

**GENERAL MANAGEMENT POLICY/PROCEDURE**

<b>APPROVED BY</b>  <hr/> <b>EXECUTIVE DIRECTOR</b>	<b>TOPIC: Conflict of Interest Policy</b>	<b>SUPERSEDES PREVIOUS ISSUE DATED September 9, 2005</b>
---	---	--

**PURPOSE**

This Policy is meant to promote an ethical business environment at The Metropolitan St. Louis Sewer District, and to ensure compliance with all state ethics requirements.

This Policy supersedes and replaces any prior policies, rules, practices, standards or guidelines to the contrary, whether written or oral. Other District policies, procedures and guidelines shall continue to apply to the extent not inconsistent with this Policy.

**POLICY**

To promote an ethical environment of unquestionable integrity and to comply with state requirements, the District requires all employees, as well as Trustees, to refrain from conflicts of interest involving any and all business transactions involving the District. Furthermore, the District expects that all employees and Trustees will use their best judgment in all business dealings with customers, suppliers, contractors, governmental and regulatory agencies, the media and vendors, that they will refrain from unethical actions, and that they will disclose all relevant outside employment and business transactions. This Policy details all such requirements.

A “conflict of interest” occurs when your private interest interferes or appears to interfere in any way with the interests of the District. You are expected to avoid all situations that might lead to a real or apparent material conflict between your self-interest and your duties and responsibilities as an employee, officer or Trustee of the District. Any position or interest, financial or otherwise, which could materially conflict with your performance as an employee, officer or Trustee of the District, or which affects or could reasonably be expected to affect your independence or judgment concerning transactions between the District, its customers or suppliers or otherwise reflects negatively on the District would be considered a conflict of interest and should be avoided. A conflict of interest should be properly disclosed by the affected Trustee or District employee at the earliest opportunity.

**PROCEDURE**

1. Conflict of Interest
  - (a) Members of the Board of Trustees and all District employees must avoid all conflicts of interest and the appearance of impropriety when representing the District in business dealings or making any recommendations which could affect the District. In addition, each employee must disclose any actual or apparent conflict of interest to his or her supervisor and/or the Director of his or her department. Members of the Board of

Trustees must disclose any actual or apparent conflict of interest to the full Board of Trustees.

- (b) It is not practical or possible to specify all activities which may create a conflict of interest; however, situations that are related to the procurement process that should be avoided by Trustees and District employees include:
  - (1) Owning any interest (other than nominal amounts of stock in publicly traded companies) in any supplier, service provider, consultant, or lessor;
  - (2) Consulting with or being an employee of any customer, lessor, contractor, service provider, consultant, or supplier (without prior written approval of his/her departmental director);
  - (3) Purchasing goods and services from, or selling them to, the District or having a business associate or close relative do the same (unless done through an established program of disposal of surplus District property offered to the general public);
  - (4) Participation in outside activities which are so substantial that they interfere with an employee's ability to devote appropriate time and attention to his or her job responsibilities with the District;
  - (5) Serving on the Board of Directors of any customer, lessor, contractor, service provider, consultant, supplier or other entity doing or seeking to business with the District. However, if avoidance is impractical, full disclosure must be made and the individual must abstain from participating in any votes concerning the entity in question; and
- (c) In addition to all other requirements of this section, and in accordance with state statutes, Trustees and District employees may not:
  - (1) Have any contracts or arrangements with the District to perform any services outside of the scope of their regular employment;
  - (2) Sell, rent, or lease any property to the District; and
  - (3) Work for any person or entity in relation to any case, proceeding, application or matter that they worked on during their employment with the District except to the extent expressly allowed by law.
- (d) For each of the individuals named in (c) above, written disclosure must be made of any outside employment, other than with the District.
- (e) If a Trustee has a significant business relationship as an individual or through his or her employer with a vendor doing or being considered to do business with the District, the Trustee must inform the full Board of the business relationship and reclude himself or herself from voting on said matter. If the existence of a conflict of interest is undetermined, the subsequent inquiry may include disclosure of the nature of the business relationship, the amount of annual charges resulting from the relationship, and whether any of the charges relate, directly or indirectly to the business of the District.

Intentionally providing materially false or misleading information, or omitting material information, shall constitute malfeasance in office for any Trustee, subjecting the Trustee to removal as provided in the Charter of the District. Furthermore, by definition, actions taken by a Trustee on behalf of the District based solely on the existence of a personal relationship between the Trustee and a vendor constitutes a conflict of interest.

- (f) If an employee has a significant business relationship as an individual or through an employer other than the District with a vendor doing or being considered to do business with the District the employee must inform his or her supervisor and/or the Director of his or her department of the business relationship. If the existence of a conflict of interest is undetermined, the subsequent inquiry may include disclosure of the nature of the business relationship, the amount of annual charges resulting from the relationship, and whether any of the charges relate directly or indirectly to the business of the District. Intentionally providing materially false or misleading information, or omitting material information, shall be cause for termination of employment with the District. Furthermore, by definition, actions taken by an employee on behalf of the District based solely on the existence of a personal relationship between the employee and a vendor constitutes a conflict of interest.
- (g) Additionally, the following acts are expressly prohibited for all Trustees and employees of the District:
  - (1) Acting or refusing to act in any capacity in which he or she is empowered to act by reason of payment, offer to pay, or promise to pay, or receipt of gifts or anything of value.
  - (2) Using or disclosing confidential information gained in the course of employment or term as a Trustee with the intent to obtain financial gain for him or herself, his or her spouse or children, or any business with which he or she is associated, or for the purpose of extorting anything of value from another.
  - (3) Acting in any matter which specifically gives special monetary benefit to himself or herself, his or her spouse or children, any close family members or any business associate.

