**DDS Ethics Committee for Independent Contractors and Consultants**

**Related Party Transactions Checklist**

Below is a checklist of information and documents that are required to be submitted to the ethics committee for review and consideration for the committee’s decision on a related party transaction.

* For a related party transaction that is **less than** **$2,500**, the narrative statement and supporting documents shall be submitted **not later than 90 days after the date of the transaction**.
* For a related party transaction that is **$2,500 or more**, the narrative statement and supporting documents shall be submitted **not later than 90 days prior to the date of the pending transaction**.

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| **1.** | **[ ]**  | **A narrative statement explaining the proposed or existing transaction, disclosing all of the goods, services or property to be provided, and the identity of all related parties involved in the transaction.** 1. Does the statement identify specific services to be provided under this contract?
2. Does the statement identify specific goods or property to be purchased or leased from the related party?
3. Does the statement identify **ALL** related parties including all persons or organizations?
4. Does the statement disclose the nature of the relationship that results in the transaction being a related party transaction?
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| **2.** | **[ ]**  | **Copies of proposed or existing related party contracts, agreements or leases with the terms and conditions of the related party transaction.**1. Has a copy of the proposed or existing related party contract, agreement or lease document evidencing the transaction been reviewed?
2. Does the proposed or existing contract, agreement or lease identify the amount to be charged for goods, services or property subject to the related party transaction?
3. Is the proposed or existing related party transaction formalized by a contract, agreement or leases that will be or has been signed by all parties involved?
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| **3.** | **[ ]**  | **A narrative statement explaining the necessity for the related party transaction rather than a transaction with an arms-length provider.**1. Is the necessity for the related party transaction articulated in the documentation submitted for review?
2. Does the documentation establish why the related party transaction should be or has been entered into as opposed to having goods, services or property be provided by an arms-length provider?
3. Does the proposed or existing related party transaction provide any financial or other benefit to the independent contractor or consultant, or to the State of Connecticut?
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| **4.** | **[ ]**  | **Qualifications of the related party to fulfill the terms of the proposed or existing contract, agreement or lease.**1. Does the documentation adequately establish the qualifications of the vendor or persons involved in the related party transaction?
2. Have the qualifications of all subcontractors that are or will be performing any part of the related party transaction been included in the statement?
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| **5.** | **[ ]**  | **Documentation of open competitive bidding.**1. For a **related party transaction of less than $2,500**, is there documentation that the amount of the transaction does not exceed the related party’s actual cost?
2. For a **related party transaction of $2,500 or more**, does the statement describe and document the open bidding process?
3. Does the statement show that the bidders were qualified and experienced vendors who could provide the goods, services or property?
4. Have any requests for a bid or any bids received by the independent contractor or consultant been submitted with the statement along with names and addresses of the contact persons for each bidder?
5. If the related party transaction is proposed because the related party is “uniquely qualified”, has the uniqueness of the related party’s qualifications as compared to any arms-length provider of similar goods, services or property been documented?
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| **6.** | **[ ]**  | **Documentation or statement explaining how related party costs will be or are controlled by the independent contractor or consultant.**1. Does the documentation show how related party costs will be or are controlled?
2. Does the documentation show how the terms of the contract, agreement or lease with the related party shall be rendered to the independent contractor’s or consultant’s full satisfaction?
3. Does the documentation show that (a) controls will be or are in place so that billing does not exceed the actual cost of contracted services, or purchased or leased goods or property and (b) what mechanism is in place to enforce this requirement?
4. Has independent authority to terminate the related party transaction in the event such termination should be required for any reason been demonstrated?
5. Does the contract, agreement or lease have a termination clause that allows termination of the transaction with not less than 30-days’ notice and without cause by either party?
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| **7.** | **[ ]**  | **Documentation that the related party’s charges are based upon the related party’s actual costs.**1. Has documentation provided assurance and demonstrated that actual charges from the related party shall be or are based upon the related party’s actual cost?
2. Have provisions been included in the contracts, agreements or leases between related parties that charges shall be or are based upon the related party’s actual cost?
3. Is there an acknowledgement in the contract, agreement or lease that these charges are subject to review and audit by the State of Connecticut?
4. Is there an acknowledgement in the contract, agreement or lease that the related party and the independent contractor or consultant shall make or are making available for review by the State all accounting records, ledgers and all other supporting documentation applicable to the related party transaction?
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| **8.** | **[ ]**  | **A related party transaction shall be submitted on an independent contractor’s or consultant’s annual report, financial audit or financial statements and in any cost reporting to DDS or DSS.** |