IRC CONFLICT OF INTEREST POLICY

The following provisions concerning actual or potential conflicts of interest are taken from the Board approved IRC Employee Handbook and the Board approved IRC Bylaws. For ease of reference, the applicable statutes and regulations referenced herein are included in Attachment "A".

<u>FROM THE IRC EMPLOYEE HANDBOOK</u>

5.0 CONFLICT OF INTEREST POLICY

5.1 Definitions

For purposes of this policy, the following definitions apply:

a. "Conflict of Interest" means one or more personal, business, or financial interests or relationships of an Employee that would cause a reasonable person with knowledge of the relevant facts to question the Employee's impartiality with respect to their regional center duties including, but not limited to, the specific circumstances and relationships which create a Conflict of Interest as set forth in *Welfare & Institutions Code* (*WIC*) §§ 4622, 4626, 4626.5 and 4627 and applicable regulations relating to Conflict of Interest as set forth in 17 *California Code of Regulations* (*CCR*) §§ 54500 - 54535.

b. "Consumer" has the same meaning as the definition of "Consumer" in 17 *CCR* § 54505(c).

c. "Employee" means those individuals who are directly employed by IRC under a contract of employment or "at-will" as well as any contractor, agent or consultant who is hired or employed to act on behalf of IRC.

d. "Family Member" and "Relative" each mean an individual's spouse, domestic partner, parent, step-parent, grandparent, step-grandparent, sibling, step-sibling, child, step-child, grandchild, step-grandchild, parent-in-law, brother-in-law, sister-in-law, son-in-law, and daughter-in-law; whether related by blood, marriage or adoption.

e. "Senior Staff" includes the Executive Director, Associate Executive Director, General Counsel, Directors and the highest ranking staff position (not including Directors) in Case Management, Clinical Services, Community Engagement, Finance and Human Resources.

5.2 General Rules

It is the policy of IRC that Employees are obligated to avoid an actual or potential Conflict of Interest and shall act in the course and scope of their duties solely in the best interest of IRC, its Consumers and their Family Members without regard to their private, personal interests or the interests of any other organization with which they are associated or persons to whom they are related. Employees shall be free from any Conflict of Interest that could adversely influence their judgment, objectivity, or loyalty to IRC, its Consumers and their Family Members. IRC and its Employees are required to comply with the applicable Conflict of Interest provisions of the *Lanterman Developmental Disabilities Services Act* (*WIC* § 4500 *et. seq*.); including, but not limited to, *WIC* §§4622, 4626, 4626.5 and 4627 and applicable regulations relating to a Conflict of Interest as set forth in 17 *CCR* §§ 54500 - 54535. Employees are expected to read, be familiar with and follow the Conflict of Interest rules as set forth in the above statutes and regulations, as amended, which are incorporated into this Handbook by reference.

Employees must report an actual or potential Conflict of Interest to their manager and the Human Resources Department as soon as they become aware of the actual or potential Conflict of Interest.

It is impossible to enumerate or anticipate all possible situations, activities or relationships that may create an actual or potential Conflict of Interest. Therefore, Employees who have a question about whether any situation, activity or relationship creates an actual or potential Conflict of Interest should consult with their manager and the Human Resources Department as soon as they become aware of the questionable situation, activity or relationship.

If a situation, activity or relationship arises that is not specifically addressed in this Article 5.0 and which creates an actual or potential Conflict of Interest, the Employee shall not participate in, or be involved with, the situation, activity or relationship in any way until the actual or potential Conflict of Interest is either eliminated or mitigated and managed through an approved Conflict Resolution Plan (see Section 5.5 below).

5.3 Pre-employment Disclosure

Any Employee or other individual who applies to be hired as the IRC Executive Director shall disclose any actual or potential Conflict of Interest by submitting a current Conflict of Interest Reporting Statement (DS 6016) at the time of application and shall update, if necessary, any such disclosure prior to being confirmed for employment and/or prior to entering into a binding employment contract.

An applicant who fails to disclose an actual or potential Conflict of Interest and/or does not submit the Conflict of Interest Reporting Statement (DS 6016) as required above shall not be eligible to be hired and/or to enter into a binding employment contract for the position of IRC Executive Director.

In considering an applicant, and before making any offer of employment, IRC shall take into consideration any actual or potential Conflict of Interest disclosed by the applicant and whether any such actual or potential Conflict of Interest can be eliminated or mitigated and managed through a Conflict Resolution Plan (see Section 5.5 below).

An applicant who does not (1) agree to eliminate, or mitigate and manage, an actual or potential Conflict of Interest through the use of a Conflict Resolution Plan, or (2) agree to comply with a proposed Conflict Resolution Plan shall not be eligible to be hired and/or to enter into a binding employment contract for the position of IRC Executive Director.

5.4 Conflict of Interest Reporting Statement

Employees are required to submit a Conflict of Interest Reporting Statement (DS 6016) within 30 days of when they start employment with IRC, by August 1 of each year thereafter and within 30 days of any change of status that could create an actual or potential Conflict of Interest, e.g., a previously unreported activity that should have been reported or a change in the circumstances of a previously reported activity, a change in financial interest, familial relationship, legal commitments, regional center position or duties, or outside position or duties, etc.

5.5 Conflict Resolution Plan

When an actual or potential Conflict of Interest is identified for an Employee, the actual or potential Conflict of Interest shall either be eliminated, or mitigated and managed, through a Conflict Resolution Plan. Actions to eliminate, or mitigate and manage, an actual or potential Conflict of Interest may include, but are not limited to, one or more of the following: (a) resignation of the Employee from a particular position or activity; (b) having the Employee refrain from participation, or limiting the Employee's ability to act, in a particular matter or category of matters; (c) changing the Employee's assignment, duties, or position; (d) divestiture by the Employee of a particular financial interest; or (e) having the Employee terminate or refrain from a particular relationship.

5.6 Employment of Relatives

IRC has no general prohibition against hiring Relatives; however, a few restrictions have been established to help insure the fair treatment of all Employees.

While IRC will accept and consider applications for employment from Relatives, an Employee shall not participate in the evaluation of a Relative's application for employment or bid for position or contract at IRC. In addition, Relatives will not be hired into positions (1) where they directly supervise, or are directly supervised by, an Employee who is a Relative; or (2) within a work unit in which an Employee who is a Relative is the immediate supervisor of the manager of the work unit or (3) where actual or potential conflicts may arise that could compromise supervision, safety, confidentiality or security at IRC.

In addition, IRC Senior Staff may not hire a Relative to work at IRC or any ancillary foundation and/or organization. This requirement shall be included in the IRC contract with DDS and in the training for the IRC Board of Trustees.

It is the obligation of each Employee to inform the Human Resources Department of any Relative who has submitted an application for employment at IRC so that the Relative's application can be reviewed to make sure there is no violation of this policy.

