Executive Summary
After a State Auditor’s report released in July 2008, Juvenile Crime Prevention Councils (JCPCs) became the center of a controversy surrounding apparent conflicts of interest. Since these councils allocate state funds to local service providers, it is imperative that they remain transparent and impartial. Research into strategies to reduce conflicts of interest yields few results. The methodology for this study includes a literature review, telephone interviews with eighteen JCPC members in six selected counties and data analysis. This research identifies six practical strategies Juvenile Crime Prevention Councils currently use or can implement to minimize actual and potential conflicts of interest. Options identified address the policies, training and culture of JCPCs.
INTRODUCTION

In 1998, Juvenile Crime Prevention Councils (JCPCs) were established in each of the 100 counties in North Carolina according to NCGS §143B-544. These councils are charged with identifying the needs of at-risk juveniles in the county, evaluating agencies and resources in the county, allocating state funds for service provision and monitoring state funded programs to ensure effective use of funds. JCPCs receive a total of $23 million annually from the state to fund the selected programs. Funding is passed through the Department of Juvenile Justice and Delinquency Prevention (DJJDP), which partners with JCPCs to provide resources for at-risk youth.

The membership criteria for the JCPCs is statutorily defined according to NCGS § 143B-544, with the county commissioners having appointment authority and discretion to alter JCPC membership to reflect the racial and socioeconomic diversity of the community. The statute also permits county commissioners to modify the JCPC membership to minimize conflicts of interest. Each member serves a two-year term. All members may be reappointed, and there is no limitation on the number of terms served. According to the statute, each JCPC will consist of no fewer than 19 members and no more than 26. Appendix A contains the specific membership requirements.

Upon considering the membership constraints, it is easier to understand the challenge of recruiting willing and qualified members. For example, in smaller counties, it is not uncommon to have only one substance abuse professional working on juvenile issues and willing to serve on the JCPC. Since the individual’s agency focuses on juvenile substance abuse, the agency likely applies for JCPC funding. Situations like these create potential and actual conflicts of interest on JCPCs. Sometimes, individuals who are willing to serve, fit the criteria and have adequate knowledge of juvenile issues in the county have either indirect or direct connections to agencies receiving or applying for funding.

In order for JCPCs to manage potential or actual conflicts, each member completes a conflict of interest form annually, and any disclosed conflicts are shared with the entire Council by the Chair. Appendix B includes all criteria for disclosing a conflict, but some of the most commonly thought of are:

- Being related to a program staff member
- Having personal, financial, professional, and/or political gain at the expense or benefit of the JCPC, other than the benefit of therapeutic intervention for the juveniles and families served by the JCPC funded programs
- Having a relationship, other than professional with a JCPC funded program or applicant for funding, or any staff member or volunteer working for the program/applicant
- Securing employment with a competing applicant for JCPC funding

The inclusion of both actual and potential conflicts of interest in the policy template provided by the DJJDP follows the State Government Ethics Act which includes both. According to NCGS § 138A-21, disclosing financial and personal interests aids public servants in identifying and avoiding both actual and potential conflicts between the person’s private interest and public duties. However, it is unclear when a situation transitions from a “potential” to an “actual” conflict of interest.

After a State Auditor’s report in July 2008, JCPCs became the center of a controversy surrounding council members with apparent conflicts of interest. In the report, the auditor defined conflict of interest as “a situation where someone in a position of trust has, or appears to have competing professional or personal interests.”¹ The auditor reported finding the appearance of financial and program evaluation conflicts of interest among some JCPC members. While the auditor’s report found no actual incidences of abuse, the report generated negative speculation about the integrity of JCPCs.² The report was the basis for newspaper articles throughout the state citing the appearance of conflicts found by the auditor.
Very little published guidance is available to better understand the strategies these boards can use to minimize actual and potential conflicts of interest. However, the literature identifies the importance of educating members of governing boards in three major areas:  

1. What they are statutorily responsible for  
2. What options are available to them in fulfilling these responsibilities  
3. What laws, rules and procedures they are required to follow

While there is no legal prohibition against a local board contracting with an agency that employs a board member, the board must consider other implications of such decisions. Regardless of the board’s intentions, citizens might perceive its actions to be biased. JCPCs must decide how to best manage these issues, in which the law permits an action, but taking the action may negatively impact public perception and trust.

