

[HEALTH CENTER NAME]
STANDARDS OF CONDUCT

I. Statement of Purpose

[Health Center Name] (“Health Center”) is organized and operated exclusively for charitable purposes under the [State] Nonprofit Corporations Law and within the meaning of Section 501(c)(3) of the Internal Revenue Code (“Code”), as amended.

[Optional: Insert Health Center’s mission or vision.]

[Health Center], and its Board members, officers, employees, contractors, and agents, have a responsibility to [Health Center]’s patients, Federal and State governments, other [Health Center] funders, and the communities served by [Health Center] to conduct themselves prudently, responsibly, in furtherance of, and consistent with, [Health Center]’s charitable purposes and non-profit, tax-exempt status, and in the best interests of [Health Center]’s patients.

To promote and help ensure appropriate conduct, the primary purpose of these Standards of Conduct is provide safeguards to prevent [Health Center] Board members, officers, employees, contractors, and agents of [Health Center] from:

Using their position for purposes that are, or give the appearance of being, motivated by a desire for personal, private, financial, or other gain for themselves or others, such as those with whom they have family, business or other ties; and

Violating their fiduciary and/or contractual duties, if any, to [Health Center] by inappropriately disclosing confidential information about [Health Center].

These Standards of Conduct are intended to be consistent with [Health Center]’s Bylaws or applicable Federal, State, and local law. In conducting any and all activities, Board members (including non-voting members of the Board), other individuals who may be authorized to be present at Board meetings, officers, employees, contractors, and agents of [Health Center] must comply with these Standards of Conduct.

II. General Responsibilities

The Board of Directors of [Health Center] recognizes the paramount importance of maintaining [Health Center]’s reputation for integrity that includes, but is not limited to, assuring compliance with applicable Federal, State, and local laws and regulations, as well as fulfilling contractual obligations.

A. Individual Responsibility

Every Board member, officer, employee, contractor, or agent of [Health Center] is responsible for ensuring that his or her conduct is consistent with these Standards of Conduct, with [Health Center]’s policies and procedures, and with generally accepted standards of professionalism, courtesy, and respect. Furthermore, [Health Center] Board members, officers, and employees in supervisory positions must assume, and are charged with, responsibility for ensuring that the conduct of everyone they supervise (including contractor personnel) complies with these Standards of Conduct.

B. Business Activities

Board members, officers, employees, contractors, and agents of [Health Center] must strive to make decisions fairly and objectively with the best interests of [Health Center] in mind. As [Health Center] is a U.S. Department of Health and Human Services (“DHHS”) grantee, these Standards for Managing Conflicts of Interest are also necessary to comply with DHHS regulations found at 45 CFR § 74.42.

III. Standards for Managing Conflicts of Interest

A. Definitions

1. Interest. A person has an “Interest” if he or she has, directly, or indirectly through an immediate family member:

a business relationship (*e.g.*, an actual or forthcoming contractual or employment compensation arrangement) with: (1) [Health Center]; (2) an entity with which [Health Center] has entered (or is negotiating to enter) a transaction or arrangement; or (3) an entity that is a competitor or potential competitor of [Health Center];

a financial relationship (*e.g.*, a controlling or material ownership, or investment interest) with: (1) an entity with which [Health Center] has entered (or is negotiating to enter) a transaction or arrangement; or (2) an entity that is a competitor or potential competitor of [Health Center];

a fiduciary relationship (*e.g.*, board member, director, trustee, or officer) with: (1) an entity with which [Health Center] has entered (or is negotiating to enter) a transaction or arrangement; (2) an entity that is a competitor or potential competitor of [Health Center]; or

a personal relationship with an individual who has a business, financial, or fiduciary relationship as defined above.

Any interest in a company through publicly-traded stocks, bonds, or mutual funds available to the general public shall not constitute an Interest, provided the ownership or investment interest is less than one percent of the company’s shares.

A personal relationship means a relationship based on family, friendship, or romance.

2. Conflict of Interest. A “conflict of interest” arises whenever the Interest of a person competes with or has the potential to compete with the best interests of [Health Center]. A conflict is presumed to exist if a person with an Interest is in a position to control or influence the transaction or arrangement.

