

**POLICY TITLE:** NON-COMPETE AND OUTSIDE ACTIVITIES & EMPLOYMENT  
**POLICY NUMBER:** 3820

**COMMITTEE APPROVAL DATE:** 09/05/2018 **WRITTEN/REVISED BY:** HUMAN RESOURCES  
**BOARD APPROVAL DATE:** 09/26/2018 **SUPERSEDES:** 06/26/2013

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**POLICY:**

**3820** It is the policy of the Beach Cities Health District (“District”) to provide guidance in identifying and handling potential and actual conflicts of interest involving the District and to protect employees from any conflict of interest that may arise through outside activities.

**SCOPE:**

**3820.1** This policy applies to all employees.

**RESPONSIBILITY:**

**3820. 2** It is the responsibility of management to understand, communicate, and enforce this policy uniformly among District employees. It is the responsibility of employees to understand the policies, guidelines, and procedures communicated by their supervisor, and to follow them accordingly. Employees must ask their supervisors if they are unclear as to its application.

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**3820. 3** It is the District’s policy that employees and others acting on its behalf must be free from conflicts of interest that could adversely influence their judgment, objectivity or loyalty to the District in conducting its business activities and assignments. For purposes of this policy, a potential or actual conflict of interest occurs when an employee’s outside interests interfere with the District’s interests or the employee’s work-related duties.

**3820. 4** The District recognizes the right of employees to engage in legitimate financial, business, charitable and other activities outside of their employment that is of a private nature and unrelated to the District’s work. However, the employee must disclose any possible conflicts so that the District may assess and prevent potential conflicts of interest from arising.

**3820.5** A potential or actual conflict of interest occurs whenever an employee is in a position to influence a decision that may result in personal gain for the employee or an immediate family member (i.e., spouse, registered domestic partner, or significant other, children, parents, siblings) as a result of the District’s work. Although it is not possible to specify every action that might create a conflict of interest, this policy sets forth the ones that most frequently present problems.

**3820. 6** If an employee has any question whether an action or proposed course of conduct would create a conflict of interest, he or she should immediately contact his or her immediate supervisor, Department Head, or the Human Resources department to obtain advice on the issue.

## **Outside Employment**

**3820.7** The District understands that some employees may work for employers other than Beach Cities Health District or be in business for themselves. Therefore, it is important that employees maintain open lines of communication with their direct supervisor with respect to outside employment, to avoid any conflict of interest or appearance thereof. No District employee shall be permitted to accept employment, or be paid for activities, in addition to or outside of District service if:

**3820.7.1** The additional or outside employment leads to a conflict, or potential conflict of interest, for said employee; or,

**3820.7.2** The nature of the additional or outside employment is such that it will reflect unfavorably on the District; or,

**3820.7.3** The duties to be performed in the additional or outside employment are in conflict with the duties involved in District service such as, but not limited to, interference with the employee's work performance or work schedule.

**3820.8** Paid activities include consultation, speeches, conference participation, and related work by District staff members on their own time.

**3820.9** An employee may be required to work beyond their normally scheduled hours. Such employees are expected to perform this work when requested. In cases of conflict with any outside activity, the employee's obligations to the District must be given priority.

## **Organizational Affiliation**

**3820.10** Whenever an employee chooses to hold a position in any outside organization based on his or her affiliation with the District, such representation shall be approved by the Chief Executive Officer. Such representation may be required to cease upon her or his resignation or termination of employment from the District.

**3820.11** No employee may represent him or herself as a spokesperson for the District without prior approval of the Chief Executive Officer.

## **Specific Relationships that May Create Conflicts of Interest**

**3820.12** A variety of situations, affiliations and relationships may create potential conflicts of interest. Financial or other relationships (e.g., board of directors or other management positions) by an employee or their family with a prospective or actual client could potentially create the appearance of impropriety or interfere with an employee's discharge of the employee's responsibilities on behalf of and in the best interests of the District and should be disclosed to the Human Resources Department. When deciding what kind of relationships should be disclosed, the employee is to consider the situation from the perspective of an outsider and whether the relationship is of such a nature that it could raise an allegation of an apparent or actual conflict of interest, and then err on the side of transparency, as disclosure helps to alleviate or avoid future misunderstandings.

**3820.13** Additionally, certain types of relationships between co-workers may create impermissible conflicts of interest. For example, a romantic relationship in the workplace may raise perceptions of bias and favoritism. For these reasons, personal/romantic or financial/business relationships between co-workers that could create the appearance of impropriety or interfere with an employee's discharge of the employee's responsibilities on behalf and in the best interests of the District should be promptly disclosed to Human Resources.

