



NATIONAL ASSOCIATION OF

Community Health Centers

Important Content Note:

This technical assistance resource was developed prior to the August 2017 release of the Health Center Compliance Manual by the Health Resources and Services Administration's (HRSA) Bureau of Primary Health Care (BPHC). The BPHC Compliance Manual, issued August 2017, indicates where PINS, PALs and other program guidance are now superseded or subsumed by the BPHC Compliance Manual.

See: <https://bphc.hrsa.gov/programrequirements/pdf/healthcentercompliancemanual.pdf>

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Note that in all Information Bulletins:

The term “health center” refers to public or private nonprofit entities that: (1) receive grants under Section 330 of the Public Health Service Act (Section 330), including Sections 330(e), 330(f), 330(g) and 330(h) (collectively “Health Center Program Grants”); and (2) entities that have been determined by the Department of Health and Human Services (DHHS) to meet the Section 330-Related Requirements to receive funding without actually receiving a grant (“health center look-alikes”).

The term “Section 330-Related Requirements” refers to requirements set forth in:

- Health Center Program Statute: [Section 330 of the Public Health Service Act \(42 U.S.C. §254b\)](#),
- Program Regulations: [42 CFR Part 51c](#) and [42 CFR Parts 56.201-56.604](#)
- Health Center Program Requirements: <http://www.bphc.hrsa.gov/programrequirements/index.html>

The term “Grant Requirements” refers to Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: 2 CFR Part 200, as adopted by DHHS at 45 CFR Part 75.

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Developing Comprehensive Standards of Conduct

Awash in headlines of corporate wrongdoing, nonprofit Board members fear that they may not be doing enough to oversee corporate compliance. Upper management wonders if there are sufficient mechanisms in place to detect fraud and worry if they actually detect it. Frontline employees worry they could lose their jobs if corporate wrongdoing is found.

The organization’s Standards of Conduct (or Code of Conduct or Code of Ethics) has come to assume major importance as an indicator of the effectiveness of a compliance program. Both Sarbanes-Oxley (The American Competitiveness and Corporate Accountability Act of 2002) and the U.S. Sentencing Commission postulate that an effective compliance program begins with a Code of Conduct. The U.S. Sentencing Commission specifically amended the Sentencing Guidelines to add to the definition of an effective compliance and ethics program not only the detection and prevention of criminal conduct, but also the promotion of an organizational culture that encourages **ethical conduct and a commitment to compliance with the law**.¹

That commitment may be reflected in the health center’s Standards of Conduct. Standards of Conduct are a statement or an outline of the broad ethical principles that will govern the health center. **Section 330-Related Requirements** (see side box) require that the health center’s bylaws or written corporate board-approved policy include conflicts of interest provisions and may cross-reference the Standards of Conduct, which would include the conflicts of interest policy among other provisions. The Standards of Conduct serve as the “constitution.” By conveying the specific

1 United States Sentencing Commission, Guidelines Manual, Sec. 8B2.1(a)(2) (November 2004).

legal and ethical duties and responsibilities that will guide board members and employees, the Standards of Conduct are a framework against which everyone in the organization can measure his or her business conduct, and the health center can publicly comply with the law. If the health center lives by the tenets of its Standards of Conduct and communicates them to all levels, from the front-line employee to the top executive and the board, then implementation of a compliance program should be easier.

This Information Bulletin:

- ◆ Introduces the manner in which the Standards of Conduct can assist both board members and employees **to act in the best interests of the health center** at all times
- ◆ Addresses the Standards of Conduct as a key feature of the health center's **corporate compliance program**
- ◆ Describes specific elements recommended for a **"model" Standards of Conduct** – such as the conflicts of interest policy – in order to assist health centers in developing their own comprehensive Standard

BOARD MEMBER AND EMPLOYEE DUTIES

Board members make critical decisions that shape and form the framework for a health center's operations, while employees implement the board's priorities in performing tasks that comprise day-to-day operations. As such, board members and employees have different duties toward the corporation.

Board Members Duties

Board members owe a fiduciary duty to the health center corporation because they are entrusted with the governance of the corporation and they agree to accept the trust placed in them by acting in the best interests of the corporation. Underpinning the fiduciary duty, a board member has three specific duties owed to the corporation he or she oversees: the duty of care, the duty of loyalty, and the duty of obedience.