## 2. Interpretation and Administration

This Policy shall be administered and interpreted as follows:

- (a) In the case of employees who are not managers, by the human resources department in consultation with the General Counsel.
- (b) In the case of employees who are managers, by the Executive Director in consultation with the General Counsel.
- (c) In the case of Trustees, by the disinterested Trustees in consultation with the General Counsel.

### 3. Business Relationships

- (a) The District considers its reputation for fairness and integrity one of its most valuable assets. Employees are expected to use good judgment in all dealings with individuals, service providers, consultants, suppliers, or firms which seek to become a supplier of goods or services to the District and all customers of our services. To that end, Trustees or District employees must conduct their business affairs so that the District's integrity is unquestionable if the full details of those dealings were to become public.
- (b) To illustrate the high ethical standards expected of every Trustee and every employee of the District, the following conduct is expressly prohibited:
  - (1) Receiving or soliciting money, loans or other favors which may influence business decisions or compromise independent judgment;
  - (2) Receiving or soliciting gifts of money in any amount or any other gifts of more than a nominal value; a gift of nominal value is one that a company or individual routinely provides as part of their customary and normal business practices (all gifts must be reported in accordance with state ethics laws, if applicable);
  - (3) Receiving or soliciting any trip without the employee's supervisor's prior written approval;
  - (4) Receiving or soliciting kickbacks for obtaining business from the District;
  - (5) Degrading the District's reputation through any other activities which are of questionable integrity.
- (c) These guidelines are not intended to prevent the District from taking normal prompt payment discounts. They also do not prohibit receiving inexpensive gifts or services which are unsolicited and acceptable under normal and customary social circumstances, so long as the gratuity is not offered with a corrupt intent and does not influence or compromise the conduct of the recipient. In addition, the guidelines do not prohibit normal business entertainment expenses that are neither lavish nor solicited.
- (d) If any Trustee or employee of the District is requested to make or accept a gift or payment that is prohibited or may even appear to be prohibited under this Policy, the request and all surrounding circumstances should immediately be disclosed to the District's General Counsel who will advise the appropriate course of action.

### 4. Disciplinary Action

Violations of this Policy involving employees will be handled on a case-by-case basis and disciplinary action could cover the full range of actions permitted under the District's Civil Service Rules. Violations of the Policy involving Trustees will be reviewed and handled by disinterested Trustees in consultation with the General Counsel.

5. Compliance with Laws, Rules and Regulations

This Policy is based on the District's policy that all employees, officers and Trustees comply with the law. While the law prescribes a minimum standard of conduct, this Policy requires conduct that often exceeds the legal standard.

All employees, officers and Trustees are required to respond honestly and candidly when dealing with the District's independent and internal auditors, regulators and attorneys.

6. Reporting of Illegal and Unethical Behavior

Fraud is an element of business that can significantly affect the reputation and success of the District. The District requires its employees, officers and Trustees to talk to supervisors, managers or other appropriate personnel to report and discuss any known or suspected criminal activity involving the District or its employees. If, during the course of your affiliation with the District, you become aware of any suspicious activity or behavior including concerns regarding questionable accounting or auditing matters, you must report violations of laws, rules, regulations or this Policy to your supervisor, the Director of Human Resources or the General Counsel. Reporting the activity will not subject you to discipline absent a knowingly false report.

7. Misappropriation

Anyone who embezzles, steals or willfully misappropriates any monies, funds or anything of value from the District may be subject to fine, imprisonment, restitution payment and other such actions conferred by law or District policy, in addition to disciplinary action.

8. Investigation

You must cooperate fully with any investigation, internal audit, external audit or regulatory examination. If an employee becomes aware that he or she is or has been the subject to any external investigation, the employee must immediately inform his or her supervisor and/or Director of the department, unless otherwise prohibited by law, regulation or the investigating authority. Trustees shall inform the disinterested Trustees and the General Counsel.

9. Financial Disclosure Statement

In accordance with Missouri State Statutes, the following positions are required to submit annually, a Financial Disclosure Statement to the State:

- a. Members of the Board of Trustees
- b. Executive Director
- c. General Counsel
- d. All Director-level positions
- e. Purchasing Manager
- f. Other personnel as identified by the Board of Trustees

Such Financial Disclosure Statements shall be filed within 30 days of appointment for new appointees, and no later than May 1 of each calendar year for all others.

10. Employees and Immediate Family Members, Selling to the District.

(a) Employees and Immediate Family Members of the District:

Employees of the District, and members of their immediate family, will not be permitted to sell goods and/or services to the District.

[Vendor's Conflict of Interest Questionnaire](#)