5.7 Outside Employment by Employees

Outside employment that creates an actual or potential Conflict of Interest for an Employee or that affects the quality or value of their work performance or availability at IRC is generally prohibited. While IRC recognizes that Employees may seek or engage in additional employment outside of the time they work at IRC, any outside employment must not affect their attendance or job performance or otherwise adversely affect their ability to effectively perform their duties or in any way create a Conflict of Interest. Any outside employment that is, or may be, in violation of this policy should be immediately reported by the Employee to their manager and the Human Resources Department.

5.8 Gifts

In order to avoid an actual or potential Conflict of Interest, Employees are not allowed to directly or indirectly give to, or accept from, a Consumer, a Consumer's Family Members, IRC's vendors or any other person or entity that has a business relationship with IRC, gifts or gratuities valued at more than $15. This prohibition on gift giving by Employees does not apply to charitable gift giving through the Another Way Advisory Committee or similar charitable groups affiliated with IRC.

Any gift or gratuity that is received by an Employee and is valued at more than $15 shall be forwarded to the Human Resources Department who will determine whether it should be returned or arrangements made for some other disposition.

5.9 Monitoring and Enforcement

IRC will regularly and consistently monitor and enforce compliance with this Conflict of Interest policy. Failure by an Employee to comply with any provision of this Conflict of Interest policy may result in discipline up to and including termination of employment.

FROM THE IRC BYLAWS

ARTICLE IX – CONFLICT OF INTEREST

Section 1. DEFINITIONS

For purposes of this Article IX, the following definitions apply:

a. "Board" means the IRC Board of Trustees.

b. "Conflict of Interest" means one or more personal, business, or financial interests or relationships of a Trustee that would cause a reasonable person with knowledge of the relevant facts to question the Trustee's impartiality with respect to their duties as a Trustee including, but not limited to, the specific circumstances and relationships which create a Conflict of Interest as set forth in *Welfare & Institutions Code* (*WIC*) §§ 4622, 4626, 4626.5 and 4627 and applicable regulations relating to Conflict of Interest as set forth in 17 *California Code of Regulations* (*CCR*) §§ 54500 - 54535.

c. "Consumer" has the same meaning as the definition of "Consumer" in 17 *CCR* § 54505(c).

d. "Family Member" and "Relative" each mean an individual's spouse, domestic partner, parent, step-parent, grandparent, step-grandparent, sibling, step-sibling, child, step-child, grandchild, step-grandchild, parent-in-law, brother-in-law, sister-in-law, son-in-law, and daughter-in-law; whether related by blood, marriage or adoption.

e. "Trustee" means a member of the Corporation's Board of Trustees.

Section 2. GENERAL RULES REGARDING CONFLICTS OF INTEREST

a. It is the policy of the Corporation that Trustees are obligated to avoid an actual or potential Conflict of Interest and shall act in the course and scope of their duties solely in the best interest of the Corporation and its Consumers without regard to their private, personal interests or the interests of any other organization with which they are associated or persons to whom they are related. Trustees shall be free from any Conflict of Interest that could adversely influence their judgment, objectivity, or loyalty to the Corporation, its Consumers and their Family Members. The Corporation and Trustees are required to comply with the applicable Conflict of Interest provisions of the *Lanterman Developmental Disabilities Services Act* (*WIC* § 4500 *et. seq*.); including, but not limited to, *WIC* §§ 4622, 4626, 4626.5 and 4627 and applicable regulations relating to Conflict of Interest as set forth in the 17 *CCR* §§ 54500 - 54535. Trustees are expected to read, be familiar with and follow the Conflict of Interest rules as set forth in the above statutes and regulations, as amended, which are incorporated into these Bylaws by reference.

b. **Trustees must report an actual or potential Conflict of Interest to the Board Chair and the Executive Director as soon as they become aware of the actual or potential Conflict of Interest.**

c. It is impossible to enumerate or anticipate all possible situations, activities or relationships that may create an actual or potential Conflict of Interest. Therefore, Trustees who have a question about whether any situation, activity or relationship creates an actual or potential Conflict of Interest should consult with the Board Chair and the Executive Director as soon as they become aware of the questionable situation, activity or relationship.

d. If a situation, activity or relationship arises that is not specifically addressed in this Article IX and which creates an actual or potential Conflict of Interest, the Trustee shall be disqualified and prohibited from taking part in any discussion, consideration, recommendation or decision regarding the particular situation, activity or relationship until the actual or potential Conflict of Interest is either eliminated, or mitigated and managed, through an approved Conflict Resolution Plan (see Section 5 below).

Section 3. PRE-APPOINTMENT/ELECTION DISCLOSURE

a. Each new candidate for the position of Trustee shall disclose any actual or potential Conflict of Interest by submitting a current Conflict of Interest Reporting Statement (DS 6016) at the time of application and shall update, if necessary, any such disclosure prior to being appointed or elected as a Trustee.

b. A candidate who fails to disclose an actual or potential Conflict of Interest and/or does not submit a Conflict of Interest Reporting Statement (DS 6016) as required above shall not be eligible to be appointed or elected as a Trustee.

c. In considering a candidate, and before the Board votes on a candidate's application, the Board shall take into consideration any actual or potential Conflict of Interest disclosed by the candidate and whether any such actual or potential Conflict of Interest can be eliminated or mitigated and managed through a Conflict Resolution Plan (see Section 5 below).

d. A candidate who does not (1) agree to eliminate, or mitigate and manage, an actual or potential Conflict of Interest through the use of a Conflict Resolution Plan, or (2) agree to comply with a proposed Conflict Resolution Plan shall not be eligible to be appointed or elected as a Trustee.

Section 4. REPORTING REQUIREMENTS

Trustees are required to submit a Conflict of Interest Reporting Statement (DS 6016) within 30 days of when they first become a Trustee, by August 1 of each year thereafter and within 30 days of any change of status that could create an actual or potential Conflict of Interest, e.g., a previously unreported activity that should have been reported or a change in the circumstances of a previously reported activity, a change in financial interest, familial relationship, legal commitments, regional center, employment, outside position or duties, etc.

Section 5. CONFLICT RESOLUTION PLAN

When an actual or potential Conflict of Interest is identified for a Trustee, the actual or potential conflict shall either be eliminated, or mitigated and managed through a Conflict Resolution Plan. Actions to eliminate, or mitigate and manage, an actual or potential Conflict of Interest may include, but are not limited to, one or more of the following:

a. Resignation of the Trustee from a particular position or activity;

b. Having the Trustee refrain from participation, or limiting the Trustee's ability to act, in a particular matter or category of matters;

c. Changing the Trustee's assignment, duties, or position;

d. Divestiture by the Trustee of a particular financial interest; or

e. Having the Trustee terminate or refrain from a particular relationship.

Section 6. RELATIVES

Relatives of a current Trustee may not be appointed or elected as a Trustee nor may they serve on any committee established by the Board. However, this prohibition does not apply to service on the Master Trust Committee or the Another Way Advisory Committee.