With limited resources and guidance on the issue, it may be difficult for JCPCs to expand their policies beyond the mandated components. This study examines policies currently used by some JCPCs and other potential strategies to minimize potential and actual conflicts of interest.

**PROBLEM**

In the discussion of conflicts of interest and JCPC members, two main problems arise:

1. Allowing JCPC members to participate in discussions about and vote on funding and monitoring decisions when there is the appearance of a conflict of interest can lead to the appearance of misconduct.
2. Often, especially in smaller and rural counties, individuals with the knowledge, willingness and expertise to serve on JCPCs also work in agencies and/or programs funded by JCPCs or applying for funding.

A solution to the first problem could be easily implemented. A county could choose to require all members with a disclosed conflict of interest to abstain from funding or monitoring discussions as well as voting on them. Upon implementing this solution in a smaller county, a large portion of the members would no longer discuss or vote, leaving only a handful with decision-making power. However, because of the conflicting nature of the two issues, it becomes virtually impossible to solve both problems with one solution. Instead, citizens, policymakers and JCPC members must recognize the challenge in finding a balance between having a knowledgeable individual serve on the JCPC despite working for a funded agency and maintaining accountability to the public. Ultimately, the goal is to find a middle ground where the JCPC can operate effectively and efficiently and where mechanisms are in place to ensure accountability and encourage transparency.

**METHODOLOGY**

Through this study, the researcher attempted to determine what practices, policies and procedures are working well for JCPCs and which ones need improvement to determine strategies useful for minimizing conflicts of interest on the councils. The methodology for this study consisted of three phases: literature review, telephone interviews, and data analysis.

Data was collected through telephone interviews with members of JCPCs throughout the state. Six counties in the state were selected for interviews: two small (under 30,000 people), two medium (30,000-75,000 people) and two large (above 75,000 people) counties. For each size division, a county from the western and eastern parts of the state was selected. In each of the six counties, three JCPC members were interviewed, for a total of 18 members. Appendix C contains a copy of the interview questions.
The eleven question interview included scenarios to respond to, questions relating to policies and procedures and personal opinion questions. The purpose of the questions was to assess how JCPCs handle conflicts of interest in policy and in practice, determine what works well and gain insight into what respondents thought the policies and procedures needed to effectively deal with conflicts of interest. Interviewing three members from each county allowed for the examination of any variation in answers.

The sample size and makeup was chosen based on time and resource limitations. Contact information for JCPC chairpersons is available on the DJJDP’s website, but contact information for entire JCPC boards is not readily accessible for most counties. The researcher relied on the Chair in each county to provide contact information for two additional JCPC members. In some cases, the Chair forwarded the researcher’s contact information along to the members, which resulted in self-selected participants. The findings are meant only to begin the dialogue about how JCPCs can minimize both potential and actual conflicts of interest to maintain public trust.

RESULTS

Responses varied considerably among respondents. The chart below summarizes the breakdown of responses based on frequency. In addition to the most common responses, less frequently mentioned policies and procedures related to managing conflicts of interest are included.

<table>
<thead>
<tr>
<th>All Interviewed JCPC Members</th>
<th>Some Interviewed JCPC Members (at least one member from 3 or more counties)</th>
<th>Interesting Responses (at least one member from fewer than 3 counties)</th>
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</thead>
<tbody>
<tr>
<td>Use the Conflict of Interest Policy Template for JCPCs provided by the DJJDP as their county’s policy</td>
<td>Indicated their JCPCs have not updated any policies, bylaws or procedures relating to conflicts of interest since their adoption</td>
<td>Two counties are amending their bylaws to take a tougher stance on conflicts of interest following the Auditor’s report</td>
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<tr>
<td>Responded that the state template lacks some essential component(s), but there was no agreement on what needed to be included to strengthen it</td>
<td>Said there is very little turnover on their JCPCs because of low levels of interest in serving on the councils</td>
<td>Members with disclosed conflicts participate in discussions, but abstain from voting on funding issues relating to their particular agencies/programs</td>
</tr>
<tr>
<td>Felt their respective JCPC handle conflicts of interest adequately</td>
<td>Prohibit members with a disclosed conflict from participating on the monitoring committee in their bylaws</td>
<td>Members with disclosed conflicts do not discuss or vote on funding issues</td>
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<td>Said there is no formal orientation when a new individual joined the JCPC</td>
<td>Said Chair or other members provide new members with information, including JCPC policies and bylaws</td>
<td>County has difficulty filling mandated spots without having conflicts of interest because of a small candidate pool</td>
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<td></td>
<td>Identified a need for an orientation or training of new JCPC members on policies and procedures, not limited to those relating to conflicts of interest</td>
<td>JCPC tries to fill the required positions with individuals who do not have a conflict through recruitment</td>
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</table>

