only in cases where an employee or relative has a significant ownership in a firm which VIHFA does business, but also when an employee or relatives receives any kickback, bribe, substantial gift, or special consideration as a result of any transaction or business dealings involving VIHFA. Employees are prohibited from the solicitation and acceptance of gift or gratuities for their personal benefit in exchange for services.

7.0: EXCEPTIONS

7.1: General Requirements

Upon written request by VIHFA, an exception to the requirements stated above may be granted by HUD on a case-by-case basis on non-procurement conflicts. An exception may be granted after it is determined that it will serve to further the purpose of the Housing and Community Development Act and the effective and efficient administration of the program or project of the State or unit of general local government as appropriate. For an exception to be considered, the Grantee (VIHFA) must provide the following:

1. A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and
2. An opinion of the attorney for the State or the unit of general local government, as appropriate, that the interest for which the exception is sought would not violate State or local law.

Provided that these conditions have been met, HUD will determine whether to grant an exception. Generally, HUD will consider the following factors:

- Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
- Whether an opportunity was provided for open competitive bidding or negotiation **(CDBG and ESG Programs only)**;

- Whether the person affected is a member of a group or class of low- or moderate-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class (**HOME and CDBG Programs only**);
- Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted activity in question;
- Whether the interest or benefit was present before the affected person was in a position as described above;
- Whether undue hardship will result either to the State or the unit of general local government or the person affected when weighed against the public interest served by avoiding the prohibited conflict;

The Department of Housing and Urban Development’s decision to grant or deny an exception to a conflict of interest is final.

7.2: HOME Program Exceptions (Owners and Developers Only)

Upon written request of a housing owner or developer, the participating jurisdiction (VIHFA) may grant an exception to these requirements of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the HOME program and the effective and efficient administration of the owner's or developer's HOME-assisted project. In determining whether to grant a requested exception, the participating jurisdiction shall consider the following factors:

1. Whether the person receiving the benefit is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted housing, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
2. Whether the person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted housing in question;
3. Whether the tenant protection requirements of [§ 92.253](#) are being observed;
4. Whether the affirmative marketing requirements of [§ 92.351](#) are being observed and followed; and
5. Any other factor relevant to the participating jurisdiction's determination, including the timing of the requested exception.

The VIHFA’s decision to grant or deny an exception to a conflict of interest under the HOME Program is final.

7.3: Reassignment

If a final decision has been made that there is a conflict of interest involving a VIHFA employee, VIHFA will make every effort to reassign to another position. Reassignment is contingent upon available vacancy and staff skillset aligning with position needs.

8.0: TRAINING

All covered persons under this policy will undergo mandatory U.S Department of Housing and Urban Development, Office of Inspector General (HUD OIG) trainings as required. It is anticipated that at the conclusion of said trainings, attendees will attest to their awareness that grantees, subgrantees, and contractors must adhere to all required controls, standards, processes, and corrective actions.

Conflict of Interest Training will be required upon commencement of employment with the agency and at least annually thereafter for all covered persons. To document this training, staff will be required to:

1. Annually submit certifications regarding outside businesses, outside employment, and volunteer positions;
2. Record a certification of attendance at trainings; and
3. Follow up with annual refresher sessions.

Subrecipients must sign a Conflict of Interest form before ANY procurement actions can commence.

SECTION II: STANDARD OPERATING PROCEDURES (SOP)

1.0: PURPOSE

This Standard Operating Procedure (SOP) is provided as a guideline for properly disclosing conflicts of interest in connection with VIHFA assisted activities. The procedures outlined in this SOP are based on the following regulatory requirements:

- [2 C.F.R. §§ 200.317 and 318](#) – Procurement
- [24 C.F.R. § 92.356](#) – HOME Investments Partnership Program
- [24 C.F.R. § 576.404](#) – Emergency Solutions Grant Program (ESG)
- [24 C.F.R. § 570.489\(h\)](#) – Community Development Block Grant Program (CDBG)

The requirements of this SOP apply to the following individuals (“covered persons”), either within VIHFA, VIHFA Board, or one of its subrecipients/subgrantees:

- Agents
- Consultants
- Elected or appointed officials
- Employees

- Officers

Covered persons must adhere to all requirements, declare any ethical, legal, financial, or other conflicts of interest involving a VIHFA-assisted activity, and vacate any positions of decision-making authority regarding any such conflicts, based on the procedures outlined in this document.

