

## **HARRIS COUNTY SCHOOL READINESS CORPORATION**

### **Accountability and Conflicts of Interests Policies**

The Harris County School Readiness Corporation ("HCSRC") has adopted the following policies regarding accountability and conflicts of interests:

#### **1. ANNUAL PUBLIC REPORT – INTERNET POSTING.**

Not later than January 31 of each year, the HCSRC shall publish on the HCSRC's website a report outlining HCSRC's activities, contracts, and future program directions. The report must include:

- 1) the number and dollar amounts of contracts to service providers;
- 2) identification of the service providers performing services for the reported year;
- 3) HCSRC's administrative expenses;
- 4) an assessment of the availability of funding for early childhood education from sources other than HCSRC;
- 5) a statement of HCSRC's financial plans;
- 6) a statement of the HCSRC's compliance program activities;
- 7) for the previous 12 months, a list of any conflicts of interest, any conflicts of interest that required recusal, and any unreported conflicts of interest confirmed by an investigation, including any actions taken by the HCSRC regarding an unreported conflict of interest and subsequent investigation.

#### **2. INDEPENDENT FINANCIAL AUDIT.**

HCSRC shall annually provide an independent financial audit of its activities from a certified public accounting firm.

#### **3. QUARTERLY MEETINGS.**

The HCSRC shall hold a public meeting at least once in each quarter of the calendar year, with appropriate notice and with a formal public comment period.

#### **4. SERVICE CONTRACTS.**

HCSRC shall maintain complete records of:

- 1) the review of each contract application submitted to HCSRC, including the score assigned to each application, even if the application is not funded by the HCSRC or is withdrawn after submission;
- 2) each service provider's financial reports;
- 3) each service provider's progress reports;
- 4) the HCSRC 's review of each service provider's financial reports and progress reports.

#### **5. BOARD OF DIRECTORS - CONFLICTS OF INTERESTS.**

A person may not be a member of the board of directors if the person:

- 1) is employed by or participates in the management of a business entity or other organization receiving money from HCSRC;
- 2) owns or controls, directly or indirectly, an interest in a business entity or other organization receiving money from HCSRC; or
- 3) uses or receives a substantial amount of tangible goods, services, or money from HCSRC, other than for reimbursement for reasonable direct costs pursuant to rules and procedures approved by the Harris County Department of Education ("HCDE").

#### **6. EXPENSES OF BOARD MEMBERS.**

A board member is not entitled to compensation but is entitled to reimbursement for actual, necessary, and reasonable expenses incurred in connection with performing official duties pursuant to rules and procedures approved by the HCDE.

#### **7. CONFLICTS OF INTEREST – RECUSAL.**

An HCSRC employee, a member of the board of directors, or an advisory committee member shall recuse himself or herself, if he or she, or a person who is related to the employee or member within the second degree of affinity or consanguinity, has a professional or financial interest in an entity receiving or applying to receive money from the HCSRC. A person has a professional interest in an entity receiving or applying to receive money from the HCSRC if the person:

- 1) is a member of the board of directors of the entity, or of a foundation or similar organization affiliated with the entity, during the same funding cycle;
- 2) serves as an elected or appointed officer of the entity or of a foundation or similar organization affiliated with the entity;
- 3) is an employee of or is negotiating future employment with the entity or with a foundation or similar organization affiliated with the entity;
- 4) represents the entity or a foundation or similar organization affiliated with the entity.

A person has a financial interest in an entity receiving or applying to receive money from the HCSRC if the person:

- 1) owns or controls, directly or indirectly, an ownership interest, including sharing in profits, proceeds, or capital gains, in an entity receiving or applying to receive money from the HCSRC or in a foundation or similar organization affiliated with the entity; or
- 2) could reasonably foresee that an action taken by the HCSRC, the Board of Directors, or Advisory Committee could result in a financial benefit to the person.

