



## EMPLOY MILWAUKEE POLICY 20-02

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**POLICY:** 20-02

**SUBJECT:** CONFLICT OF INTEREST

**ISSUANCE DATE:** 05/28/20

**EFFECTIVE DATE:** 05/28/20

**REVIEWED DATE:** 09/04/25

#### **POLICY SCOPE**

- ☒ EMPLOY MILWAUKEE AGENCY
- ☒ WIOA WDA 2 SYSTEM
- ☒ WIOA TITLE I-B PROGRAM(S)
  - ☒ ADULT PROGRAM
  - ☒ DISLOCATED WORKER PROGRAM
  - ☒ YOUTH PROGRAM
- ☒ NON-WIOA PROGRAMS
- ☒ RE ENTRY PROGRAMS

#### **REFERENCES:**

- 20 CFR 679.430
- 29 USC 3101, Workforce Innovation and Opportunity Act (WIOA), 107(h) and §121(d)(4)(A)
- United States Internal Revenue Service (IRS), Form 1023: Purpose of Conflict of Interest Policy; Form 990: Return of Organization Exempt from Income Tax
- Wisconsin Statutes 181.0831: Director Conflict of Interest
- Wisconsin WIOA Titles I-A and I-B Policy and Procedure Manual § 1.4.12, Local Workforce Development Boards: Conflict of Interest
- Employ Milwaukee Seventh Amended Bylaws: Article X. Conflicts of Interest

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## **I. BACKGROUND**

As a local Workforce Development Board ("WDB") authorized by the federal Workforce Innovation and Opportunity Act 2014 ("WIOA"), and as an organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code (the "Code"), Employ Milwaukee's governance structures must adhere to state and federally-prescribed precautions to ensure the integrity of its operations. The purpose of this Conflict of Interest Policy (the "Policy") is to protect the interest of Employ Milwaukee ("EMI") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of anyone who has substantial influence over the affairs of EMI or that might result in a possible excess benefit transaction.

Concerned Persons (defined below) have the responsibility of administering the affairs of EMI honestly and prudently, and of exercising their best care, skill and judgment for the sole benefit of EMI. Those persons shall exercise good faith in all transactions involved in their duties and they shall not use their positions with EMI or knowledge gained therefrom for their personal benefit. The interests of EMI must be the priority in all decisions and actions taken on its behalf by any Concerned Person.

## **II. PURPOSE**

This Policy is intended to supplement but not replace any applicable state or federal laws governing conflicts of interest applicable to nonprofit and charitable organizations and to WDBs, including Section 4958 of the Code, all statutory provisions listed above under "References" and the Bylaws of EMI. In the event of any conflict or inconsistency between this Policy and the Bylaws of EMI, the Bylaws shall prevail.

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### III. POLICY

#### A. Definitions

##### 1. Concerned Persons

This policy applies to all members of the EMI Board of Directors (the “Board”); all members of any committee of the Board, including standing committees described in WIOA; all officers; and any employee and/or any individual reporting to EMI in a paid or unpaid role who is in a position to exercise substantial influence over the affairs of EMI, including workers under contract with EMI as well as individuals for whom EMI is the employer or record (all such persons, “Concerned Persons”).

##### 2. Conflict of Interest

A conflict of interest may arise when there is a direct or indirect potential, apparent, or actual divergence between a Concerned Person’s private interests and his or her duties to EMI. Any actual or possible conflict of interests shall be disclosed and addressed in accordance with Part IV of this Policy

The following circumstances give rise to a duty to disclose a possible conflict of interest under this Policy, but this list is not exhaustive of all circumstances which may create an actual or possible conflict of interest or give rise to a duty to disclose an interest or relationship. A Concerned Person shall disclose, pursuant to Part IV, of this Policy if the person has, directly or indirectly, through business, investment, or family:

- Any interest in any contract, transaction or other financial relationship with EMI;
- Any interest in an entity whose best interests may be impaired by the best interests of EMI, including, without limitation, (i) an entity providing any goods or services to EMI or receiving any goods or services from EMI; (ii) an entity in which EMI has any business or financial interest; and (iii) an entity providing goods or services or performing activities similar to the goods, services or activities of EMI;
- A compensation arrangement with EMI or with any entity or individual with which EMI has a transaction or arrangement; or
- A current or potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which EMI is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. EMI’s definition of insubstantial is a remuneration valued at over \$5.

As used in this Policy, the phrase, “through business, investment or family” includes the person’s extended family (including spouse, ancestors, descendants and siblings, and their respective spouses and descendants), an estate or trust in which the person or any member of his or her extended family has a beneficial interest or a fiduciary responsibility, or an entity in which the person or any member of his or her extended family has a financial interest, owns more than 35% of the total combined voting power, or is a director, trustee or officer.