Additionally, a Relative of a current Trustee may not be employed by the Corporation as the Executive Director.

Section 7. TRUSTEE EMPLOYMENT

A Trustee's employment must not affect their attendance at Board meetings, trainings and other Board activities or otherwise adversely affect their ability to effectively perform their duties and responsibilities as a Trustee or in any way create an actual or potential Conflict of Interest. Any employment by a Trustee that is, or may be, in violation of this Conflict of Interest policy should be immediately reported to the Board Chair and the Executive Director.

Section 8. GIFTS

In order to avoid an actual or potential Conflict of Interest, Trustees are not allowed to directly or indirectly give to, or accept from, a Consumer, a Consumer's Family Members, the Corporation's vendors or any other person or entity that has a business relationship with the Corporation, gifts or gratuities valued at more than $15. This prohibition on gift giving by Trustees does not apply to charitable gift giving through the Another Way Advisory Committee or similar charitable groups affiliated with the Corporation.

Any gift or gratuity that is received by a Trustee and valued at more than $15 shall be reported to the Board Chair and the Executive Director and shall be forwarded to the Executive Director who, along with the Board Chair, will determine whether it should be returned or arrangements made for some other disposition.

Section 9. MONITORING AND ENFORCEMENT

The Corporation and the Board will regularly and consistently monitor and enforce compliance with this Conflict of Interest policy. Failure of a Trustee to comply with any provision of this Conflict of Interest policy shall constitute sufficient grounds for removal of the Trustee from the Board.

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IRC CONFLICT OF INTEREST POLICY

ATTACHMENT "A"

Welfare & Institutions Code

§ 4622. Criteria for contracting agencies

The state shall contract only with agencies, the governing boards of which conform to all of the following criteria:

(a) The governing board shall be composed of individuals with demonstrated interest in, or knowledge of, developmental disabilities.

(b) The membership of the governing board shall include persons with legal, management or board governance, financial, and developmental disability program expertise. Board governance expertise may not be acquired solely by serving on a regional center board. The governing board of the regional center shall include members with financial expertise and members with management or board governance expertise by August 15, 2020.

(c) The membership of the governing board shall include representatives of the various categories of disability to be served by the regional center.

(d) The governing board shall reflect the geographic and ethnic characteristics of the area to be served by the regional center.

(e) A minimum of 50 percent of the members of the governing board shall be persons with developmental disabilities or their parents or legal guardians. No less than 25 percent of the members of the governing board shall be persons with developmental disabilities.

(f) Members of the governing board shall not be permitted to serve more than seven years within each eight-year period.

(g) (1) The regional center shall provide necessary training and support to these board members to facilitate their understanding and participation, including issues relating to linguistic and cultural competency.

(2) As part of its monitoring responsibility, the department shall review and approve the method by which training and support are provided to board members to ensure maximum understanding and participation by board members.

(3) Each regional center shall post on its internet website information regarding the training and support provided to board members.

(h) The governing board may appoint a consumers' advisory committee composed of persons with developmental disabilities representing the various categories of disability served by the regional center.

(i) The governing board shall appoint an advisory committee composed of a wide variety of persons representing the various categories of providers from which the regional center purchases client services. The advisory committee shall provide advice, guidance, recommendations, and technical assistance to the regional center board in order to assist the regional center in carrying out its mandated functions. The advisory committee shall designate one of its members to serve as a member of the regional center board.

(j) (1) The governing board shall annually review the performance of the director of the regional center.

(2) The governing board shall annually review the performance of the regional center in providing services that are linguistically and culturally appropriate and may provide recommendations to the director of the regional center based on the results of that review.

(k) No member of the board who is an employee or member of the governing board of a provider from which the regional center purchases client services shall do any of the following:

(1) Serve as an officer of the board.

(2) Vote on any fiscal matter affecting the purchase of services from any regional center provider.

(3) Vote on any issue other than as described in paragraph (2), in which the member has a financial interest, as defined in Section 87103 of the Government Code, and determined by the regional center board. The member shall provide a list of the member's financial interests, as defined in Section 87103, to the regional center board.

Nothing in this section shall prevent the appointment to a regional center governing board of a person who meets the criteria for more than one of the categories listed above.

§ 4626. Prohibited employment and financial interests; Conflict-of-interest reporting statement

(a) The department shall give a very high priority to ensuring that regional center board members and employees act in the course of their duties solely in the best interest of the regional center consumers and their families without regard to the interests of any other organization with which they are associated or persons to whom they are related. Board members, employees, and others acting on the regional center's behalf, as defined in regulations issued by the department, shall be free from conflicts of interest that could adversely influence their judgment, objectivity, or loyalty to the regional center, its consumers, or its mission.

(b) In order to prevent potential conflicts of interest, a member of the governing board or member of the program policy committee of a regional center shall not be any of the following:

(1) An employee of the State Department of Developmental Services or any state or local agency that provides services to a regional center consumer, if employed in a capacity which includes administrative or policymaking responsibility, or responsibility for the regulation of the regional center.

(2) An employee or a member of the state council or a state council regional advisory committee.

(3) Except as otherwise provided in subdivision (h) of Section 4622, an employee or member of the governing board of any entity from which the regional center purchases consumer services.

(4) Any person who has a financial interest, as defined in Section 87103 of the Government Code, in regional center operations, except as a consumer of regional center services.

(c) A person with a developmental disability who receives employment services through a regional center provider shall not be precluded from serving on the governing board of a regional center based solely upon receipt of these employment services.

(d) The department shall ensure that no regional center employee or board member has a conflict of interest with an entity that receives regional center funding, including, but not limited to, a nonprofit housing organization and an organization qualified under Section 501(c)(3) of the Internal Revenue Code, that actively functions in a supporting relationship to the regional center.

(e) The department shall develop and publish a standard conflict-of-interest reporting statement. The conflict-of-interest statement shall be completed by each regional center governing board member and each regional center employee specified in regulations, including, at a minimum, the executive director, every administrator, every program director, every service coordinator, and every employee who has decisionmaking or policymaking authority or authority to obligate the regional center's resources.

(f) Every new regional center governing board member and regional center executive director shall complete and file the conflict-of-interest statement described in subdivision (e) with his or her respective governing board within 30 days of being selected, appointed, or elected. Every new regional center employee referenced in subdivision (e) and every current regional center employee referenced in subdivision (e) accepting a new position within the regional center shall complete and file the conflict-of-interest statement with his or her respective regional center within 30 days of assuming the position.

(g) Every regional center board member and regional center employee referenced in subdivision (e) shall complete and file the conflict-of-interest statement by August 1 of each year.

(h) Every regional center board member and regional center employee referenced in subdivision (e) shall complete and file a subsequent conflict-of-interest statement upon any change in status that creates a potential or present conflict of interest. For the purposes of this subdivision, a change in status includes, but is not limited to, a change in financial interests, legal commitment, regional center or board position or duties, or both, or outside position or duties, or both, whether compensated or not.