## **8. DISCLOSURE OF CONFLICTS OF INTEREST**

If a board of director or advisory committee member has a conflict of interest regarding an application that comes before the member for review or other action, the member shall:

- 1) provide written notice to the chief executive officer and the presiding officer of the board of directors or the next ranking member of the committee if the presiding officer has the conflict of interest;
- 2) disclose the conflict of interest in an open meeting of the board of directors; and
- 3) recuse himself or herself from participating in the review, discussion, deliberation, and vote on the application and from accessing information regarding the matter to be decided.

If an HCSRC employee has a conflict of interest regarding an application that comes before the employee for review or other action, the employee shall:

- 1) provide written notice to the chief executive officer of the conflict of interest; and
- 2) recuse himself or herself from participating in the review of the application and be prevented from accessing information regarding the matter to be decided.

If an advisory committee member has a conflict of interest regarding an application that comes before the member, the member shall:

- 1) provide written notice to the chief executive officer of the conflict of interest; and
- 2) recuse himself or herself from participating in the review, discussion, deliberation, and vote on the application and from accessing information regarding the matter to be decided.

A board of director, advisory committee member, or HCSRC employee who reports a potential conflict of interest and who fully complies with the recommendations of the general counsel and recusal requirements is considered in compliance with the Board's conflict-of-interest rules.

A member of the board of directors, advisory committee member, or HCSRC employee who intentionally violates this section is subject to removal from further participation in the HCSRC's application review process.

## **9. INVESTIGATION OF UNREPORTED CONFLICTS OF INTEREST.**

A member of the board of directors, advisory committee member, or HCSRC employee who becomes aware of a potential conflict of interest that has not been reported shall immediately notify the chief executive officer of the potential conflict of interest. On notification, the chief executive officer shall notify the presiding officer of the board of directors and the general counsel, who shall determine the nature and extent of any unreported conflict.

An applicant seeking an investigation regarding whether a prohibited conflict of interest was not reported shall file a written request with the HCSRC's chief executive officer. The applicant must:

- 1) include in the request all facts regarding the alleged conflict of interest; and
- 2) submit the request not later than the 30th day after the date the chief executive officer presents final funding recommendations for the affected grant cycle to the board of directors.

On notification of an alleged conflict of interest, the HCSRC's general counsel shall:

- 1) investigate the matter; and
- 2) provide to the chief executive officer and presiding officer of the board of directors an opinion that includes:
  - a) a statement of facts;
  - b) a determination of whether a conflict of interest or another impropriety or self-dealing exists; and
  - c) if the opinion provides that a conflict of interest or another impropriety or self-dealing exists, recommendations for an appropriate course of action.

If the conflict of interest, impropriety, or self-dealing involves the presiding officer of the oversight committee, the HCSRC's general counsel shall provide the opinion to the next ranking board of directors who is not involved with the conflict of interest, impropriety, or self-dealing.

After receiving the opinion and consulting with the presiding officer of the oversight committee, the chief executive officer shall take action regarding the recusal of the individual from any discussion of or access to information related to the conflict of interest or other recommended action related to the impropriety or self-dealing. If the alleged conflict of interest, impropriety, or self-dealing is held by, or is an act of, the chief executive officer, the presiding officer of the board of directors shall take actions regarding the recusal or other action.

#### **10. FINAL DETERMINATION OF UNREPORTED CONFLICT OF INTEREST.**

The chief executive officer or, if applicable, the presiding officer of the board of directors shall make a determination regarding the existence of an unreported conflict of interest or other impropriety or self-dealing. The determination must specify any actions to be taken to address the conflict of interest, impropriety, or self-dealing, including:

- 1) reconsideration of the application; or
- 2) referral of the application to another advisory board for review.

The determination made is considered final unless three or more board members request that the issue be added to the agenda of the board meeting. The chief executive officer or, if applicable, the presiding officer of the board, shall provide written notice of the final determination, including any further actions to be taken, to the applicant requesting the investigation. Unless specifically determined by the chief executive officer or, if applicable, the presiding officer of the board, or the board, the validity of an action taken on an application is not affected by the fact that an individual who failed to report a conflict of interest participated

in the action.