#### B. WIOA Compliance

Notwithstanding anything in this Policy to the contrary, no member of the Board or any standing committee may (1) vote on a matter under consideration by Board (A) regarding the provision of services by such member (or by an entity that such member represents); or (B) that would provide direct financial benefit to such member or the immediate family of such member; or (2) engage in any other activity determined by the Governor of the State of Wisconsin to constitute a conflict of interest as specified in the State plan.

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At any time that EMI is a one-stop operator for the American Job Center System as described in WIOA, Concerned Persons shall promptly disclose, pursuant to this Policy, any potential conflicts of interest arising from the relationships of EMI or the Concerned Person with particular training service providers or other service providers

The Board shall make such further disclosure of any such potential conflict of interest as it determines is advisable or necessary to comply with WIOA.

Local organizations often function simultaneously in a variety of roles under WIOA, including local fiscal agent, Local WDB staff, one-stop operator, and direct provider of services. At any time that EMI has been selected or otherwise designated to perform more than one of these functions, EMI shall enter into a written agreement with the elected official (CEO) of the local area regarding how EMI will carry out its responsibilities while demonstrating compliance with WIOA and corresponding regulations, relevant Office of Management and Budget circulars, and any other relevant conflict of interest policy. Concerned Persons shall abide by all terms and conditions of any such written agreement as communicated to them by the EMI's Chief Executive Officer or its Board Chair.

### IV. PROCEDURES

#### A. Duty to Disclose

In connection with any actual or possible conflict of interest, a Concerned Person must promptly disclose to the directors or committee members considering the proposed transaction or arrangement the existence and nature of his or her interest and all material facts related to the interest that bear on the advisability of EMI entering into the proposed transaction or arrangement.

#### B. Determining Whether a Conflict of Interest Exists

After disclosing the interest and all material facts giving rise to a potential conflict of interest, the Concerned Person may make a presentation at the meeting of the Board or the committee considering the proposed transaction, but after such presentation, the Concerned Person shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

The chairperson of the Board or committee meeting may, if appropriate, refer the matter to the Governance, Compliance and Nominating Committee, or to such other disinterested person or committee as he or she deems appropriate, to investigate alternatives to the proposed transaction or arrangement and, if so directed, to make a recommendation to the Board or committee considering the proposed transaction as to whether the contemplated transaction is just, fair and reasonable to EMI.

After exercising due diligence, Board or committee shall determine whether EMI can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested committee members whether the transaction or arrangement is in EMI's best interest and for its own benefit and whether the transaction is fair and reasonable to EMI, and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

Notwithstanding any other provision of this Policy, neither the Board, nor the Governance, Compliance and Nominating Committee or any other committee of the Board, may approve, nor may EMI participate in, any act of self-dealing prohibited by law or any transaction that would constitute an excess benefit transaction.

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### C. Records of Proceedings

The minutes of any Board or committee meeting at which a potential conflict of interest is discussed and decided upon shall contain:

- The names of the persons who disclosed or otherwise were found to have an actual or possible conflict of interest in connection with a proposed transaction or arrangement with EMI disclosed in accordance with Part IV of this Policy, the nature of the interest and any action taken to determine whether a conflict of interest was present and the Board or committee's decision as to whether a conflict of interest in fact existed.
- The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement and a record of any vote taken in connection with the proceedings.

### D. Prohibitions

This Policy issues the following prohibitions:

- A Concerned Person who receives compensation, directly or indirectly, from EMI for services is precluded from voting on matters pertaining to that member's compensation.
- No voting member of the Board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from EMI, either individually or collectively, is prohibited from providing information to the Board or any committee regarding compensation.
- No Concerned Person may be directly involved in the hiring, supervision, performance evaluation, compensation, or retention for personal or business services by EMI of an immediate family member or an organization with which the Concerned Person is associated.
- No Concerned Person may solicit or accept from any person or organization (or representative(s) thereof) seeking to do or doing business with, or otherwise gain benefit from, EMI, any gift or anything of value in exchange for a promise or reasonable inference that the Concerned Person's influence with EMI has been exchanged for such consideration. This prohibition applies without limitation to vendors, contractors, donors, and grant or provider applicants.

### E. Violations of the Conflict of Interest Policy

If the Board or duly appointed committee has reasonable cause to believe a Concerned Person has failed to disclose an actual or possible conflicts of interest or has otherwise violated this Policy, it shall inform the individual of the basis for such belief and afford the individual an opportunity to explain the alleged failure to disclose or violation. If, after hearing the individual's response and after making further investigation as warranted by the circumstances, the Board or committee determines the member has failed to disclose an actual or possible conflict of interest, or has otherwise violated this Policy, it shall take appropriate disciplinary and corrective action. Pursuant to the EMI Bylaws, violations of this Policy by any officer, directors, honorary directors or committee members shall constitute grounds for removal from office.