(i) The governing board shall submit a copy of the completed conflict-of-interest statements of the governing board members and the regional center executive director to the department within 10 days of receipt of the statements.

(j) A person who knowingly provides false information on a conflict-of-interest statement required by this section shall be subject to a civil penalty in an amount up to fifty thousand dollars ($50,000), in addition to any civil remedies available to the department. An action for a civil penalty under this provision may be brought by the department or any public prosecutor in the name of the people of the State of California.

(k) The director of the regional center shall review the conflict-of-interest statement of each regional center employee referenced in subdivision (e) within 10 days of receipt of the statement. If a potential or present conflict of interest is identified for a regional center employee that cannot be eliminated, the regional center shall, within 30 days of receipt of the statement, submit to the department a copy of the conflict-of-interest statement and a plan that proposes mitigation measures, including timeframes and actions the regional center or the employee, or both, will take to mitigate the conflict of interest.

(l) The department and the regional center governing board shall review the conflict-of-interest statement of the regional center executive director and each regional center board member to ensure that no conflicts of interest exist. If a present or potential conflict of interest is identified for a regional center director or a board member that cannot be eliminated, the regional center governing board shall, within 30 days of receipt of the statement, submit to the department and the state council a copy of the conflict-of-interest statement and a plan that proposes mitigation measures, including timeframes and actions the regional center governing board or the individual, or both, will take to mitigate the conflict of interest.

§ 4626.5. Conflict-of-interest policy; Posting

Each regional center shall submit a conflict-of-interest policy to the department by July 1, 2011, and shall post the policy on its internet website by August 1, 2011. The policy shall do, or comply with, all of the following:

(a) Contain the elements of this section and be consistent with applicable law.

(b) Define conflicts of interest.

(c) Identify positions within the regional center required to complete and file a conflict-of-interest statement.

(d) Facilitate disclosure of information to identify conflicts of interest.

(e) Require candidates for nomination, election, or appointment to a regional center board, and applicants for regional center director to disclose any potential or present conflicts of interest prior to being appointed, elected, or confirmed for hire by the regional center or the regional center governing board.

(f) Require the regional center and its governing board to regularly and consistently monitor and enforce compliance with its conflict-of-interest policy.

(g) Prohibit a regional center employee from accepting a gift or gifts from a service provider, consumer, or consumer's family member valued over fifteen dollars ($15) per year.

(h) Establish a policy prohibiting regional center senior staff from hiring relatives at the center or any ancillary foundation and organization. The policy shall be included in the regional center contract and shall be included in training of the governing board.

§ 4627. Conflict-of-interest regulations; Ensuring compliance; Adoption of emergency regulations

(a) The director of the department shall adopt and enforce conflict-of-interest regulations to ensure that members of the governing board, program policy committee, and employees of the regional center make decisions with respect to the regional centers that are in the best interests of the center's consumers and families.

(b) The department shall monitor and ensure the regional centers' compliance with this section and Sections 4626 and 4626.5. Failure to disclose information pursuant to these sections and related regulations may be considered grounds for removal from the board or for termination of employment.

(c) The department shall adopt regulations to develop standard conflict-of-interest reporting requirements.

(d) The department shall adopt emergency regulations to implement this section and Sections 4626 and 4626.5 by May 1, 2011. The adoption, amendment, repeal, or readoption of a regulation authorized by this section is deemed to be necessary for the immediate preservation of the public peace, health and safety, or general welfare, for purposes of Sections 11346.1 and 11349.9 of the Government Code, and the department is hereby exempted from that requirement. For purposes of subdivision (e) of Section 11346.1 of the Government Code, the 120-day period, as applicable to the effective period of an emergency regulatory action and submission of specified materials to the Office of Administrative Law, is hereby extended to 180 days.

(e) The department shall adopt regulations to implement the terms of subdivision (d) through the regular rulemaking process pursuant to Sections 11346 and 11349.1 of the Government Code within 18 months of the adoption of emergency regulations pursuant to subdivision (d).

Title 17, *California Code of Regulations*

§ 54500. Authority and Scope

These regulations prescribe conflict-of-interest standards and procedures for all members of the regional center governing boards, employees, and those acting on the regional center's behalf to ensure that such persons make decisions relative to the regional center which are in the best interests of the center's consumers and families pursuant to authority provided in section 4627 of the Welfare and Institutions Code.

§ 54505. Definition

As used in this article, the following words and phrases have the specified meanings:

(a) "Area Board" means the organization of individuals established and constituted according to Welfare and Institutions Code section 4546 et seq.

(b) "Business Entity, Entity or Provider" means any individual, business venture, or state or local governmental entity from whom or from which the regional center purchases, obtains, or secures goods or services to conduct its operations. These entities or providers include, but are not limited to, residential facilities, intermediate care facilities, skilled nursing facilities, supported and independent living services, hospitals, medical groups, activity centers, housing providers, entities formed in support of the regional center, infant programs, clinics, laboratories, pharmacies, drug stores, ambulance services, furniture stores, equipment and supply stores, physicians, psychologists, nurses, therapists, teachers, social workers, and contract case managers. For purposes of these conflict-of-interest regulations "business entity, entity or provider" does not include a consumer or family member of a consumer who receives vouchers for consumer services.

(c) "Consumer" means an individual who has been determined by a regional center to meet the eligibility criteria of Welfare and Institutions Code section 4512 and title 17, California Code of Regulations, sections 54000, 54001 and 54010, or Government Code section 95014 and title 17, California Code of Regulations, sections 52020 and 52022, and for whom the regional center has accepted responsibility.

(d) "Decision or Policy-Making Authority" means the authority an individual possesses whenever the individual:

(1) exercises discretion or judgment, without significant intervening substantive review, in making, advising, or recommending a decision or in making a final decision; or

(2) may compel a decision or may prevent a decision either by reason of an exclusive power to initiate the decision or by reason of a veto which may or may not be overridden; or

(3) makes substantive recommendations which are, and over an extended period of time have been, regularly approved without significant amendment or modification by another person or entity or provider; or

(4) votes on matters, obligates or commits his or her entity to any course of action, or enters into, modifies, amends, or renews any contractual agreement on behalf of his or her entity, or has authority to obligate resources; or

(5) votes to approve, appoint or ratify, or approves, appoints, ratifies, assigns, elects, selects, designates, names, creates, confirms, contracts or hires any director, trustee, member of the board, member of a board committee, officer, agent, employee, contractor, or consultant for his or her entity or any other business entity or provider.

Decision or policy-making authority does not include actions of individuals which are solely ministerial, secretarial, or clerical.

(e) "Department" means the Department of Developmental Services.

(f) "Family Member" includes the individual's spouse, domestic partner, parents, stepparents, grandparents, siblings, step-siblings, children, stepchildren, grandchildren, parents-in-law, brothers-in-law, sisters-in-law, sons-in-law, and daughters-in-law.

(g) "Member" means an individual serving as a member of the governing board, board of directors, or board committee of a business entity, entity, or provider as defined herein.