The Duty of Care

The Duty of Care underlies the fiduciary duty — that is, the duty to act in good faith, using the same degree of care a customarily careful and prudent person would use in making a decision under the same or similar circumstances. In exercising the duty of care, for example, an ordinarily careful person would conduct a reasonable inquiry into the finances and into the effectiveness of the compliance program. Thus, a board member should ask for regular reporting on the compliance program, with the same degree of diligence as he or she asks questions about the financial reports.

The Duty of Loyalty

A result of the duty of care is the duty of loyalty, which is the principle that a board member must have undivided allegiance to the health center rather than making decisions based on one's personal interests. In order to help board members fulfill this duty, the health center must have and apply its conflict of interest policy to ensure that board members do not use, or appear to use, board membership for purposes of private gain for themselves or family/business partners. For example, if a health center board member (or his or her immediate family member) owns or is employed by an organization that does business, or competes, with the health center, conflicts of interest may arise, and need to be managed per the health center's Standards of Conduct.

The duty of loyalty also requires that board members not inappropriately disclose (formally or informally) confidential information about the health center to other persons, without full board approval. Thus, confidentiality should also be addressed in the Standards of Conduct.

The Duty of Obedience

The third duty, the duty of obedience, requires each board member to observe and be faithful to the organizational mission of the health center when making decisions for the health center. This duty includes:

- ◆ Understanding the mission and how it is achieved by the health center program
- ◆ Always acting in a manner consistent with the health center's mission, goals, and objectives, as well as the decisions of the full board

- ◆ Advancing the mission when representing the health center within the community (as authorized) and
- ◆ Amending the mission when necessary

Employees Duties

While not bound by fiduciary duties, employees indirectly owe a duty of loyalty to their employer. An employee is charged with fulfilling the duties of the position that is described in a position description. In return for being paid for the position, the employee owes a standard of professional care, inclusive of complying with the law, to his or her employer. The Standards of Conduct should require employees to act in their employer's (i.e., the health center) best interests.²

Volunteer Staff

The health center can require volunteers to adhere to the Standards of Conduct if they want to continue volunteering for the health center or one of its programs. Volunteers should not be in decision-making positions where a conflict of interest might emerge, nor should they handle billing or coding where fraudulent or false claims could arise. But insofar as a standard might apply to the volunteer's role, such as the duty to maintain strict confidentiality of all patient records, then it should be part of their training as volunteers and emphasized as part of the health center's code of conduct. Further, volunteers should sign a certification – as board members and employees must – that they agree to abide by the health centers Standards of Conduct.

² The Standards of Conduct should also apply to contracted personnel by the terms of the contract itself.

INTRODUCTION TO STANDARDS OF CONDUCT

The Standards of Conduct should be:

- ◆ Realistic and tailored to fit the organization to which they apply
- ◆ Set a high bar to articulate a set of ethical practices that will guide the board, the management team, and the staff of a health center, particularly with a health center that occupies a role of health care provider, employer, and community health resource
- ◆ Used as a guide for all the health center's employees — from frontline up to senior management, as well as contract personnel

Effective Corporate Compliance

Developing Standards of Conduct to which the entire organization subscribes is one of the cornerstones of a corporate compliance program. The idea of corporate compliance arises from the Sentencing Guidelines published by the United States Sentencing Commission which, in the 1991 version, provided guidelines for judges to use when sentencing criminal defendants, including organizations that were convicted of felonies as a result of the actions of their agents and employees. If a corporation created an effective compliance program that would detect violations of the law and prevent offenses such as the one in which the corporation was charged, then the sentence could be mitigated and fines reduced.³ Since a corporation acts through its board and its employees, in order for a compliance program to have any effect, it must involve every person in the organization. Furthermore, it is the Standards of Conduct that sets the tone for a culture of compliance.

Federal Rules to Maintain Written Standards of Conduct

As a compliance matter, the federal government's procurement standards that are included in the overall **Grant Requirements** require all grant recipients (including Section 330-funded health centers) to maintain written Standards of Conduct that govern board members, employees and agents engaged in the selection, award and administration of any contract.⁴ In particular, the procurement standards direct grantees to avoid conflicts of interest in decision-making related to procurements by assuring that:

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. See 45 C.F.R. § 75.327(c)(1)

This procurement standard has been adopted in the **Section 330-Related Requirements** that address a health center's duty to adopt a conflict of interest policy.