### F. Annual Disclosures

Every Concerned Person shall be provided with a copy of this Policy annually and when the Policy is revised, pursuant to Part VIII of this Policy. At that time, each Concerned Person shall scrutinize his or her interests and circumstances, direct or indirect, through business, investment or family, including in other entities, to identify any possible conflicts of interest. Disclosure as to any possible conflict of interest (or confirmation that none exist) is to be made in writing annually by all such persons using a Conflict of Interest Disclosure Statement attached to this Policy or as otherwise approved by the Board. Further, in the event a potential conflict of interest arises that has not previously been disclosed, such interest shall be disclosed within five business days of the event giving rise to the potential conflict. The information disclosed in the form shall be treated as confidential and shall not be disclosed by EMI, except as otherwise provided in this Policy, as required by WIOA, or to the extent disclosure is required to consider a potential

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conflict of interest or for any other legitimate business purpose as determined in the sole discretion of EMI. All information disclosed shall remain on file in the records of EMI.

The Board shall ensure that a copy of each Conflict of Interest Disclosure Statement completed by any Board member is provided to the State of Wisconsin at the beginning of each Biennial WDB Recertification Process, or in the case of a new Board member joining the Board between recertification period, to EMI's assigned Local Program Liaison within 20 business days of the member's appointment, as required by WIOA Policy

### **G. Periodic Review**

To ensure that EMI operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, the Board shall ensure that periodic reviews of this Policy are conducted. The periodic reviews shall, at a minimum, include the following subjects:

- Whether compensation arrangements and benefits are reasonable, based on competent survey information, are the result of arm's length bargaining, and conform to EMI's written policies; and
- Whether partnerships, joint ventures, and arrangements with management organizations conform to EMI's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further EMI's charitable purposes and do not result in inurement, impermissible private benefit or an excess benefit transaction.

The results and recommendations based on the periodic reviews shall be reported to the Governance, Compliance and Nominating Committee, which shall review such recommendations and forward any accepted recommendations to the Board for adoption. Policy revisions shall be accompanied by directives to all Concerned Persons to update a Conflict of Interest Disclosure Statement. In conducting the periodic reviews provided for in this Part VII of this Policy, EMI may, but need not, rely on the advice of outside advisors. If outside advisors are used, their advice shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.

### **H. Inclusion of Board and Committee Members in Quorum Counts**

Wisconsin Statute 181.0831(2) allows the inclusion of interested directors when counting to determine a presence of a quorum at a Board or committee meeting that authorizes, approves, or ratifies a contract or transaction between a non-profit corporation and a director or any entity in which a director is a director or officer or has a material financial interest. When such actions are undertaken by the Board or one of its committees, the following must take place so that the contract or transaction is not void or voidable:

- The relationship or interest is disclosed or known to the Board or committee that authorizes, approves or ratifies the contract or transaction and the contract or transaction was authorized, approved or ratified by a vote or consent sufficient for the purpose without counting the votes or consents of interested directors;
- The fact of such relationship or interest is disclosed or known to the members entitled to vote and they authorize, approve or ratify that contract or transaction by vote or written consent; and
- The contract or transaction is fair and reasonable to EMI.

This Paragraph H of this Part IV is intended to supplement, but not replace, the balance of this Policy.

## **V. ACTION REQUIRED**

- EMI's Chief Executive Officer shall annually disseminate this Policy to all Concerned Persons serving in a staff capacity and shall annually collect a Conflict of Interest Disclosure Statement from each such person. EMI's Board Chair shall annually disseminate this Policy to all Concerned Persons or designees thereof serving on a Board or committee of the Board and shall annually collect a Conflict of Interest Disclosure Statement from each such person.
- Posting of this Policy to the Employ Milwaukee website for open access to all personnel.

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**RECISSIONS:** [Employ Milwaukee Conflict of Interest Policy, Eff. 6/10/10](#)

**BOARD APPROVAL DATE:** [05/28/20](#)

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### Conflict of Interest Disclosures Statement

In compliance with the Conflict of Interest Policy (the "Policy") of Employ Milwaukee ("EMI"), by signing below, I hereby affirm that I:

- Received a copy of the Policy
- Have retained a copy of such Policy for future reference
- Read, understand, and had the opportunity to ask questions about the Policy
- Agree to comply with the Policy
- Disclosed all matters required to be disclosed pursuant to the Policy

Furthermore, I understand that EMI is a local Workforce Development Board ("WDB") authorized by the federal Workforce Innovation and Opportunity Act 2014 ("WIOA"), and is a charitable organization, and in order to maintain its WDB certification and federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes and it must adhere to state and federally-prescribed precautions to ensure the integrity of its operations.

Name: \_\_\_\_\_ Job Title: \_\_\_\_\_  
(please print clearly)

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