(h) "Potential conflict of interest" means a situation which, based upon circumstances reasonably expected to occur at a point in the future, may result in a conflict of interest, as specified in these regulations.

(i) "Present conflict of interest" means a conflict of interest, as specified in these regulations, which currently exists.

(j) "Regional Center" means a diagnostic, counseling, and service coordination center for persons with developmental disabilities and their families which is established and operated pursuant to chapter 5 of division 4.5 of the Welfare and Institutions Code and title 14 of the Government Code by a private nonprofit corporation acting as a contracting agency.

(k) "Regional Center Employee" means any person who performs services for wages, salary or a fee under a contract of employment, express or implied, with the regional center. For purposes of these regulations, a business entity, entity or provider as defined herein is not a regional center employee.
(l) "Regional Center Governing Board" means the board of directors of a private nonprofit corporation which, contracts with the state for the purpose of establishing and operating a regional center and which is constituted in accordance with section 4622 of the Welfare and Institutions Code.
(m) "Regional Center Operations" means those activities or services which regional centers are required by law, regulation, or contract with the state to provide, obtain, or purchase. Such activities include, but are not limited to, case finding, outreach, prevention, intake and assessment, individual program planning, case management, community programs, program development, and consumer advocacy and protection.

(n) "State Council" means the organization of individuals established and constituted pursuant to Welfare and Institutions Code section 4520 et seq.

§ 54520. Positions Creating Conflicts of Interest for Regional Center Governing Board Members and Executive Directors

(a) A conflict of interest exists when a regional center governing board member, executive director, or a family member of such person is any of the following for a business entity, entity, or provider as defined in section 54505 of these regulations, except to the extent such position is permitted by Welfare and Institutions Code sections 4622 and 4626.
- (1) a governing board member;
- (2) a board committee member;
- (3) a director;
- (4) an officer;
- (5) an owner;
- (6) a partner;
- (7) a shareholder;
- (8) a trustee;
- (9) an agent;
- (10) an employee;
- (11) a contractor;
- (12) a consultant;
- (13) a person who holds any position of management; or
- (14) a person who has decision or policy making authority.

(b) A regional center board member or family member of such person who is an employee or contractor of a state or local governmental entity that provides services to regional center consumers and who works in a position having no relation to providing those services to regional center consumers does not have a conflict of interest as a result of his or her position. This exception does not apply to an employee of the Department of Developmental Services, who is still precluded from being a board member under Welfare & Institutions Code section 4626, subdivision (b)(1).
(c) There is no conflict of interest for purposes of these regulations where a consumer receives employment services through a regional center provider and the consumer's family member is a governing board member or executive director of the regional center, or the consumer's family member holds a position described in subsection (a)(1) to (14) with the provider providing the employment services, if the employment service is made equally available to all eligible consumers of the regional center in question.

(d) These conflict of interest provisions are in addition to those conflicts identified in Welfare and Institutions Code sections 4622 and 4626.

§ 54521. Conflicts of Interest for Regional Center Advisory Committee Board Members

(a) A conflict of interest exists when a regional center advisory committee board member, appointed pursuant to Welfare and Institutions Code section 4622(i), is:
(1) in any of the following positions for a business entity, entity, or provider from which the regional center purchases, obtains or secures consumer services:
(A) member of the governing board;
(B) board committee member;
(C) owner;
(D) partner;
(E) shareholder;
(F) agent;
(G) manager.
(H) employee;
(I) contractor;
(J) consultant; and
(2) that person does any of the following:
(A) Serves as an officer of the regional center board; or
(B) Votes on any fiscal matter affecting the purchase of services from any regional center provider; or
(C) Votes on any matters in which the member has a financial interest as that term is defined in section 54522(b).
(b) "Fiscal Matter" as used in subdivision (a)(2)(B), includes setting purchase of service priorities, making any fiscal commitments, transferring purchase of service funds, and establishing policies and procedures with respect to payment of services.

§ 54522. Financial Interests in Decisions Creating a Conflict of Interest for Regional Center Governing Board Members and Executive Directors

(a) A regional center governing board member or regional center executive director shall not make, participate in making, or in any way attempt to use his or her position to influence a regional center or board decision in which he or she knows or has reason to know that he or she or a family member has a financial interest.
(b) Financial interest, as used in this section, includes any current or contingent ownership, equity, or security interest that could result, directly or indirectly, in receiving a pecuniary gain or sustaining a pecuniary loss as a result of the interest in any of the following:
(1) business entity worth two thousand dollars ($ 2,000) or more.
(2) real or personal property worth two thousand dollars ($ 2,000) or more in fair market value.
(3) stocks or bonds worth two thousand dollars ($ 2,000) or more.
(4) intellectual property rights worth five hundred dollars ($ 500) or more.
(5) sources of gross income aggregating five hundred dollars ($ 500) or more within the prior 12 months.
(6) future interests for compensation of five hundred dollars ($ 500) or more.
(7) personal finances of two hundred fifty dollars ($ 250) or more.

§ 54523. Financial Interests in Contracts Creating a Conflict of Interest for Regional Center Governing Board Members and Executive Directors

(a) The purpose of this section is to make certain that regional center governing board members and regional center executive directors are guided solely by the interests of the regional center and its consumers and not by their personal financial interests when participating in the making of contracts in their official capacity.

(b) Regional center governing board members and regional center executive directors shall not be financially interested in any contract in which they participate in making in their official capacity.

(1) Financially interested, for purposes of this section, means any financial interest regardless of the dollar amount, and includes aiming to achieve a financial gain or avoid a financial loss. The financial interest may be direct or indirect and includes any monetary or proprietary benefit, gain of any sort, or the contingent possibility of monetary or proprietary benefits, and extends to expectations of economic benefit. Certainty of financial gain is not necessary to create a conflict of interest.

(A) The financial interest is direct when the individual, in his or her official capacity, does business with himself or herself in his or her private capacity.

(B) The financial interest is indirect if a regional center board member or executive director enters into a contract in his or her official capacity with an individual or entity, and because of the relationship between the individual or entity to the board member or executive director, the individual or entity is in a position to render actual or potential pecuniary benefits to the board member or executive director based on that contract.

(2) Participation in the making of a contract includes any act involving preliminary discussions, development, negotiations, compromises, reasoning, planning, drawing of plans and specifications, solicitation for bids, approval and execution.

(c) If a regional center governing board member, regional center executive director, or his or her family member has a financial interest in a potential contract that creates a present or potential conflict of interest, the regional center board member or executive director shall do all of the following prior to the first consideration of the potential contract:

(1) fully disclose the existence and nature of the conflicting financial interest to the regional center board;

(2) have it noted in the official board records;

(3) recuse himself or herself from making, participating in making, or in any way attempting to use his or her position to influence a decision on the matter;

(4) leave the room during any discussion or deliberations of the matter and shall not return until disposition of the matter is concluded; and

(5) shall not cast his or her vote upon any matter or contract concerning the financial interest or be counted for purposes of a quorum.