2.0: ACRONYMS AND DEFINITIONS

2.1: Acronyms

- **CDBG** – Community Development Block Grant
- **CDBG-DR** – Community Development Block Grant-Disaster Recovery
- **C.F.R.** – Code of Federal Regulations
- **ESG** – Emergency Solutions Grant Program
- **HOME** – HOME Investments Partnerships Program
- **HUD** – U.S. Department of Housing and Urban Development
- **SOP** – Standard Operating Procedure
- **VIHFA** – Virgin Islands Housing Finance Authority

2.2: Definitions

Covered Person – A covered person is an employee, officer, agent, consultant, or an appointed or elected official that works for the Virgin Islands Housing Finance Authority or one of its subrecipients/subgrantees. **Note: For the HOME Program this includes owners and developers.**

Subrecipient/Subgrantee – Refers to an entity, usually but not limited to non-Federal entities, that receives a subaward from a pass-through entity to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Supervisor/Superior: The individual within an organization that a covered person is responsible for reporting to.

3.0: ROLES AND RESPONSIBILITIES

The table below outlines the roles and responsibilities for individuals involved with addressing conflict of interests.

Table 1: Conflict of Interest Roles and Responsibilities

Roles	Responsibilities
Covered Person	<ul style="list-style-type: none"> • Complete the conflict-of-interest disclosure form when a conflict is identified and submit it to an immediate supervisor or superior. • Cease actions on the activity that caused the conflict of interest until approved to resume work.
Superior/Supervisor/Board of Directors <i>(if Executive Level Covered Person)</i>	<ul style="list-style-type: none"> • Submit conflict of interest disclosure form to VIHFA Legal Counsel and Compliance and Monitoring Unit. • Instruct employee to cease actions on the activity that caused the conflict of interest unless approved to resume work. • Submit a written request for an exception to a confirmed conflict of interest to the VIHFA Legal Counsel
VIHFA Human Resources	<ul style="list-style-type: none"> • Receives all Conflict of Interest Disclosure Form • Includes form in employee file and awaits final conflict of interest determination from Legal Counsel; Files all final decision documentation in employee file.
Compliance and Monitoring Unit	<ul style="list-style-type: none"> • Receives the Conflict of Interest Disclosure Form • Awaits final decision from Legal Counsel • Attaches final decision to original form, reviews for compliance and following of policy and process, creates file and stores the file.
VIHFA Legal Counsel and VIHFA Internal Audit	<ul style="list-style-type: none"> • Receive and review all Conflict of Interest Disclosure Forms. • Determine whether a conflict exists based on the Conflict of Interest Disclosure Form and the Conflict of Interest policy. • Submits decision to HR, Compliance and Monitoring, Procurement and Contracts dept.

	<ul style="list-style-type: none"> • Receive and review all requests for a conflict of interest exception. <p>Exception to Policy -Non Procurement:</p> <ul style="list-style-type: none"> • Reviews written requests and makes determination on transmittal to HUD. • Submit requests for a conflict of interest exception to HUD. • Transmit correspondence of HUD determinations regarding exception requests to the covered person's supervisor/superior. • Provides final decision from HUD to HR, Compliance and Monitoring Unit, Internal Audit, and Procurement and Contracts Dept.
Procurement and Contracts Department	<ul style="list-style-type: none"> • Receives Conflict of Interest Disclosure Form and decision from Legal Counsel.