3 18 U.S.C. § 18 dealt with the guidelines for organizations who were convicted of felonies and Class A Misdemeanors. The Sentencing Guidelines established seven elements of a compliance program, the first being standards and procedures "reasonably capable of reducing the prospect of criminal conduct." 18 U.S.C. § 8A1.2, App. Note 3(k).

4 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards, 45 C.F.R. § 75.327(c)(1).

Grant Requirements also require that the health center seek to avoid organizational conflicts of interest or non-competitive practices among contractors. Organizational conflicts of interest mean that because of relationships with a parent company, affiliate, or subsidiary organization, the health center is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft grant applications, or contract specifications, requirements, statements of work, invitations for bids and/or requests for proposals must be excluded from competing for such procurements. See § 75.327(c)(2).

Similarly, the IRS deems a conflict of interest policy as one of the key factors demonstrating that a tax-exempt health care organization benefits the community as a whole rather than private interests.

While the procurement standards discussed above apply to board members as well as employees and agents, **Section 330-Related Requirements** also establish a separate standard of conduct solely for board members. The specific **Section 330-Related Requirement** prohibits any member of the board or the member's immediate family member from being an employee of the health center. Although the regulations do not prohibit family relationships between and among board members, many health centers choose to prohibit a board member's family member from serving as another member of the governing board as part of a broad anti-nepotism policy in the Standards of Conduct.

Do Not Solicit or Accept Gratuities

The procurement standards also require that the Standards of Conduct prohibit board members, employees, and agents from soliciting or accepting gratuities, favors or anything of monetary value from contractors or parties to sub-agreements. See 45 C.F.R. § 75.327(c)(1). This is another way of saying that every board member, employee and agent owes the health center the highest duty of loyalty. This standard also has been adopted in the **Section 330-Related Requirements** that address a health center's duty to adopt a conflict of interest policy.

Establish Disciplinary Action

A key requirement of the procurement rules require that the Standards of Conduct establish disciplinary action that will be taken against board members, employees, or agents who violate the Standards of Conduct. See 45 C.F.R. § 75.327(c)(1). Without disciplinary procedures, the health center has no way to enforce its Standards of Conduct, which could potentially minimize its effectiveness and effectively render it moot. Similar to the procurement standards discussed above, this standard has been adopted in the **Section 330-Related Requirements** that address a health center's duty to adopt a conflict of interest policy.

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ELEMENTS OF MODEL STANDARDS OF CONDUCT

A recommended model for Standards of Conduct contains eight sections that address conduct and that are described in more detail below. In drafting and securing approval of the Standards, it is important **to include board members and senior staff, as well as rank and file employees**, so that there is buy-in at all levels of the health center. Everyone must understand that the Standards are central to the lawful and ethical conduct of business at the health center.

Statement of Purpose

This section of the Standards of Conduct describes the reason for establishing the Standards of Conduct, namely, to:

- ◆ Preserve the integrity of decision-making
- ◆ Promote appropriate conduct by “Individuals Affiliated with the Health Center” typically defined as board members, employees, volunteers and agents
- ◆ Ensure that they will act in the best interest of the organization and not use their positions for personal gain

A related purpose is to require such Individuals Affiliated with the Health Center to preserve the confidentiality of the health centers’ health and business information.

Statement of General Responsibilities

This section of the Standards of Conduct is the “policy statement” that:

- ◆ Acknowledges the importance of maintaining the health center’s reputation for integrity by adhering to federal, state, and local laws, and fulfilling contractual obligations
- ◆ Underscores the individual responsibility of each Individual Affiliated with the Health Center (as defined above) to comply with the Standards
- ◆ Ensures that Individuals Affiliated with the Health Center (as defined above) who supervise others are responsible for ensuring that the conduct of the persons they supervise also adheres to the Standards.

Standards for Managing a Conflict of Interest

This section of the Standards of Conduct is comprised of many subsections that describe how conflicts of interest are defined, disclosed, managed and recorded. Further, this section includes disciplinary actions in the event that an individual violates the standards for managing a conflict of interest.

General Prohibition

No Individual Affiliated with the Health Center can participate in the selection, award, or administration of a federally-funded contract if there is a real or an apparent conflict of interest involved.