(d) Subdivision (c) does not apply if a board member, who is a regional center consumer, has a financial interest in a contract that will provide him or her with a financial benefit, if that benefit will be available to any regional center consumer.

(e) Regional center governing board members and executive directors shall not make any contract which is financially beneficial to a family member of such person, unless the benefits associated with the contract are available to regional center consumers or their families generally. When benefits associated with the contract are available to regional center consumer or their families generally, subdivision (c) does not apply.

(f) The regional center board may not avoid a conflicting financial interest in a contract by delegating its decision-making authority to another individual or body.

§ 54524. General Prohibition of Conflicts of Interest for Regional Center Governing Board Members and Executive Directors

(a) In addition to the specific conflict-of-interest requirements and restrictions set forth above, regional center governing board members and executive directors are obligated to discharge their responsibilities with integrity and fidelity, and are prohibited from placing themselves in a position where their private, personal interests may conflict with their official duties.
(b) Governing board members and executive directors are impliedly bound to exercise the powers conferred on them with disinterested skill, zeal and diligence and for the benefit of the regional center and the consumers.
(c) If a situation arises that has not been specifically addressed in these regulations, where a governing board member, executive director, or his or her family member's personal or pecuniary interest conflicts with the individual's duty to act in the best interest of the regional center or the consumers, the governing board member or executive director is disqualified from taking any part in the discussion or from making any recommendation or decision regarding the transaction or decision.
(d) In interpreting and applying this section, the common law doctrine against conflict of interest and the authorities interpreting that doctrine shall govern.

§ 54525. Necessity of Conflict Resolution Plan for Conflicts of Interests for Regional Center Governing Board Members and Executive Director

(a) The regional center governing board or executive director shall not allow the regional center to refer a consumer to any business entity, entity or provider in which a board member or executive director has a conflict of interest as set forth in these regulations, unless the board member or executive director has eliminated the conflict of interest or obtained an approved Conflict Resolution Plan prior to the referral.
(b) No regional center governing board member or executive director who has a conflict of interest shall continue to serve as a board member or executive director in violation of these provisions, unless the individual has eliminated the conflict of interest or obtained an approved Conflict Resolution Plan. This subdivision does not apply to the extent it is permitted by Welfare and Institutions Code sections 4622 and 4626.

§ 54526. Positions Creating Conflicts of Interests for Employees, Contractors, Agents and Consultants

(a) A conflict of interest exists when a regional center employee with decision or policy making authority, or contractor, agent or consultant with authority to act on behalf of the regional center, or family member of such person, is any of the following for a business entity, entity, or provider as defined in these regulations:
(1) a governing board member;
(2) a board committee member;
(3) a director;
(4) an officer;
(5) an owner;
(6) a partner;
(7) a shareholder;
(8) a trustee;
(9) an employee;
(10) an agent;

(11) a contractor;
(12) a consultant;
(13) holds any position of management;
(14) has decision or policy making authority.

(b) A regional center employee, contractor, agent, or consultant, or a family member of such person, who is an employee, contractor, agent, or consultant of a state or local governmental entity that provides services to regional center consumers, and that individual works in a position that does not relate to providing services to regional center consumers, does not have a conflict of interest as a result of his or her position with the state or local governmental entity. However, a regional center employee, contractor, agent, or consultant cannot be an employee of the Department of Developmental Services.

§ 54527. Financial Interests in Decisions Creating a Conflict of Interest for Employees, Contractors, Agents or Consultants

(a) A regional center employee, contractor, agent or consultant shall not make, participate in making, or in any way attempt to use his or her position to influence a regional center decision in which he or she knows or has reason to know that he or she, or his or her family member, has a financial interest.

(b) Financial interest, as used in this section, includes any current or contingent ownership, equity, or security interest that could result directly or indirectly in receiving a pecuniary gain or sustaining a pecuniary loss as a result of the interest in any of the following:

(1) business entity worth two thousand dollars ($ 2,000) or more.
(2) real or personal property worth two thousand dollars ($ 2,000) or more in fair market value.
(3) stocks or bonds worth two thousand dollars ($ 2,000) or more.
(4) intellectual property rights worth five hundred dollars ($ 500) or more.
(5) sources of gross income aggregating five hundred dollars ($ 500) or more within prior 12 months,
(6) future interests for compensation of five hundred dollars ($ 500) or more.
(7) personal finances of two hundred fifty dollars ($ 250) or more.

§ 54528. Financial Interests in Contracts Creating a Conflict of Interest for Regional Center Employees, Contractors, Agents and Consultants

(a) The purpose of this section is to make certain that regional center employees, contractors, agents and consultants are guided solely by the interests of the regional center and its consumers and not by their financial interests when participating in the making of contracts in their official capacity.

(b) Regional center employees, contractors, agents and consultants shall not be financially interested in any contract in which they participate in making in their official capacity.

(1) Financially interested, for purposes of this section, means any financial interest regardless of the dollar amount, and includes aiming to achieve a financial gain or avoid a financial loss. The financial interest may be direct or indirect and includes any monetary or proprietary benefit, gain of any sort, or the contingent possibility of monetary or proprietary benefits, and extends to expectations of economic benefit. Certainty of financial gain is not necessary to create a conflict of interest.

(A) The financial interest is direct when the individual, in his or her official capacity, does business with himself or herself in his or her private capacity.

(B) The financial interest is indirect if an employee, contractor, agent or consultant enters into a contract in his or her official capacity with an individual or entity, and because of the relationship between the individual or entity to the employee, contractor, agent or consultant, the individual or entity is in a position to render actual or potential pecuniary benefits to the employee, contractor, agent or consultant based on that contract.

(2) Participation in the making of a contract includes any act involving preliminary discussions, development, negotiations, compromises, reasoning, planning, drawing of plans and specifications, solicitation for bids, approval and execution.

(c) Regional center employees, contractors, agents or consultants shall not make any contract which is financially beneficial to a family member of such person, unless the benefits associated with the contract are available to regional center consumers or their families generally.

§ 54529. General Prohibition of Conflicts of Interest for Regional Center Employees, Contractors, Agents and Consultants

(a) In addition to the specific conflict-of-interest requirements and restrictions set forth above, regional center employees, contractors, agents and consultants are obligated to discharge their responsibilities with integrity and fidelity, and are prohibited from placing themselves in a position where their private, personal interests may conflict with their official duties.

(b) A regional center employee, contractor, agent or consultant is impliedly bound to exercise the powers conferred on him or her with disinterested skill, zeal and diligence and for the benefit of the regional center and its consumers.

(c) If a situation arises that has not been specifically addressed in these regulations, where a present or potential personal conflict of interest exists as to a particular transaction or decision, the employee, contractor, agent or consultant is disqualified from taking any part in the discussion or from making any recommendation or decision regarding the particular matter.