Some JCPCs are choosing to take a stronger stand on conflicts of interest by creating policies in addition to the state’s requirement to adopt a conflict of interest policy and require members to complete the
The counties who implemented the additional policies were the only respondents to acknowledge modifying their JCPC conflict of interest policy since adopting the template provided by the DJJDP. While no difference emerged among the respondents as to how well they felt their JCPC handled conflicts of interest, those with more stringent regulations often mentioned community confidence and trust as the motivation to adopt these supplementary policies.

RECOMMENDATIONS

Based on the literature review and the responses from the JCPC members, the researcher identified six strategies JCPCs can employ to help minimize potential and actual conflicts of interest in their decision-making structure. These recommendations include:

1. **Adopt a stronger conflict of interest policy that goes beyond the template provided by the DJJDP.**
   The DJJDP template used by all counties in the study provides a minimum standard. As a board distributing public monies, these councils should operate above the minimum standard. Because county population, culture and service providers vary so widely across the state, it is impossible for the DJJDP to create a more detailed template. For example, some counties can achieve a majority vote if they prohibit members with a conflict of interest from voting on all funding issues, but others, because of the small pool of eligible JCPC members, may be able to obtain a majority vote only if a member abstains from voting only on funding his or her individual agency. Each JCPC should assume responsibility for adopting and implementing policies that fit the individual county’s needs.

2. **Adopt a policy prohibiting a member with a disclosed conflict of interest from serving on the evaluation and monitoring committee.**
   This policy, adopted by many of the selected counties, provides a simple way to reduce potential conflicts of interest on JCPCs. Given the large size of JCPCs relative to the size of the evaluation and monitoring committee, it should not be too difficult to fill this committee with members without conflicts of interest.

3. **Create formal orientation training for new members.**
   Educating new members on conflict of interest policies and procedures is critical to their behaviors as JCPC members. Ethical expectations must be effectively communicated through both example and education to encourage individuals to act in accordance with the JCPC’s values. The training program curriculum could be created by the DJJDP to provide a standardized minimum level to all new JCPC members. However, individual JCPCs would need to incorporate the policies and procedures specific to their county in the program. This orientation could cover a wide range of issues pertaining to new JCPC members; it does not have to focus solely on conflicts of interest. However, the policies as well as procedures that exist must be covered in detail during the training period.

4. **Foster a culture of integrity and ethical behavior.**
   This recommendation is a more long term goal, but is made easier due to the low turnover rates of JCPCs. Without a culture that expects personal and corporate integrity, no agency will be successful in its goal to operate ethically, regardless of adopting ethical codes and policies. Values must be incorporated into the agency's culture, and members must facilitate an environment in which individuals assume those values as their own. When this occurs, individuals hold themselves accountable to the values adopted by the organization. Appendix D provides examples of specific actions JCPCs can take to promote ethical behavior.

5. **Use the resources available from the regional DJJDP consultant.**
   The respondents who discussed regular interactions with the regional consultant reported stronger policies relating to conflicts of interest. In interviews from two counties, members said JCPC policy changes often
emerged after discussing issues and receiving input from their consultants. Consultants offer training for members, both new and existing, provide feedback on current policies, suggestions for updating and creating policies and can offer advice based on their knowledge of JCPCs, the DJJDP as well as any issues unique to the region of the state in which they serve. Regional consultants can be a useful resource for JCPCs, and from the interviews, it appears that some counties are not taking advantage of this resource.

