



**Workforce Services Memorandum - Local Workforce Development Board Member  
Conflict of Interest Requirements - WIOA**

**To: Chief Local Elected Officials, Local Elected Officials, Board Chairs, One-Stop  
Operators, Career Service Providers, Fiscal Agents, Staff to the Local Board**

**Effective Date:** June 1, 2018

**Duration:** Indefinite

**Subject:**

This memorandum outlines the conflict of interest requirements regarding the prohibition of employees of the fiscal agent, Local Workforce Development Board staff entity, One-Stop Operator (OSO), and AJC Career Service Provider entity from serving as a member on the Local Workforce Development Board (LWDB).

**References:**

29 CFR 97.36(b)(3), Workforce Services Policy (16-11) Local Governance, Workforce Services Policy (17-02) Conflict of Interest

**Purpose:**

This memorandum provides direction to ensure that individuals or representatives of organizations entrusted with public funds will not personally or professionally benefit from the award or expenditure of such funds. This memorandum provides direction—specifically to CLEOs, subrecipients, contractors, staff, and members of Tennessee’s LWDBs—in order that business can be conducted within guidelines that will prevent actual, potential, or the appearance of conflicts of interest.

***I. Workforce Services Policy (17-02) Conflict of Interest Policy (specifically pages 4-5):***

***A. Voting on Matters under Consideration by the Local Workforce Development Board:***

- *A LWDB member may not cast votes or participate in any decision-making about services provided by such member (or by any organization which that member directly represents).*

*This includes:*

- *Any provision of services by such member (or by an entity that such member*

represents); or

- Any action which gives direct financial benefit to such member, to the immediate family of such member, or any organization the member represents. For more information see **29 CFR 97.36(b)(3)**.

**B. Engaging in Other Activities that May Pose a Conflict of Interest:**

- A LWDB member may not cast votes or participate in any decision-making on any matter that would provide any direct financial benefit to that member or to that member's organization.

**II. Local Workforce Development Board Members Must Adhere to the Following:**

**A. Workforce Services Policy (16-11) Local Governance** Acknowledgement that LWDB members shall adhere to the following in regard to conflict of interest:

- A LWDB member may not vote on any matter that would provide direct financial benefit to the member or the member's immediate family, or on matters of the provision of services by the member or the entity the member represents.
- A LWDB member shall avoid even the appearance of a conflict of interest. Prior to taking office, LWDB members must provide to the Local Board Chair a written declaration of all substantial business interests or relationships they, or their immediate families, have with all businesses or organizations that have received, currently receive, or are likely to receive contracts or funding from the LWDB. Such declarations shall be updated annually or within 30 days to reflect any changes in such business interests or relationships. The LWDB shall appoint an individual to timely review the disclosure information and advise the Local Board Chair and appropriate members of potential conflicts.
- Prior to a discussion, vote, or decision on any matter before a LWDB, if a member, or a person in the immediate family of such member, has a substantial interest in or relationship to a business entity, organization, or property that would be affected by any official LWDB action, the member shall disclose the nature and extent of the interest or relationship and shall abstain from discussion and voting on or in any other way participating in the decision on the matter. All abstentions shall be recorded in the minutes of the LWDB meeting and be maintained as part of the official record.
- It is the responsibility of the LWDB to monitor potential conflict of interest and bring it to the LWDB's attention in the event the member does not make a self-declaration.
- A LWDB shall ensure that the LWDB, its members, or its employees do not directly control the daily activities of its workforce service providers.
- LWDB members or their organizations may receive services as a customer of a local workforce service provider.

**III. Avoid Conflicts of Interest or Potential Conflicts of Interest:**

CLEOs must avoid appointing members to the LWDB that are employed by the fiscal agent, LWDB staff or LWDB staff entity, OSO, or AJC Career Service Provider.

The LWDB is charged with working with the CLEO to select staff to carry out the functions of the LWDB, as well as **competitively** procuring the OSO and AJC Career Service Provider. Furthermore, the LWDB is charged with monitoring the compliance, performance, and effectiveness of the fiscal agent, LWDB staff, OSO, and AJC Career Service Providers. Thus, if a LWDB member is employed by one of these entities then it establishes a financial interest in that entity for the LWDB member, creating a conflict of interest. This kind of conflict prohibits the **LWDB and the LWDB member** from effectively carrying out their duties of local governance by creating the potential for a lack of impartiality. The LWDB members must focus on performance oversight and remain at arms-length from the subrecipients/providers.

Please review your LWDB rosters to ensure compliance regarding this matter. As CLEOs and LWDBs establish and update LWDBs to execute and comply with re-alignment, please keep these requirements in mind when appointing members to the LWDB.

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**Contact:**

For any questions related to this memorandum, please contact Nicholas Bishop - Director of Compliance and Policy - Division of Workforce Services at [Nicholas.Bishop@tn.gov](mailto:Nicholas.Bishop@tn.gov)



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