(d) In interpreting and applying this section, the common law doctrine against conflict of interest and the authorities interpreting that doctrine shall govern.

§ 54530. Employees, Contractors, Agents and Consultants Conflicts with Regional Center Duties

(a) A conflict of interest exists when a regional center employee, contractor, agent or consultant participates in the evaluation of an application for employment or bid for position or contract at the regional center that is submitted by a family member of such person.

(b) A potential conflict of interest exists when a regional center supervisor who is an employee, contractor, agent or consultant acting on behalf of the regional center supervises his or her family member who is a regional center employee, contractor, agent or consultant.

§ 54531. Conflict of Interest Reporting Statements for Employees, Contractors, Agents and Consultants, Time for Filing

(a) Each regional center employee, contractor, agent, and consultant who has authority to act on behalf of the regional center or who has decision or policy-making authority as defined in section 54505 of these regulations shall complete and file a standard conflict of interest Reporting Statement (Rev. 8/2013), hereby incorporated by reference.

(b) Each regional center employee, contractor, agent, and consultant shall complete and file an annual conflict of interest Reporting Statement with his or her respective regional center, whether or not the individual has identified a present or potential conflict of interest, by August 1 of each year.

(c) Each newly appointed regional center employee, contractor, agent, and consultant shall complete and file a conflict of interest Reporting Statement with the individual's respective regional center within 30 calendar days of assuming the position.
(d) Each regional center employee, contractor, agent, and consultant shall complete and file a new conflict of interest Reporting Statement within 30 calendar days of any change in status that creates a present or potential conflict of interest. For purposes of this subdivision, a change of status includes a previously unreported activity that should have been reported, change in the circumstance of a previously reported activity, change in a financial interest, familial relationship, or legal commitment(s), change in regional center position or duties, or change to outside position or duties. This requirement is in addition to the annual August 1 submission of a conflict of interest Reporting Statement required by this section.
(e) The executive director or the acting executive director of the regional center shall review the completed conflict of interest Reporting Statement of each regional center employee, contractor, agent, and consultant required to file a conflict of interest Reporting Statement within 10 calendar days of receipt of the completed conflict of interest Reporting Statement and shall determine whether the statement identifies a present or potential conflict of interest.

§ 54532. Conflict of Interest Reporting Statements for Regional Center Governing Board Members and Regional Center Executive Directors, Time for Filing

(a) Each regional center governing board member and regional center executive director shall complete and file an annual conflict of interest Reporting Statement with his or her respective regional center governing board, whether or not the individual has identified a present or potential conflict of interest, by August 1 of each year.
(b) Each new candidate for the regional center governing board and each new candidate for regional center executive director shall disclose any present or potential conflicts of interest to the regional center governing board, prior to being appointed, elected, or approved for hire by the regional center or the regional center governing board.
(c) Each new regional center governing board member and each new regional center executive director shall complete and file a conflict of interest Reporting Statement with his or her respective regional center board within 30 calendar days of being selected, appointed, elected, or approved for the position.

(d) Each regional center governing board member and each regional center executive director shall complete and file a new conflict of interest Reporting Statement with his or her respective regional center board within 30 calendar days of any change in status that creates a present or potential conflict of interest. For purposes of this subdivision, a change of status includes a previously unreported activity that should have been reported, change in the circumstance of a previously reported activity, change in financial interest, familial relationship, or legal commitment(s), change in regional center, or change to outside position or duties. This requirement is in addition to the annual August 1 submission of a conflict of interest Reporting Statement required by this section.
(e) The regional center governing board shall submit a copy of each completed conflict of interest Reporting Statement of the governing board member(s) and the regional center executive director to the Department within 10 calendar days of receipt of the completed conflict of interest Reporting Statement.
(f) The Department and the regional center governing board shall review the conflict of interest Reporting Statement of each regional center governing board member and each regional center executive director and shall determine whether the statement identifies a present or potential conflict of interest.

§ 54533. Present or Potential Conflict of Interest Identified, Proposed Conflict Resolution Plan Content, Timelines for Submission of Proposed Conflict Resolution Plan

(a) When a present or potential conflict of interest is identified for a regional center board member, executive director, employee, contractor, agent or consultant, the present or potential conflict shall be either eliminated or mitigated and managed through a Conflict Resolution Plan, or the individual shall resign his or her position with the regional center or regional center governing board.

(b) When a present or potential conflict of interest has been identified by the regional center executive director for a regional center employee, contractor, agent or consultant, the regional center shall submit a copy of the completed conflict of interest Reporting Statement and a proposed Conflict Resolution Plan for eliminating or mitigating and managing the present or potential conflict to the Department within 30 calendar days of receipt of the completed conflict of interest statement from the employee, contractor, agent or consultant.

(c) When a present or potential conflict of interest has been independently identified by the Department for a regional center employee, contractor, agent or consultant, the Department shall notify the regional center executive director, in writing, of the present or potential conflict. The regional center executive director shall submit a copy of the completed conflict of interest Reporting Statement and a proposed Conflict Resolution Plan for eliminating or mitigating and managing the present or potential conflict to the Department within 30 calendar days of receipt of the Department's notification.

(d) When a present or potential conflict of interest has been identified by the regional center governing board for a regional center governing board member or regional center executive director, the regional center governing board shall submit a copy of the completed conflict of interest Reporting Statement and a proposed Conflict Resolution Plan for eliminating or mitigating and managing the present or potential conflict to the Department, to the area board in the respective area, and to the State Council within 30 calendar days of receipt of the completed conflict of interest Reporting Statement.

(e) When a present or potential conflict of interest has been independently identified by the Department for a regional center governing board member or regional center executive director, the Department shall notify the regional center governing board, in writing, of the present or potential conflict. The regional center governing board shall submit a copy of the completed conflict of interest Reporting Statement and a proposed Conflict Resolution Plan for eliminating or mitigating and managing the present or potential conflict to the Department, to the area board in the respective area, and to the State Council within 30 calendar days of receipt of the Department's notification.

(f) To promote transparency, the regional center shall post on its internet website each completed conflict of interest Reporting Statement that identifies a present or potential conflict of interest that cannot be resolved within 30 calendar days of receipt by the regional center governing board or the regional center executive director, or within 30 calendar days of receipt of the Department's notification that it has independently identified a present or potential conflict of interest.

The completed conflict of interest Reporting Statement shall remain on the regional center's Internet website until the present or potential conflict of interest has been eliminated, or the individual has resigned his or her regional center position.

(g) The proposed Conflict Resolution Plan shall be a written, detailed plan to eliminate, or mitigate and manage, the present or potential conflict of interest, along with any necessary supporting documents. The proposed Conflict Resolution Plan shall:

- (1) Describe the precise nature of the present or potential conflict of interest or activity and give a detailed description of the conflict:
  - (A) The type of interest creating the present or potential conflict; and

(B) The identity and relationship between the individual(s) and/or entity(ies) involved; and

(C) The roles and duties of each individual and/or entity that gives rise to the present or potential conflict of interest.