Definition of Conflict of Interest

Conflicts of interest are not inherently “evil.” Rather, the nature of a conflict of interest largely depends on how the conflict is managed. For example, a conflict of interest could arise if a board member is a professor at a local medical school that is negotiating with the health center to implement a training program. Assuming the board member discloses this potential conflict to the board and takes steps to ensure that the decision-making process related to the training program is untainted, the conflict of interest is not problematic. On the other hand, if a board member is an owner of a company that contracts with the health center for the provision of a particular service and this financial interest is not disclosed to the board and the board member participates in the decision-making related to the transaction, the failure to ensure that the conflict of interest did not taint the decision-making process presents a potential violation of the duty of loyalty.

A conflict of interest arises when an Individual Affiliated with the Health Center (as defined above) has, directly or indirectly through an immediate family member or business associate (including his or her employer), an **interest** that actually or potentially competes with the best interests of the health center. The **interest** involved may be any of the following, individually or in combination:

- ◆ Business relationship (e.g., an actual or forthcoming compensation arrangement, whether by contract or employment) with another person or entity
- ◆ Financial relationship (e.g., a controlling or material ownership interest or an investment interest, employment relationship or other relationship that a reasonable person would deem significant) with or tangible benefit from another person or entity

- ◆ Fiduciary relationship (e.g., serving on the Board) with another entity
- ◆ Personal relationship (e.g., family, friendship or other personal relationship) with someone who has a business, financial or fiduciary relationship as defined above

Please note that an interest in a company through publicly-traded stocks, bonds or mutual funds available to the general public can be defined as not being a conflict, provided the ownership or investment interest is less than one percent (1%) of the company’s shares. It is important to remember that not all interests result in a “conflict of interest.” To determine whether an interest creates a conflict, and if so, to manage that conflict, the health center should follow certain steps:

- ◆ Provide a means for disclosure;
- ◆ Offer an approach to assess and determine whether a conflict truly exists; and if one does,
- ◆ Take action with respect to the conflict.

Each of these steps is discussed below. Note that when engaging in these steps, it is advisable to consult state law governing nonprofit corporations. Such laws may specifically prohibit participation in transactions involving conflicts of interest unless the health center follows certain additional or other procedures.

Disclosure

Disclosure can be accomplished by requiring annual reporting on a form that lists a person’s financial, business, and board interests. In addition, an Individual Affiliated with the Health Center (as defined above) is obligated to disclose a conflict if a matter comes up where a person recognizes that he or she has a personal or financial interest that has been overlooked or was not apparent until the transaction

was presented for a decision. A board member and the health center's Chief Executive Officer (CEO) would disclose the conflict to the chairperson of the board, while an employee would disclose to the CEO (potentially through submission to the health center's Compliance Officer, as applicable).

Board members should disclose their interests at three different points in their tenure on the board: (1) prior to their election or appointment, (2) annually thereafter, and (3) whenever a particular conflict arises.

Determining Whether a Conflict Exists

Once the conflict has been disclosed, it is up to the board, in the case of a board member or the CEO, or the CEO, in the case of an employee, to determine whether there is a real or apparent conflict of interest. This can be accomplished through a few simple steps:

- ◆ Permit the conflicted person to make a presentation to the board or to the CEO about why he or she believes it is not a conflict. Relevant factors might include:
 - The proximity of the person to the decision-making authority of the other entity;
 - The amount of the financial interest or investment (i.e., is it truly de minimis?); and
 - The degree to which the person might benefit personally if a particular transaction were approved.
- ◆ Require that the conflicted person leave the meeting after presenting his or her side.
- ◆ Know that in certain situations, such as when a person who is in a decision-making position at another organization with which a transaction is proposed, as well as serving in a similar role at the health center, a conflict of interest should be presumed to exist.

Procedures to Address Conflict

If there is a determination that a real or apparent conflict exists, the CEO or chairperson of the board can then determine if there are alternatives to the transaction in question or if the conflict can be managed. For example, some conflicts can be managed by removing the person from both the discussion and vote on the transaction.