6. **Encourage the State to rewrite the conflict of interest policy to distinguish between actual and potential conflicts of interest.**

The current DJJDP conflict of interest policy template makes no distinction between potential and actual conflicts of interest. While potential conflicts of interest deserve consideration, there is a distinct difference between a potential conflict and an actual conflict. An actual conflict occurs when an individual has private interests significant enough to influence his or her public duties or responsibilities. Potential conflicts occur when there is a relationship or interest that could influence a person’s actions. The interviews pointed out that many if not most JCPC members in smaller counties had potential conflicts of interest. Defining both conflicts more thoroughly and delineating between the two would allow JCPCs to address actual conflicts and potential conflicts differently, providing more flexibility while maintaining transparency and impartiality.

While these six recommendations will not eliminate all of the potential or actual conflicts of interest, they provide a starting point that can be adapted to all 100 counties. No detailed blueprint exists to guide JCPCs through dealing with conflicts of interest, and one will likely never exist because of the diversity among counties. What works for Mecklenburg and Wake Counties will likely not be realistic in Tyrrell and Hyde Counties. Beyond these recommendations, Appendix E offers a chart to help JCPCs identify strategies related to funding, monitoring and training that can assist the councils in managing conflicts of interest. The DJJDP provides a basic framework, but it is up to the individual counties to modify their policies and procedures to uphold public trust and ensure transparency in the allocation of public funds.

**CONCLUSION**

This study delved into JCPCs’ management of conflicts of interest and the policies and procedures that guide them. While the researcher never mentioned the Auditor’s report, discussing the topic made interviewees nervous. However, the interviewees did not report any behaviors that the researcher considered inappropriate.

While not all of the selected counties are striving to move beyond the minimum expectations, some are. The key take-away from this study emerged not from the answers provided by the JCPC members, but from their attitudes. The members were quick to acknowledge flaws existed in the system, but they all said their individual JCPCs were doing the best they could with the resources available to them. The positive attitudes are consistent with the auditor’s report’s acknowledgement that no abuses of powers were identified in the JCPCs. This research sample certainly does not reflect all JCPC members. Most of the interviewees were at-large members and in many cases, self-selected to participate in the study.

With additional guidance from the DJJDP consultants and further research into how to effectively craft a conflict of interest policy, JCPCs will learn strategies to better adapt. In order to distribute resources to serve this vulnerable population, JCPCs need flexibility to tailor policies and procedures to each county’s needs. Experimenting with policy modifications and educational methods will allow the individual JCPCs to figure out how to best serve the needs of their communities.
Appendix A

JCPC Membership Requirements

The membership criteria for the JCPCs is statutorily defined according to NCGS § 143B-544, with the county commissioners having appointment authority, giving them discretion to alter JCPC membership to reflect the racial and socioeconomic diversity of the community. Each member serves a two year term, and the terms are staggered. All members may be reappointed, and there is no limitation on the number of terms served. According to the statute, each JCPC will consist of no fewer than 19 members and no more than 26 and should include the following when possible:

1. The local school superintendent, or that person's designee;
2. A chief of police in the county;
3. The local sheriff, or that person's designee;
4. The district attorney, or that person's designee;
5. The chief court counselor, or that person's designee;
6. The director of the area mental health, developmental disabilities, and substance abuse authority, or that person's designee;
7. The director of the county department of social services, or consolidated human services agency, or that person's designee;
8. The county manager, or that person's designee;
9. A substance abuse professional;
10. A member of the faith community;
11. A county commissioner;
12. Two persons under the age of 18 years, one of whom is a member of the State Youth Council;
13. A juvenile defense attorney;
14. The chief district court judge, or a judge designated by the chief district court judge;
15. A member of the business community;
16. The local health director, or that person's designee;
17. A representative from the United Way or other nonprofit agency;
18. A representative of a local parks and recreation program; and
19. Up to seven members of the public to be appointed by the board of commissioners of a county.
Conflict of Interest Policy Template

Juvenile Crime Prevention Council (JCPC) members are public officers. N.C. Gen. Stat. § 14-234 requires that (1) No public officer or employee who is involved in making or administering a contract on behalf of a public agency may derive a direct benefit from the contract except as provided in this section, or as otherwise allowed by law; (2) A public officer or employee who will derive a direct benefit from a contract with the public agency he or she serves, but who is not involved in making or administering the contract, shall not attempt to influence any other person who is involved in making or administering the contract; and (3) No public officer or employee may solicit or receive any gift, reward, or promise of reward in exchange for recommending, influencing, or attempting to influence the award of a contract by the public agency he or she serves.