### **Disclosure and Management of Conflicts of Interest**

**3820.14** Should an appearance of impropriety or actual conflict of interest exist, appropriate actions must be taken, which will vary depending upon the particular facts. The employee involved in the conflict situation must work cooperatively with his/her manager to achieve a resolution of the conflict issues in the best interests of the District, as requested by the District. This may include the employee being removed from a position of decision-making authority with respect to the conflict situation or other more serious actions, depending upon the nature of the conflict. The District retains discretion in its enforcement of this policy. Decisions made under this policy will be based on operational and business reasons and not on any protected characteristic under federal or state laws.

### **Examples of Conflict of Interest Activities and Relationships**

**3820.15** The following activities illustrate types of potential or actual conflicts of interest that should be avoided and disclosed, as applicable, in accordance with this policy. The list is not all inclusive and is intended to provide guidance.

**3820.15.1 Self-benefit:** Using your position or relationship within the District to promote your own interests or business or those of your family, including using confidential or privileged information gained in the course of employment at the District for personal benefit or financial gain.

**3820.15.2 Influence peddling:** Soliciting benefits for yourself or your family from outside organizations in exchange for using your influence to advance the interests of that organization within the District.

**3820.15.3 Other business relationships and dealings:** Approving grants or contracts with organizations in which you or your family have a significant financial or other interest or relationship, particularly if you are in a position to influence major decisions, are responsible for review, negotiation and approval of the grants or contracts, or otherwise direct the District's business dealings with that business or entity.

**3820.15.4 Outside commitments:** Participating in social or political activities is not restricted as long as the employee participates as an individual and not as a representative of the District.

**3820.15.5 Recording or reporting false information:** Misrepresenting, withholding, or falsifying relevant information required to be reported to external parties or used internally for decision-making purposes, in order to derive personal benefits.

**3820.15.6 Accepting favors and gifts:** Receiving gifts of more than a nominal value from outside vendors, clients and customers when the employee has the capability or can give the impression to the gift-giver of having the capability to make decisions or actions affecting the

vendor, client or customer. See Policy 3810, Guidelines on Accepting and Providing Gifts, Entertainment and Services.

**3820.16** This policy cannot describe all conflicts of interest situations that may arise involving the District. Therefore, District employees must use good judgment to avoid any appearance of impropriety. Appropriate circumstances may also justify exceptions to the application of the policy. If an employee has any questions about this policy or its application, err on the side of caution and transparency and seek advice from Human Resources prior to entering into such a transaction.

**3820.17** Employees that become aware of any actual or potential conflict of interest or ethical concern must promptly speak with their supervisor or human resources or, if the conduct involves the supervisor, the next level above the supervisor or human resources as soon as possible. The District will investigate the concerns regarding conflicts of interest, determine whether a conflict exists, and what action, if any, should be taken.

**3820.18** The District prohibits any form of discipline, reprisal, intimidation or retaliation for reporting an actual or potential conflict of interest or violation of this policy or cooperating in related investigations.

**3820.19** This policy is not intended to restrict communications or actions protected or required by federal or state law.

**3820.20 Solicitation of Employees:** During the period of Employment and for a period of two years after cessation of Employment for any reason, whether with or without cause, an employee shall not directly or indirectly, either alone or in concert with others, solicit or entice any employee of or consultant to the District to leave the District.

**3820.21 Solicitation of Clients or Members:** During the period of Employment and for a period of two years after the cessation of Employment for any reason, whether with or without cause, an employee shall not directly or indirectly, either alone or in concert with others, solicit, entice, or in any way divert any of the District's clients or members using proprietary information to do business with any business entity in competition with the District.

**3820.22 Returning District Documents and Other Tangible Items:** On termination of Employment, for whatever reason, whether with or without cause, an employee shall not take nor allow a third party to take, and shall deliver to the District, all original copies and all reproductions of Proprietary Information, including devices, records, reports, notebooks, proposals, lists, correspondence, equipment, documents, computer diskettes, photographs, negatives, undeveloped film, notes, uniforms, client information or other materials or property of any nature belonging to the District or pertaining to my work with the District. The employee recognizes that the unauthorized taking of any Proprietary Information may be a crime under section 499c of the California Penal Code, and may also result in civil liability under sections 3425.1 through 3426.11 of the California Civil Code.

#### **EXCEPTIONS:**

**3820.23** The Chief Executive Officer is the only person authorized to make exceptions to this policy.