- ◆ If the conflict involves a procurement transaction, the procurement policy and procedure of the health center should be followed.
- ◆ If there is no alternative to the proposed transaction or vendor, then it would be up to the board or CEO to determine whether, notwithstanding the conflict of interest: (i) the transaction or arrangement is in the health center's best interest; and (ii) the transaction is fair and reasonable to the health center so that it would constitute an "arms-length" transaction.
- ◆ It could be that a person's interest causes a conflict so pervasive that the board or the CEO may require that individual to withdraw from his or her position with the health center unless the individual, family member or business associate chooses to disassociate from the outside position that causes the conflict of interest.
- ◆ Some health centers may decide as a matter of policy not to do business with a board member or anyone associated with a board member, where other health centers may choose to decide this on a case-by-case basis, as long as the decision is made in the best interests of the health center and not of the individual.

- ◆ If the Standards of Conduct allow for procurement relationships involving board members (or family members or business associates of board members) as the vendor, the member of the board who is conflicted must not participate in the discussions or vote regarding his or her selection, and the procurement must meet procurement standards in being a fair, objective, arm's-length transaction (and, preferably, the result of competitive bidding).

Recordkeeping

The minutes of a board meeting or a memorandum to the file by the CEO should be used to document conflicts of interest and management of the conflicts. At a board meeting, any disclosed conflict of interest should be described, along with the decision as to whether it was deemed a conflict. The minutes for this determination should record:

- ◆ The names of the participants
- ◆ The content of the discussion
- ◆ The identity of those who voted and those who recused themselves
- ◆ The nature of the alternatives considered
- ◆ The vote on the transaction with the identity of those who voted for and those who voted against the transaction

Compensation

This section of the Standards of Conduct should address whether and the extent to which board members can be compensated, as well as whether staff (including management) can receive outside compensation. Board members should not be compensated for their services as board members

either in actual cash or indirectly through substantial gifts or favors. A board member may, however, be compensated for actual expenses incurred when acting in his/her capacity as a board member, such as expenses related to attendance at board meetings, conferences, educational seminars regarding health center governance, etc. Reimbursement for expenses does not include reimbursement of any family member's expenses.

Similarly, if the CEO receives income from an outside source as a consultant or a part-time employee of another entity, he or she must disclose that to the chair of the board so that the chair can determine whether that activity conflicts with the health center activity.

Employees who wish to have outside employment to supplement income should disclose that to the CEO, so that the CEO can determine whether the outside employment presents a conflict of interest.

Gifts and Gratuities

This section of the Standards of Conduct should address whether and the extent to which any Individuals Affiliated with the Health Center (as defined above) can accept gifts, etc. As noted above, this section helps to ensure that the duty of loyalty is fulfilled and conflicts of interest are avoided, and also is a key element of the Code of Conduct under procurement rules. While the board may decide as a matter of policy to permit non-cash gifts of nominal value such as pens, calendars and mugs, under no circumstances should cash or cash equivalents from those who do business with the health center be permitted. Personal gifts, liquor, social entertaining, sports events tickets, gift cards, and the like should also be prohibited. While it may be true that a ticket to a baseball game given by a contractor to a health center will not influence a decision, it gives an appearance of a conflict of interest.

Consistent with **Grant Requirements**, this section of the Standards of Conduct should include a statement referencing its procurement policy and the intention: (i) to conduct procurements in a manner that is, to the maximum extent possible, open, practical, and encourages free competition; and (ii) to avoid conflicts of interest and non-competitive practices among contractors so that the best vendor — in terms of price, quality, and efficiency — is chosen.

Within the health center itself, conflicts of interest in the form of non-competitive practices should be scrupulously avoided. For example, the contractor who wants to bid on work from the health center must not develop or draft grant applications related to the work, the contract specifications, requirements, statements of work, or the invitations for bids or requests for proposals.

Confidential Information

This section of the Standards of Conduct should require that Individuals Affiliated with the Health Center (as defined above) treat certain information as confidential. Board members and employees are likely to acquire confidential protected health information as well as proprietary business information by virtue of their positions with the health center. In all cases, the Standards of Conduct should clearly articulate the importance of maintaining the confidentiality of health center information. All Individuals Affiliated with the Health Center have to exercise care not to make an inadvertent disclosure of this confidential information, whether it is a lawsuit that has been brought against the health center or a new affiliation. Both the duty of care and the duty of loyalty require that the health center's business strategies, risk management issues, quality improvement information, employment information, and patient information be kept confidential. One way of reinforcing the duty is requiring all employees and Board members to sign a confidentiality statement.

