Conflict of Interest

I. PURPOSE:

The purpose of this policy is to protect the interests of the Palo Alto Veterans Institute for Research ("PAVIR") when contemplating a new hire, a transaction or an arrangement that might cause an officer, director or employee to choose between personal interests and the interests of PAVIR or that may call into question their independence or impartiality.

II. APPLICATION OF POLICY:

Pursuant to 38 U.S.C. § 7366(c), as amended by Public Law 111-163, § 801-806, all directors, officers, and employees of PAVIR are subject to this conflict of interest policy. This policy is intended to supplement, but not replace, applicable federal and state laws governing conflicts of interest including those VA policies pertaining to research conflicts of interest. PAVIR will provide applicable training in accordance with VHA Handbook 1200.17, paragraph 9. b.(2) and c.

III. DEFINITIONS:

Conflict of interest: A conflict of interest may exist when the interests of a director, officer or employee may be seen as competing with the interests of PAVIR. A director, officer or employee may be considered to have a conflict of interest whenever they or their relative has an existing or potential financial or other material interest that impairs or might appear to impair their independence or objectivity in the discharge of their responsibilities to PAVIR. Additionally, personal and business relationships may cause "dual loyalties" that are unrelated to personal financial gain, but nonetheless may raise conflict of interest concerns.

A financial or other interest is not necessarily a conflict of interest. A financial or other conflict of interest exists only when the PAVIR board of directors (Board) decides a person with an interest has a conflict of interest.

Relatives: For purposes of this policy, "relatives" include the spouse, parent, child and any other relative by blood or marriage with whom a PAVIR officer, director or employee has similarly close personal ties as well as any other member of their household.

Financial interest: A PAVIR director, officer or employee has a "financial interest" if through business, investment or a relative they have an ownership or investment interest in, or a compensation arrangement with, any entity or individual with which PAVIR has or is contemplating a transaction or arrangement.

Business associate: A "business associate" is any person or entity with which a PAVIR officer, director or employee, or any of their relatives, engages in the exchange of goods or services for remuneration.

IV. DUTY TO DISCLOSE POTENTIAL CONFLICTS OF INTEREST:

All PAVIR directors, officers and employees have a duty to disclose any situation that involves personal, familial or business relationships that may give rise to a real or perceived conflict of interest as soon as it is known.

V. DISCLOSURE PROCEDURES: In addition to the ongoing duty to disclose described in Section IV above:

- All PAVIR directors, officers (including the chief executive officer), and employees will complete a Disclosure Questionnaire and Affirmation of Compliance upon initiating their association with PAVIR.
- All directors and officers, and any employees with decision making authority ("key employees"), will submit a new disclosure and affirmation statement any time a change in their circumstances may result in a potential conflict of interest, but at least annually.

Disclosure Questionnaires will be submitted and reviewed as follows:

- **Board members, officers and key employees** will submit their completed Disclosure Questionnaire and Affirmation of Compliance to the Chief Executive Officer. Any questionnaire with a disclosure will be provided to the Board to review. The Board will decide whether any disclosures ("yes" responses) represent actual, perceived or potential conflicts of interest.
- **Administrative personnel other than key employees and employees working directly on VA research or education** will submit their completed Disclosure Questionnaire and Affirmation of Compliance to the Director of Human Resources upon initiating their employment. S/he will review the forms and will provide any with disclosures to the Chief Executive Officer. Together the supervisor, Chief Executive Officer and chair will decide whether any disclosures represent actual, perceived or potential conflicts of interest that require consideration by the Board.

Confidentiality. Disclosure Questionnaires may contain confidential information and will be treated as confidential documents.

Retention. The Chief Executive Officer will file Disclosure Questionnaires and Affirmations of Compliance with the official records of PAVIR and will retain annual disclosures for three years. Disclosure Questionnaires of employees subject to the requirement for one-time disclosure will be retained until the end of the individual's PAVIR relationship.

If a potential conflict of interest arises subsequent to submitting a Disclosure Questionnaire or between submissions, a director, officer or employee will promptly bring the situation to the attention of the appropriate person as follows:

- Members of the Board, officers and the Chief Executive Officer: the chair of the Board
- PAVIR administrative employees: the Chief Executive Officer
- Employees directly or indirectly engaged in VA research or education: supervisor and the Chief Executive Officer

Such disclosures will be reviewed in accordance with the procedures described above for disclosures made on Disclosure Questionnaires.

VI. PROCEDURES FOR REVIEW OF POTENTIAL CONFLICTS:

Whenever there is reason to believe that a potential conflict of interest exists between PAVIR and any board member, officer or employee, the Board will promptly convene a meeting to determine whether a conflict exists and the appropriate response.

Any response by the Board will include, but may not necessarily be limited to, invoking the procedures described below with respect to a specific proposed matter.

If there is reason to believe that a potential conflict affects VA interests, the Board will bring the potential conflict to the attention of the appropriate VA authorities which may include the facility Research Conflict of Interest Committee and/or the facility's designated ethics official (DEO) in the Office of Regional Counsel.

VII. PROCEDURES FOR ADDRESSING CONFLICTS OF INTEREST:

When a potential conflict exists between the interests of PAVIR and a director, officer or employee, the Board will consider the matter during a meeting of the board.

Other than taking steps necessary to protect the interests of PAVIR until a meeting of the Board may be convened and a decision made, PAVIR will refrain from acting on the matter that invoked the potential conflict of interest. The following procedures will apply:

- **Board Review.** A director, officer or employee who has a potential conflict of interest with respect to a proposed PAVIR decision, policy or transaction or arrangement (an "interested party") will not participate in any way in, or be present during, the deliberations and decision-making vote of PAVIR with respect to such matter. However, that person will have an opportunity to provide factual information about the proposed conflict and/or matter that provoked the potential conflict. Also, the Board may request that an interested party be available to answer questions. Board options include, but are not limited to:
    - Allowing the proposed matter to go forward upon finding that it is in the best interests of PAVIR;
    - Prohibiting the proposed matter;
    - Approving mitigating actions (including but not limited to recusal, limitation of duties, transfer or reassignment, additional supervisory review or other action considered appropriate by the Board); or
    - Recommending an alternative arrangement.
- **Vote.** A decision by the disinterested members of the Board will be made by vote of a majority of members in attendance at a meeting at which a quorum is present. An interested director will not be counted for purposes of determining whether a quorum is present, or for purposes of determining what constitutes a majority vote of directors in attendance.
- **Minutes**. The minutes of the Board meeting will reflect that the conflict disclosure was made to the Board, the vote taken and, when applicable, the abstention from voting and participation by any interested party. Whenever possible, the minutes should frame the decision in such a way that it provides guidance for consideration of future conflict of interest situations.

VIII. VIOLATIONS OF CONFLICT OF INTEREST POLICY:

If a director, officer, employee, or the supervisor of a PAVIR employee, has reason to believe that any other director, officer or employee has failed to disclose an actual or potential conflict of interest, such person has a responsibility to inform the chair of the Board or the Chief Executive Officer of the basis for their belief. In such event, the chair of the Board or the Chief Executive Officer will refer the matter to the Board. The Board will inform the person of the allegation and will allow the person an opportunity to explain the alleged failure to disclose.

If after affording a PAVIR director, officer or employee with a potential or actual conflict an opportunity to disclose all material facts, the Board decides that such an individual has in fact failed to disclose a possible conflict of interest, the Board will determine the corrective steps to be taken and/or disciplinary action.