B. General Prohibition

No Board member, officer, employee, or agent shall participate in [Health Center]’s selection, award, or administration of any contract or grant when a real or apparent conflict of interest is involved.

C. Affirmative Disclosure Requirements

It is the policy of [Health Center] that Interests shall be fully disclosed by any individual regardless of whether a conflict of interest is determined to exist.

1. Annual Disclosures. [Health Center] requires that all Board members, officers, employees, contractors or agents, as well as candidates for Board membership, disclose in writing (and update at least annually): (1) all Interests described in Section III.A which may create an actual or potential conflict of interest, and (2) where applicable, provide a statement suggesting how such conflict could be avoided or mitigated.

In order to facilitate such full disclosure, [Health Center] requires Board members, officers, employees, contractors, or agents to annually complete the Disclosure Form attached as Exhibit A. Completion of a Disclosure Form does not relieve individuals of the obligation to comply with these Standards of Conduct with regard to disclosure of Interests that may occur after the filing of the Disclosure Form (*e.g.*, with respect to a particular transaction).

2. Additional Interests. [Health Center] requires all Board members, officers, employees, contractors, or agents to disclose additional Interests that arise after the filing of the Disclosure Form.

Members of the Board of Directors shall make disclosures to the Chair of the Board of Directors. If the Chair has such an Interest, he or she must make disclosure to the Vice Chair, respectively, who will, in turn, be responsible for advising the Board.

The Chief Executive Officer shall make disclosures to the Chair of the Board who will, in turn, be responsible for advising the Board of such disclosure.

Employees, contractors, and agents shall make disclosures in writing to the Chief Executive Officer.

D. Determining Whether a Conflict of Interest Exists

In the case of a potentially conflicted person who is a Board member (including the CEO), that Person may make a presentation to the Board regarding whether he or she has a conflict, and may respond to related questions from the Board. However, after such presentation, he or she shall leave the meeting during any discussion of, or vote on, whether a conflict of interest exists, and if such conflict is determined by the Board to exist, he or she shall leave the meeting during any discussion of, and voting on, the transaction or arrangement that involves the conflict of interest.

E. Procedures for Addressing the Conflict of Interest

1. Procurement. If the conflict involves a [Health Center] procurement, the process shall be conducted in accordance with [Health Center]'s Procurement Policy.
2. Alternative Arrangements. In other instances, the Board shall, as it may deem appropriate, appoint the CEO to investigate alternatives to the proposed transaction or arrangement and make recommendations. After exercising due diligence, the Board or CEO, as applicable, shall determine whether [Health Center] can obtain an equivalent transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
3. Health Center's Best Interests. If a transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the Board or CEO, as applicable, shall determine (if Board, then by a majority vote of the disinterested Board members) whether, notwithstanding the conflict of interest, the transaction or arrangement is in [Health Center]'s best interest, for its own benefit and whether the transaction is fair and reasonable to [Health Center] such that it would constitute an "arms-length" transaction (and be consistent with 45 C.F.R. Part 74 standards).
4. Pervasive Conflicts of Interest. In circumstances where there are material, continuing, or pervasive conflicts of interest, an individual may be required by the Board of [Health Center] or the CEO, as applicable, to withdraw from his or her position with [Health Center] unless the individual, family member, or business associate chooses to disassociate from the outside position that causes the conflict.

F. Violations of the Standards of Managing Conflicts of Interest

If the Board or CEO, as applicable, has reasonable cause to believe that a person has failed to disclose an Interest, the person shall be informed of the basis for such belief and afforded an opportunity to explain the alleged failure to disclose.

If, after hearing the response of the individual who failed to disclose an Interest, and making such further investigation as may be warranted in the circumstances, the Board or CEO determines that the individual has in fact failed to disclose an Interest in accordance with Section III.C, appropriate corrective and/or disciplinary action shall be taken, including removal of the individual from the selection, negotiation, or administration of any contracts or grants.

