

Publication From The Owners' Advisory Council

Transparency is the Answer

CONFLICT
OF INTEREST



Owners' Advisory Council

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Avoiding Conflicts of Interest in Job Order Contracting

Conflicts in Job Order Contracting?

A conflict of interest occurs if the best interest of a client is impeded, or might be perceived to have been impeded, by an individual or organization. Generally, a conflict of interest relates to the actual or perceived impartiality of an individual or organization in their dealings with the client. Who gets paid by who? Are all the fees on the Schedule of Values? Transparency will help clear conflicts.

Care should be taken to avoid conflicts of interest arising as they can have a negative impact on an individual or organization's perceived integrity or reputation.

Common conflicts of interest include:

- Acting for more than one client or stakeholder with competing interests at the same time
- Existing obligations that affect a relationship with a client
- Lack of transparency in payment procedures and processes
- Conflicting duties owed to different clients
- Serving one party in a contract but collecting fees from another party in the contractual relationship

Conflicts of interest can be avoided by adopting and following rules relating to declarations, transparency and resolution. The conflict should be declared at the earliest opportunity to all relevant stakeholders and it is advisable to secure written agreement to proceed. By being transparent, misunderstandings can be avoided.

How to Manage the Challenges of Organizational Conflict of Interest

To ensure that the problem of conflict of interest doesn't escalate certain steps need to be taken:

Create responses and strategies: It should be clearly communicated to the vendors and management about what is expected of them and help them to distinguish between the responsibilities of the organization. Ensure the flow of financial compensation is clear and compliant.

Determine the areas of risk: The likely areas of danger must be identified at the earliest to limit the damage done when a conflict arises.

Communication with all stakeholders: To maintain transparency it is indeed necessary to have good communication with all your stakeholders so that the perception of a conflict doesn't arise.

Educate the staff, managers, and contract holders: It is important that all team members know what to do when they come face-to-face with a situation of conflict of interest. Have clear lines of responsibility and oversight.

Enforce the policy: All the policies once adopted must be enforced strictly without exception. The policies adopted must be constantly reviewed in regular intervals.

It is in everyone's best interests to stay away from any kind of conflict of interest and to grow and maintain a compliant image.