## **11. CODE OF CONDUCT.**

The board of directors shall adopt a code of conduct applicable to each board member, advisory committee member, and HCSRC employee. The code of conduct at a minimum must include provisions prohibiting the member, the employee, or the member's or employee's spouse from:

- 1) accepting or soliciting any gift, favor, or service that could reasonably influence the member or employee in the discharge of official duties or that the member, employee, or spouse of the member or employee knows or should know is being offered with the intent to influence the member's or employee's official conduct;
- 2) accepting employment or engaging in any business or professional activity that would reasonably require or induce the member or employee to disclose confidential information acquired in the member's or employee's official position;
- 3) accepting other employment or compensation that could reasonably impair the member's or employee's independent judgment in the performance of official duties;
- 4) making personal investments or having a financial interest that could reasonably create a substantial conflict between the member's or employee's private interest and the member's or employee's official duties;
- 5) intentionally or knowingly soliciting, accepting, or agreeing to accept any benefit for exercising the member's official powers or performing the member's or employee's official duties in favor of another;
- 6) leasing, directly or indirectly, any property, capital equipment, employee, or service to any entity that receives a grant from the HCSRC;
- 7) submitting an application for funding by the HCSRC;

**12. ADVISORY COMMITTEE.**

- 1) The board of directors shall establish an advisory committee. The chief executive officer, with approval of the board of directors, shall appoint members of the advisory committee on early childhood education.
- 2) The chief executive officer, in consultation with the board of directors, shall adopt a policy and document any change in the amount of honorarium paid to a member of the advisory committee, including information explaining the basis for changing the amount.
- 3) A member of the advisory committee may not serve on the board of directors or other governing board of an entity receiving a grant from the HCSRC.

**13. AWARDING OF SERVICE CONTRACTS.**

The board of directors shall issue rules regarding the procedures for awarding service providers contracts and such rules shall be subject to review and approval of HCDE. The rules shall include the following procedures:

- 1) The advisory committee shall score applications and make recommendations to the board of directors, including a prioritized list that:
  - a) ranks the applications in the order the committee determines applications should be funded; and
  - b) includes information explaining how each application on the list meets the advisory committee's standards for recommendation;
- 2) the advisory committee shall submit to the board of directors a list of applications the advisory committee by majority vote approved for recommendation that:
  - a) includes documentation on the factors the advisory committee considered in making the recommendations;
  - b) is substantially based on the standards submitted by the advisory committee; and
  - c) to the extent possible, gives priority to proposals that:
    - (i) could lead to immediate or long-term improvements in early childhood education
    - (ii) use evidence-based programs and practices.

#### **14. TERMS OF CONTRACTS OF SERVICE PROVIDERS.**

The HCSRC shall require a written contract with its service providers. The contract shall specify that:

- 1) if the contractor has not used the funds for the purposes for which the contract was intended, the contractor shall repay that amount and any related interest applicable at the agreed rate and on the agreed terms; and
- 2) if the contractor fails to meet the terms and conditions of the contract, the HCSRC may terminate the contract using the written process prescribed in the contract and require the contractor to repay the funds paid to the contractor and any related interest applicable under the contract at the agreed rate and on the agreed terms.

The contract must specify:

- 1) the period in which the funds must be spent;
- 2) the specific deliverables of the project that is the subject of the contract.

#### **15. APPLICATION REVIEW PROCESS**

- 1) The chief executive officer shall determine the review process for funding applications under this section. The chief executive officer may terminate contracts that do not meet contractual obligations.
- 2) The chief executive officer shall report at least annually to the board of directors on the progress and continued merit of each program funded by the HCSRC.
- 3) The HCSRC shall establish and implement reporting requirements to ensure that each service provider complies with the terms and conditions in its contract.
- 4) The HCSRC shall implement a system to:
  - a) track the dates on which service provider reports are due and are received by the HCSRC; and
  - b) monitor the status of any required report that is not timely submitted to the HCSRC by a service provider.



- 5) HCSRC staff shall monitor compliance with this section and at least annually shall inquire into and monitor the status of any required report that is not timely submitted to the HCSRC by a service provider. The staff member shall notify the general counsel and the board of directors if a service provider has not maintained compliance with the reporting requirements of the contract to allow the HCSRC to begin suspension or termination of the contract.