G. Records of Proceedings

The minutes of the Board and all committees with Board-delegated powers and those records as determined by the CEO shall contain:

1. Conflicts of Interest. The names of the person who disclosed or otherwise were found to have an Interest in connection with an actual or potential conflict of interest and the nature of the Interest; any action taken to determine whether a conflict of interest was present; and the Board or CEO's decision, as applicable, as to whether a conflict of interest in fact existed.

2. Management of Conflicts. For transactions where a conflict of interest has been disclosed or otherwise found to exist, the names of the persons who were present for discussions and votes relating to the transaction or arrangement, and the names of the persons who recused themselves; the content of the discussion, including any alternatives to the proposed transaction or arrangement or the health center's best interest; and a record of any votes taken in connection therewith.

H. Supplemental Income

The CEO and all officers must disclose to the Chair of the Board, in writing, any specifics of any plans to accept supplemental outside employment so that [Health Center] may determine whether such outside employment or consultancy conflicts, or has the potential or appearance for conflicting, with the interests of [Health Center]. [Health Center]'s prior approval of such outside employment or consultancy is required.

[A similar provision may be included for all other employees (who would make disclosure to the CEO) either in these standards or in the personnel policies, or both. At a minimum, health center clinicians should be required to disclose any plans to moonlight whether or not a conflict is presented because FTCA will not cover such arrangements and the health center will want assurance that malpractice liability insurance has been secured.]

I. Compensation

[Health Center] will not compensate members of the Board of Directors for services rendered in the ordinary course of service as members of the Board of Directors. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature. Compensation shall not include, however, reimbursements by [Health Center] to Board members for reasonable expenses actually incurred by reason of their participation in Board activities or their performance of Board duties, e.g., travel expenses, training/conference fees, and incidentals, provided such reimbursements extend solely to the individual Board member's expenses, are within the limits of available funds, and are consistent with any other requirements prescribed by [Health Center] Board.

[Optional Provisions: Based on the preferences of the Board, the Board has the option to choose either to allow or not allow Board members (and their family members, business associates, and employers) to contract with the health center for professional services. The first paragraph below addresses situations allowing for such contracts; the second paragraph provides language barring such contracts altogether. It is important that the health center adopt one or the other of these options and conduct itself consistently.

Option #1

If a Board member who is not an officer (or any member of his or her immediate family, his or her business associate, or an organization which employs or is about to employ him or her) is qualified to perform professional services for [Health Center], [Health Center] may consider contracting with that Board member (or, as applicable, a member of his or her immediate family, his or her business associate, or the organization which employs or is about to employ him or her) for such professional services, provided that (1) the affected Board member does not participate in any pertinent discussions (except to the extent other bidders are invited to do so) or vote on his or her selection; and (2) the procurement is in all respects an "arms-length" transaction (and, preferably, the result of a competitive bid process),

consistent with [Health Center]'s Procurement Policy, 45 C.F.R. Part 74 standards (if Federal funds will be used), and otherwise in the best interests of [Health Center], and further provided that such a contract will not be considered if the Board member is an officer and payments under the contract will be supported, all or in part, with Federal funds.

Option #2

Under no circumstances will [Health Center] consider contracting with a Board member (or any member of his or her immediate family, or his or her business associate, or an organization which employs or is about to employ him or her) for the performance of professional services.]

J. Absolute Prohibition Against Certain Gifts/Gratuities

No Board member, officer, employee, contractor, or agent of [Health Center] may solicit or accept gifts, gratuities, favors, or anything of value from contractors or potential contractors of [Health Center], or from parties or potential parties to sub-agreements (e.g., subcontracts and sub-grants).

A “gift” means anything offered directly by or on behalf of a contractor or potential contractor, other than promotional materials of little or nominal value such as pens, calendars, mugs, and other items intended for wide distribution and not easily resold. Gifts include (but are not limited to): personal gifts, such as sporting goods, household furnishings and liquor, social entertainment or tickets to sporting events, personal loans or privileges to obtain discounted merchandise, and the like.

Every [Health Center] Board member, officer, employee, contractor, and agent will decline or return any gift and notify the Chief Executive Officer of such gift.

Notwithstanding the provisions of Section VII.B below, [Health Center] will immediately dismiss any employee, remove any officer or Board member, and terminate the contract of any contractor/agent found to have offered or accepted a bribe to secure funding or other benefits from [Health Center].

