



## **City of Minot – CDBG Conflict of Interest Policy**

### **1. Purpose**

The City of Minot serves as the grantee and administering entity for the Community Development Block Grant (CDBG) Program. This policy establishes requirements for identifying, disclosing, and resolving conflicts of interest to ensure that all CDBG-funded activities are conducted impartially and in compliance with Federal regulations (24 C.F.R. §§ 570.611, 570.489(h); 2 C.F.R. § 200.112).

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### **2. Applicability**

CDBG conflict-of-interest regulations apply to:

- Procurement (except as provided in 24 C.F.R. § 570.489(g));
- Acquisition and disposition of real property; and
- Provision of CDBG-funded assistance to individuals, businesses, and other private entities.

These regulations apply to individuals employed by or elected to office in a unit of general local government, a designated public agency, or a CDBG subrecipient. Such individuals are prohibited from holding any financial or other interest in contracts, agreements, or activities involving CDBG funds, either directly or through family or business ties, during their tenure and for one year thereafter (24 C.F.R. §§ 570.489(h)(2)–(3)).

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### **3. Conflicts Subject to Regulations**

#### **3.1 Procurement Conflicts**

In the procurement of property or services by recipients and subrecipients:

- 2 C.F.R. §§ 200.317 and 200.318(c) shall govern.
- In cases not governed by these provisions, recipients and subrecipients must follow the general prohibitions outlined below.

#### **3.2 General Prohibition**



No person who is an employee, agent, consultant, officer, or elected/appointed official of the recipient or subrecipient, and who exercises or has exercised any functions or responsibilities with respect to assisted activities, or who is in a position to participate in decision-making or gain inside information regarding such activities, may:

- Obtain a financial interest or benefit from the activity; or
- Hold a financial interest in any contract, subcontract, or agreement related to the activity or its proceeds, either for themselves or for those with whom they have immediate family or business ties, during their tenure or for one year thereafter.

**Immediate family ties** include (whether by blood, marriage, or adoption) the spouse, parent (including stepparent), child (including stepchild), sibling (including stepsibling), grandparent, grandchild, and in-laws of a covered person.

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## **4. Organizational Conflicts of Interest**

### **4.1 Applicability**

If a Subrecipient has a parent, affiliate, or subsidiary organization that is not a State, local government, or Indian tribe, the non-Federal entity must maintain written standards of conduct addressing organizational conflicts of interest.

### **4.2 Definition**

An organizational conflict of interest exists when, due to a relationship with a parent, affiliate, or subsidiary organization, the non-Federal entity is unable—or appears unable—to conduct a procurement action involving a related organization in an impartial manner.

### **4.3 Disclosure Requirements**

All organizational conflicts of interest must be disclosed and resolved either by eliminating the conflict or by obtaining a written exception in accordance with Federal regulations.

If a conflict is identified after Federal funding has been awarded, the Subrecipient must immediately disclose the following information to the City of Minot:

- 1. Description of the conflict**, including the nature of the relationship giving rise to it.
- 2. Names and titles of individuals or entities involved**, including their roles in the procurement or CDBG-funded activity.
- 3. The specific CDBG-funded activity or procurement action** affected by the conflict.



- 4. The financial or other interest at issue**, including any anticipated or actual benefit.
- 5. The date the conflict was identified or became known** to the Subrecipient.
- 6. Steps already taken or proposed to mitigate or eliminate the conflict, including internal controls or recusals.**
- 7. Whether a written exception is being requested, with supporting documentation demonstrating that the exception is permitted under applicable Federal regulations.**

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## **5. Exceptions**

HUD may grant exceptions on a case-by-case basis if it determines that doing so furthers the purpose of the Act and the effective administration of the program. An exception may be considered only after the Subrecipient provides:

- 1. Disclosure of the nature of the conflict, confirmation that it has been publicly disclosed, and a description of how public disclosure was made; and**
- 2. An opinion from the City of Minot attorney that the interest for which the exception is sought would not violate state or local law.**

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## **6. Consequences of Non-Compliance**

Violations of conflict-of-interest rules can have serious consequences:

- Potential loss or repayment of Federal funds;
- Damage to personal and program reputation;
- Administrative sanctions, including termination of employment or removal from office;
- Legal consequences, including prosecution if the violation involves deliberate misrepresentation, false statements, or other fraudulent activity.