Political Activities and Lobbying

This section of the Standards of Conduct should address whether and the extent to which Individuals Affiliated with the Health Center (as defined above) can engage in lobbying and political activity. In order to maintain their nonprofit status, health centers, as corporate entities, cannot engage in political campaigns or contribute to political campaigns, and campaign contributions cannot be asked of individuals during work. Individuals Affiliated with the Health Center should not be permitted to do any kind of fundraising or soliciting for a political party or candidate using the health center's name, facilities, equipment, supplies, or any other health center resources.

Lobbying activities (i.e., activities that support or oppose legislation) conducted by tax-exempt organizations such as health centers are allowed, so long as the activity is insubstantial in relation to all of the center's activities. However, no federal grant money may be used to support such lobbying activities. To ensure that the health center strictly adheres to the lobbying rules regarding what can – and cannot – be done, all lobbying activities by the health center or by any Individuals Affiliated with the Health Center should be approved by and coordinated with the CEO (or his or her designee) prior to taking action.

Reporting Violations and Disciplinary or Corrective Action

This section of the Standards of Conduct should specify the consequences of violating any of the provision of the Standards of Conduct, including failure to disclose an interest, as well as to whom a violation should be reported and the consequences of such reporting. If someone has reason to believe that another person has not disclosed a conflict of interest, then the person should be given an opportunity to

explain the failure to disclose. If it is a board member or the CEO, then the report of a violation would be to the board chairperson who in turn may seek assistance from the board as to the appropriate sanction or corrective action (which could include a warning or removal from the board position, depending on the severity of the violation).

If it is an employee who violated the Standards of Conduct, then the report would be made to the employee's supervisor, the compliance officer, or the CEO. Disciplinary action may include a warning, removal from playing any part in the negotiation or administration of any contracts or grants, or a suspension or termination from employment, depending on the circumstances, such as whether the failure can be deemed to be inadvertent or intentional.

Upon appointment to the board or hiring into a management position, an individual should be asked to sign an acknowledgement and agreement to adhere to the Standards of Conduct, along with requiring the disclosure of any then-current interests, and a confidentiality agreement, both of which reinforce the importance of the pledge.

Periodic Compliance Reviews

This section of the Standards of Conduct should specify that periodic reviews of high-risk areas within the organization will be conducted to assure that the health center remains compliant with, among other things, the Standards of Conduct. An example of a high-risk area, according to the Office of Inspector General, is procurements. Accordingly, the health center might verify annually that all relationships with providers and vendors are in writing with the contractor and that individuals or entities are paid fair market value (documented with other bids and/or comparability data) for the services they render. If any contractor has a relationship with the health center that has conflict of interest implications, an assessment

might be made as to whether there is documentation that the Standards of Conduct were followed.

Acknowledgements and Disclosure Forms

To facilitate compliance with the Standards of Conduct, as well as to ensure that all Individuals Affiliated with the Health Center (as defined above) take their obligations seriously, it is advisable to attach to the Standards of Conduct an acknowledgement form to be signed by the board member / staff person. The acknowledgement is a certification that the individual received and reviewed a copy of the Standards of Conduct and understands that it represents a mandatory policy of the health center. By signing the form, the individual agrees to comply with the Standards of Conduct, including a duty to report any suspected or known violation of the Standards of Conduct or any health center policy or procedure. Acknowledgement forms should be maintained in the health center's records and updated periodically (at a minimum, when the Standards of Conduct are revised or new Standards are implemented).

Separate from the acknowledgement form, the disclosure form is specific to actual or apparent conflicts of interest. This form also should be attached to the Standards of Conduct and should be used by all Individuals Affiliated with the Health Center (as defined above) to disclose any relationships, affiliations or other non-health center related responsibilities that may create or appear to create a conflict of interest (as defined in the Standards of Conduct) with regard to that individual's duties to the health center. Disclosure forms should be maintained in the health center's records, updated annually and supplemented whenever new interests arise after the disclosure form has been filed for that year.

CONCLUSION

In conclusion, the Standards of Conduct are a firm foundation on which to rest a corporate compliance program. Neither the board nor the CEO should hesitate to hold the health center's feet to the fire to adhere to principled conduct that the community expects of every corporation. But the Standards of Conduct are only as good as each board member and each employee's (and agents') understanding of and compliance with them. Each board member, employee and agent is responsible for setting an example of adherence to ethical conduct.

ELEMENTS OF MODEL STANDARDS OF CONDUCT

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