Accordingly, no JCPC member or managing staff may receive directly or indirectly, any funds disbursed from the State of North Carolina, except for duly, authorized staff compensation and benefits, and reimbursement for expenses actually incurred in connection with the Council’s business and in accordance with final approved grant agreements.

WHEREAS, ______________________________ (County/JCPC Collaborative) desires to require its members to avoid conflicts of interest or the appearance of impropriety in the disbursement of State funds;

PROVIDED, no member of the JCPC shall be deemed to benefit directly or indirectly from any contract or grant funded in whole or in part by State funds if he/she receives only the salary or stipend due to him/her in the normal course of employment with, or service to, said JCPC.

FURTHERMORE, said JCPC has written conflict of interest policies and reporting procedures applicable to members who have any interest or any authority regarding the resources of JCPC. These policies have been communicated to members and full disclosure has been provided for any possible appearance of conflict of interest that may exist.

Council members shall not use their official affiliation with the JCPC to secure preferential treatment for any juvenile. Council members shall not use confidential information regarding juveniles or their families, JCPC agencies or other council members for personal gain or benefit. Council members must disclose a (potential) conflict of interest when the council member:
1. Is related to a program staff member;
2. Is related to another JCPC member;
3. Has/may have personal, financial, professional, and/or political gain at the expense or benefit of the JCPC, other than the benefit of therapeutic intervention for the juveniles and families served by JCPC funded programs;
4. Or a council member’s family member participates in activities of, is a member of, or is an employee of a business entity that may be viewed as having direct or indirect influence over the JCPC’s business;
5. Or a council member’s family member may be viewed as having direct or indirect financial gain from personal or business investments/interest in real property held by that council member;
6. Received honorarium or other compensation outside of the scope of employment and operations that creates or appears to create bias;
7. Secured employment with a competing applicant for JCPC funding; and
8. Has a relationship other than professional with a JCPC funded program or applicant for funding, or any staff member or volunteer working for the program/applicant.
Appendix C

Telephone Consent Script and Interview Questions

Hello, my name is Amber Smith. I am a graduate student from the University of North Carolina at Chapel Hill conducting research about Juvenile Crime Prevention Councils in North Carolina. In our last conversation, we designated this as a convenient time to conduct the interview. Is this time still convenient? I wanted to remind you that your participation in this survey is completely voluntary. This means that you do not have to participate in this survey unless you want to. Are you still interested in participating in the study?

You will be asked several questions, with two scenarios to respond to. The interview should take from thirty minutes to one hour. Please remember that if a question makes you feel uncomfortable, you don’t have to answer. We can skip that question and go on to the next. Do you have any questions?

I will now begin the interview. The first two questions involve a scenario in which I will ask you to respond to.

A JCPC member works as a Program Director for a nonprofit organization serving at risk youth. This program has previously been funded by the JCPC and has applied once again for funding. How do you address this situation?

Your JCPC is in the process of evaluating programs funded in the previous year. One of your council members also works as an Executive Director of an agency receiving funding for a program. How do you address this situation?

What has your JCPC done in similar situations?

The next few questions focus on the policies and procedures of your JCPC.

What practices or policies does your JCPC have in place to address the situations discussed previously?

How were these policies/processes/procedures adopted?

How have they changed over time?

How do new members learn about these polices/processes/procedures?

If your JCPC has a conflict of interest policy, please describe it for me.

Can you send me a copy?

What changes are needed to the current policy? Why do you say so?