(2) State the action(s) that the regional center governing board, regional center and/or the individual(s) will take, including the necessary timeframes, to eliminate or mitigate and manage the present or potential conflict of interest. Actions to eliminate, or mitigate and manage, the present or potential conflict of interest may include, but are not limited to, one or more of the following:

(A) Resignation of the individual(s) from the position or activity creating the conflict of interest.

(B) Refraining from participation, or limiting the individual's ability to act, in a particular matter or category of matters.

(C) Change of assignment, duties, or position.

(D) Divestiture of financial interests that give rise to the conflict of interest.

(E) Terminating or refraining from relationships that give rise to conflicts of interest.

(3) Provide a detailed explanation of how each of the proposed actions will actually eliminate or mitigate and manage the present or potential conflict of interest.

(4) Provide the name, position and duties of the individual(s) who will be responsible for ensuring that any actions, limitations, or restrictions included in the Conflict Resolution Plan, if approved by the Department, will be taken, applied, followed, and monitored. Explain any oversight and monitoring mechanism in enough detail to allow the Department to ascertain that the mechanism is sufficient to eliminate, or mitigate and manage, the present or potential conflict of interest.

(5) A proposed Conflict Resolution Plan shall be signed by the individual(s) subject to the Conflict Resolution Plan, in addition to the person in the designated position or committee responsible for reviewing the conflict of interest Reporting Statement, and the person in the designated position or committee responsible for monitoring performance under the proposed Plan, if approved.

§ 54534. Conflict Resolution Plan Review, Procedures

(a) Not later than 90 calendar days after the area board in the respective area and the State Council receive copies of the completed conflict of interest Reporting Statement and the proposed Conflict Resolution Plan for a regional center governing board member or regional center executive director, the area board and the State Council shall each provide to the Department their written approval or disapproval of the proposed Conflict Resolution Plan. If either the area board or the State Council fails to provide the Department with its written approval or disapproval of the proposed Plan within 90 calendar days of receipt of the conflict of interest Reporting Statement and the proposed Plan, the Department alone may make the decision to disapprove the proposed Plan. The Department shall not approve a proposed Conflict Resolution Plan without the approval of both the area board and the State Council.

(b) The Department shall determine whether a proposed Conflict Resolution Plan is sufficient or needs to be modified to adequately eliminate, or mitigate and manage, the present or potential conflict of interest. The Department may impose additional restrictions and additional obligations to the proposed Conflict Resolution Plan and/or make a determination that further information is required.

(c) The Department is responsible for making the final decision as to what conditions, restrictions, obligations, or actions, if any, shall be imposed or taken by the regional center governing board, regional center, and/or the individual(s), to eliminate, or mitigate and manage, the present or potential conflict of interest.

(d) The submission of a proposed Conflict Resolution Plan does not authorize an individual with a present or potential conflict of interest to engage in any activity that constitutes a present or potential conflict of interest. The proposed Conflict Resolution Plan shall be approved, in writing, by the Department, and the Conflict Resolution Plan fully implemented prior to the individual engaging in otherwise prohibited conduct. Department approval is not granted until the regional center receives such determination in writing. Individuals shall not engage in activities in which there is a present or potential conflict of interest except in accordance with the terms of an approved Conflict Resolution Plan.

(e) Department approval of a proposed Conflict Resolution Plan is not valid unless it is based upon full disclosure of all relevant information by the regional center governing board, regional center, and/or the individual(s) with the present or potential conflict of interest. Nondisclosure or misrepresentation of present or potential conflicts of interest or of material information bearing on the proposed Conflict Resolution Plan decision shall result in the Department's rescission of its approval and/or immediate denial of the proposed Conflict Resolution Plan, in addition to any civil penalties imposed pursuant to Welfare and Institutions Code section 4626.

(f) The Department shall issue its modification, approval, or denial of the proposed Conflict Resolution Plan, in writing, to the regional center governing board or the regional center's designated party within 30 calendar days of receiving the written approval or disapproval of the proposed Conflict Resolution Plan from the area board and the State Council for regional center governing board members or executive directors, and within 30 calendar days of receipt of the proposed Conflict Resolution Plan, for employees, contractors, agents and consultants, unless the Department determines there is good cause for extending the time to respond.

(g) If the proposed Conflict Resolution Plan of an employee, contractor, agent or consultant is denied by the Department, the individual shall have 30 calendar days from the date of receipt of the Department's written denial in which to take the necessary action to eliminate the conflict of interest or resign his or her position as an employee, contractor, agent, or consultant. The Department may, in exercise of its discretion, grant the individual and/or the regional center an extension in which to complete any actions necessary to eliminate the conflict of interest.

(h) If the proposed Conflict Resolution Plan of a regional center governing board member or executive director is denied by the Department and/or the State Council or area board in the respective area, the governing board member or executive director shall have 30 calendar days from the date of receipt of the Department's written denial in which to take the necessary action to eliminate the conflict of interest or resign his or her position as a regional center governing board member or executive director. The Department may, in exercise of its discretion, grant the regional center governing board, governing board member, executive director or regional center, an extension in which to complete any actions necessary to eliminate the conflict of interest.

(i) If the proposed Conflict Resolution Plan is approved by the Department, the approved Conflict Resolution Plan shall be implemented not later than 30 calendar days after written notification is mailed by the Department, unless the Department grants the regional center governing board, the regional center and/or the individual(s) an extension in which to complete any actions necessary to implement the approved Conflict Resolution Plan.

(j) The regional center governing board, the regional center, and/or the covered individual(s) shall fully comply with all elements set forth in the approved Conflict Resolution Plan. When required by the terms of the approved Plan, the regional center governing board, the regional center, and the individual(s) shall provide documentation demonstrating compliance with the approved Plan to the Department.

(k) A new proposed Conflict Resolution Plan shall be submitted to the Department on an annual basis and upon any change of status that creates a present or potential conflict of interest.
(l) The regional center governing board and/or the regional center shall retain a copy of each conflict of interest Reporting Statement and any approved Conflict Resolution Plan for the period of time consistent with the record retention requirements in its state contract.

§ 54535. Sanctions

(a) If the Department finds a regional center governing board, board member, executive director, employee, contractor, agent, or consultant, in violation of any of the provisions of this article, the Department shall:

(1) Immediately inform the party or parties in writing of such violation, including the supporting facts or information upon which determination of violation was made; and

(2) Require that the party or parties take appropriate action, within 30 calendar days of the notice of violation, to resolve the conflict of interest or otherwise eliminate the violation. The Department may extend this 30-day period only once and for a period not to exceed 30 calendar days.

(b) If the violation is not resolved or eliminated within the 30 calendar days as herein provided, and no extension of time has been granted by the Department, the Department may take immediate action to commence procedures for termination or nonrenewal of the regional center contract pursuant to Welfare and Institutions Code section 4635. The area board in the respective area and the State Council shall be notified of the above action.

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