4.0: DISCLOSURE OF CONFLICTS

In the event a conflict of interest is suspected or identified, a person covered under this SOP must adhere to the following disclosure process. The process should take no longer than twenty-one (21) business days for decision:

1. Once a conflict is suspected or identified, the individual should immediately complete the Conflict of Interest Disclosure Form. This should occur within two (2) business days that a conflict is suspected or identified.
2. The form must be submitted to the individual's immediate supervisor or superior (or VIHFA Board of Directors in the case of the VIHFA Executive Director). The staff member is recused from all activity involving the potential conflict. A memo drafted by the Division Head, Chief Disaster Recovery Officer, Executive Director, or the VIHFA Board Chair will be sent out to all staff within two (2) business days of the Conflict of Interest Form being received.
3. The form must then be submitted by the individual's supervisor/superior to the VIHFA Director of Internal Audit and VIHFA Legal Counsel. **Note: Subrecipients and Subgrantees must also submit their conflict of interest forms to the VIHFA Director of Internal Audit and VIHFA Legal Counsel. If necessary, the form may be submitted to the chief executive of the subrecipient/subgrantee entity and then forwarded to the VIHFA Director of Internal Audit and VIHFA Legal Counsel.** The immediate supervisor has three (3) business days to submit the form to the

respective party.

4. The VIHFA Director of Internal Audit and VIHFA Legal Counsel will review the form and the circumstances in accordance with the VIHFA Conflict of Interest Policy. This process will take five (5) business days.
5. The VIHFA Director of Internal Audit and VIHFA Legal Counsel reaches a determination and submits findings to the individual's supervisor, Division Head, and the CDRO/Executive Director(or the VIHFA Board of Directors in the case of the Executive Director). A copy of final decision to Human Resources, Compliance and Monitoring, and Procurement and Contracting Department. This occurs within three (3) business days of the decision being made.
 - a. If a conflict is found, the supervisor instructs the individual to recuse themselves permanently from the circumstance in question and prohibits them from accessing any information pertaining to such circumstance within two (2) business days. This may result in loss of employment; reassignment of position based on staffing skillset, vacant position, and staff qualifications for that position; and/or new assignment of duties in the position as long as it does not pose a conflict.
 - b. If a conflict is found among an employee of a subrecipient, VIHFA will advise the subrecipient that the employee must be recused from the circumstance in question, prohibits them from accessing any information pertaining to such circumstance, and/or request that the employee not work on any CDBG-DR related projects.
 - c. If a conflict is not found, the supervisor instructs the individual to resume their regular responsibilities.
6. The following departments will do the following:
 - a. Human Resources (HR): HR will include the final decision in the employee's file.
 - b. Compliance and Monitoring Unit (CMU): The CMU will review the entire process from COI submittal to final decision to ensure that VIHFA followed its policy and processes and was in compliance with regulations and applicable laws. The entire file is combined and stored.
 - c. Procurement and Contracting: The department will store the conflict of interest package and make note of the conflict in regard to procurements and awards.

5.0: EXCEPTIONS

5.1: General Exceptions

In the event that VIHFA or one of its subrecipients/subgrantees wishes to request an exception to a confirmed conflict of interest, the following procedure must be followed. This process will take sixty (60) business days:

1. The requesting entity submits a written request for an exception along with their Conflict of Interest Form to their respective department supervisor within three (3) business days of decision of confirmed conflict.
2. The department supervisor submits both the written request for exception to the policy and Conflict of Interest Form to VIHFA Legal Counsel within two (2) business days.
3. The Legal Counsel reviews and investigates the written request for exception to the policy within five (5) business days.
4. VIHFA Legal Counsel will investigate based on the following criteria:
 - a. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
 - b. Whether an opportunity was provided for open competitive bidding or negotiation (**CDBG and ESG Programs only**);
 - c. Whether the person affected is a member of a group or class of low- or moderate-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class (**HOME and CDBG Programs only**);
 - d. Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted activity in question;
 - e. Whether the interest or benefit was present before the affected person was in a position as described above;
 - f. Whether undue hardship will result either to the State or the unit of general local government or the person affected when weighed against the public interest served by avoiding the prohibited conflict;
5. The request is reviewed by the VIHFA Director of Internal Audit and VIHFA Legal Counsel to ensure that the information provided pertains to the criteria stated in number 4 of this section within three (3) business days of receiving the request.
6. VIHFA publicly discloses the conflict of interest. This can be via VIHFA website, public hearing, and/or on a public forum such as social media. This will be available to the public for the entirety of the exception request process (21 days estimated).
7. VIHFA requests a legal opinion from the Virgin Islands Attorney General. (Ten 10 business days)
 - a. If the legal opinion states that the conflict would not violate local law, proceed

to number 8.