This concludes the interview. Thank you for your participation. I appreciate your willingness to take part in this study, and your insights have been very helpful.
## Appendix D

### Practices for Fostering a Culture of Integrity

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<tr>
<th>Action</th>
<th>Intended Outcome</th>
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<tbody>
<tr>
<td>Encourage open communication among all JCPC members</td>
<td>Members refrain from discussing JCPC matters in small groups; rather, JCPC business is conducted in public meetings.</td>
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<tr>
<td>As a full council, create a Code of Ethics for JCPC, defining what is expected of individual members and of the council as a whole</td>
<td>Members think through expected behaviors as a group to determine how they believe they should behave as public officials, but also how the JCPC should do its business. Creating and adopting the code as a group helps achieve buy-in from all members. Beyond the creation, the Code should be reviewed regularly, allowing new members to offer input.</td>
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<tr>
<td>Require a list of board members with each funding application</td>
<td>When a JCPC knows who serves on an agency’s board, it provides another opportunity to identify relationships where a conflict of interest may exist.</td>
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<td>Create a bylaws committee to regularly review JCPC bylaws to determine if any changes are needed</td>
<td>Reviewing policies regularly keeps them at the forefront of members’ minds and also encourages members to think critically about what policies are necessary and why.</td>
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<tr>
<td>Promote an environment where members can speak freely and openly</td>
<td>Beyond rules, members should feel safe bringing up activities or behaviors that make them feel uncomfortable. (For example, if there is no policy in place prohibiting members with a conflict of interest from participating in discussions, any member should be able to request that members with a conflict leave the room during the discussion.)</td>
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<tr>
<td>Ensure JCPC follows guidelines, policies and procedures - those set forth by the State, the DJJDP and the individual JCPC</td>
<td>All policies, procedures and responsibilities are treated equally in enforcement. If ignoring one policy is accepted, members might begin ignoring other policies.</td>
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</table>
Appendix E

Sample Strategies to Help Manage Conflicts of Interest

<table>
<thead>
<tr>
<th>Issue</th>
<th>Funding</th>
<th>Monitoring</th>
<th>Training</th>
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<tbody>
<tr>
<td><strong>Most Restrictive Policies</strong></td>
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<tr>
<td></td>
<td>Create a Funding and Review Committee consisting of members without a disclosed conflict to review funding applications and make recommendations to full JCPC</td>
<td>Create term limits for members of the Monitoring and Evaluation (M&amp;E) Committee to maintain fresh perspectives among those reviewing the programs</td>
<td>Create detailed training curriculum for new member orientation as well as refresher trainings that all members are periodically required to attend</td>
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<td>Have members with disclosed conflict leave the room during funding discussions and abstain from voting on all funding issues</td>
<td>Allow all council members to nominate and vote on members without a disclosed conflict to serve on the M&amp;E Committee</td>
<td>Adopt a comprehensive training policy including training new members as well as regularly training current members</td>
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<td>Have members with disclosed conflict leave the room during funding discussions and abstain from voting on program(s) where conflict lies</td>
<td>Designate specific members to serve on M&amp;E Committee, including Chair or Vice Chair</td>
<td>Provide new members with an orientation after appointment where they learn about policies, procedures and expectations</td>
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<td></td>
<td>Have members with disclosed conflict abstain from voting on all funding issues</td>
<td>Only members without a disclosed conflict of interest are allowed to serve on the M&amp;E Committee</td>
<td>Designate a small group of members to serve as trainers when new members are appointed</td>
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<td></td>
<td>Have members with disclosed conflict abstain from voting on program(s) where conflict lies</td>
<td>Create a committee to handle the monitoring and evaluation responsibilities</td>
<td>Match new JCPC members with a more senior member who will serve as a mentor</td>
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<td></td>
<td>Have members with disclosed conflict leave the room during all funding discussions</td>
<td>Allow only members without a disclosed conflict to participate in monitoring and evaluation</td>
<td>JCPC Chair meets with new member to address any questions as well as review policies, procedures and expectations</td>
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<tr>
<td><strong>Least Restrictive Policies</strong></td>
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<td>Have members with disclosed conflict leave the room during funding discussions about program(s) where conflict lies</td>
<td>Members with a disclosed conflict cannot participate in monitoring and evaluating program(s) where the conflict lies</td>
<td>Designate a member of JCPC to provide new member with council materials and offers to answer any questions</td>
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<tr>
<td></td>
<td>Allow all members to participate in discussions and voting for all funding issues</td>
<td>Allow all members to participate in monitoring and evaluation</td>
<td>Provide no training for new members after appointment</td>
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</tbody>
</table>
End Notes