- b. If the legal opinion states that the conflict would violate local law, the exception cannot be granted. The VIHFA Director of Internal Audit and VIHFA Legal Counsel will transmit such determination to the supervisor/superior that submitted the exception request. Steps in Section 4.0, 5a would apply here.
8. The VIHFA Director of Internal Audit and VIHFA Legal Counsel submits a written request to the Department of Housing and Urban Development (HUD) to grant an exception for the conflict of interest in question within three (3) days of receiving the legal opinion.
9. HUD reviews the request and provides a determination approving or denying the request (this can take 30-45 days).
10. Division Head, and the CDRO/Executive Director(or the VIHFA Board of Directors in the case of the Executive Director). A copy of final decision to Human Resources, Compliance and Monitoring, and Procurement and Contracting Department. This occurs within three (3) business days of the decision being made.
 - a. If HUD approves the request, the supervisor/superior instructs the individual to resume their regular responsibilities.
 - b. If HUD denied the request, the supervisor/superior instructs the individual to permanently recuse themselves from the circumstance in question and prohibits them from accessing any information pertaining to such circumstance within two (2) business days. This may result in loss of employment; reassignment of position based on staffing skillset, vacant position, and staff qualifications for that position; and/or new assignment of duties in the position as long as it does not pose a conflict.

The Department of Housing and Urban Development’s decision to grant or deny an exception to a conflict of interest is final.

5.2: HOME Program Exceptions (Owners and Developers)

The HOME Program has specific requirements for granting an exception that include owners and developers. The process is outlined below:

1. The Owner or Developer submits a written request for an exception to the VIHFA Director of Internal Audit and VIHFA Legal Counsel based on the following criteria:
 - a. Whether the person receiving the benefit is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted housing, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

- b. Whether the person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted housing in question;
 - c. Whether the tenant protection requirements of [§ 92.253](#) are being observed;
 - d. Whether the affirmative marketing requirements of [§ 92.351](#) are being observed and followed; and
 - e. Any other factor relevant to the participating jurisdiction's determination, including the timing of the requested exception.
2. The request is reviewed by the VIHFA Director of Internal Audit and VIHFA Legal Counsel to ensure that the information provided pertains to the criteria stated in Step 1.
 3. The VIHFA Director of Internal Audit and VIHFA Legal Counsel reviews the request and provides written correspondence approving or denying the request.
 - a. If the VIHFA Director of Internal Audit and VIHFA Legal Counsel approved the request, the owner or developer may occupy the assisted housing unit during the required affordability period.
 - b. If the VIHFA Director of Internal Audit and VIHFA Legal Counsel denied the request, the owner or developer will be barred from occupying the assisted housing unit during the required affordability period.

The VIHFA's decision to grant or deny an exception to a conflict of interest under the HOME Program is final.

APPENDIX

Appendix A: Conflict of Interest Disclosure Statement

Conflict of Interest Disclosure Statement

Contract/Contractor/Subrecipients/Vendors/Grantee/Employees:

I declare no conflict of interest

I declare the following potential conflict of interest:

I hereby affirm that the disclosures made above are complete and correct to the best of my information and belief. I shall not be participating in the discussion and decision making of this matter where a conflict of interest exist. Further, I agree that if I become aware of any information that might indicate that this disclosure is inaccurate or that I have not complied with the conflict of interest policy, I will notify my supervisor and/or management of the CDBG-DR Program and the Virgin Islands Housing Finance Authority (VIHFA).

VIHFA's established Conflict of interest policy outlines the process of formally disclosing any potential conflict of interest between VIHFA and entities with which they conduct business, in accordance with 2 CFR 200.112. Any potential conflicts must be promptly reported to the Virgin Islands Housing Finance Authority for further investigation and subsequently to the Department of Housing and Urban Development.

Name

Date: _____