K. Periodic Compliance Reviews

To ensure that [Health Center] operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews must be conducted by the CEO or Corporate Compliance Officer, as applicable, and presented to the Board of Directors. The periodic reviews shall, at a minimum, cover the following aspects:

Whether compensation arrangements and benefits are reasonable; and

Whether contracts, partnership and joint venture arrangements, and other types of arrangements conform to the Corporation's written policies, are set forth in legally sound agreements, reflect reasonable payments for goods and services, further the Corporation's charitable purposes, and do not result in private inurement or impermissible private benefit.

L. Use of Outside Experts

In conducting the periodic reviews provided for in Section K, the CEO or Compliance Officer may, but need not, use outside advisors.

The use of outside advisors shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted and presented to the Board and for approving the Health Center's salary and wage benefit scales as required by 42 C.F.R. § 51c.304(d)(3)(ii).

IV. Procurement Standards

[Health Center] has adopted a Procurement Policy that governs [Health Center]'s procurements. As stated in the Procurement Policy, it is the policy of [Health Center] to conduct all procurement transactions in a manner to provide, to the maximum extent, practical, open, and free competition. Other important procurement considerations include the following:

[Health Center] will be sensitive to, and seek to avoid, organizational conflicts of interest or non-competitive practices among contractors. Consultants who want to bid for a contract from [Health Center] are prohibited from drafting the contract's specifications, requests for proposals, and the like.

Awards will be made to the bidder whose bid is responsive to the solicitation and most advantageous to [Health Center], in terms of price, quality, and other factors. [Health Center] retains the right to reject any and all bids or offers when it is in [Health Center]'s interest to do so.

V. Confidential Information

A. General Prohibition

Board members, officers, employees, contractors, agents, and other individuals may acquire confidential or proprietary information by virtue of their affiliation with [Health Center] or by virtue of attending a Board or Committee meeting. Confidential or proprietary may not be: (1) disclosed outside of [Health Center] without appropriate authorization from the Board (for Board members, other individuals who may be authorized to be present at Board meetings, and officers) or from the Chief Executive Officer (for employees, contractors, or agents); or (2) used for personal gain or for the benefit of a third party.

In addition, Board members, officers, employees, contractors, agents, and other individuals who may acquire confidential or proprietary information by virtue of their affiliation with [Health Center] or by virtue of attending a Board or Committee meeting are expected to exercise reasonable care to avoid the inadvertent disclosure of confidential information and will be bound by (and required to comply with) the confidentiality provisions contained in agreements executed between [Health Center] and other organizations. Board members, officers, employees, contractors, agents, and other individuals who may acquire confidential or proprietary information by virtue of their affiliation with [Health Center] shall be required to maintain the confidentiality of [Health Center]'s information, patient health data, and risk management, quality improvement, and human resources activities, consistent with this Confidentiality Policy indefinitely after their term of Board membership, office, employment, contract, or other affiliation with [Health Center] ends.

B. Definition of Confidential or Proprietary Information

The term "confidential or proprietary information" shall mean any and all information (whether written, oral, or contained on audio tapes, video tapes or computer diskettes), relating to the business,

operation, and/or financial condition of [Health Center]. All information communicated at executive sessions or other closed sessions of the Board of Directors is confidential and proprietary information. In addition, the Board of Directors or Chief Executive Officer may determine that other information, including information shared in Board of Directors' meetings and committee meetings, is confidential or proprietary on a case-by-case basis.

C. Confidentiality Agreement

Every Board member, officer, employee, contractor, agent, or other individual who may acquire confidential or proprietary information by virtue of their affiliation with [Health Center] or by virtue of attending a Board or Committee meeting shall be required to sign a Confidentiality Agreement in the form attached hereto as Exhibit B, or in such other form as the [Health Center] Board may adopt, whereby such individual expressly agrees to comply with [Health Center]'s confidentiality policies set forth herein.

VI. Political Activities and Lobbying

A. Political Activities

No employee, contractor, or agent to [Health Center] may engage in political campaign activities (typically involving election for public office) while at work during business hours. No Board member, officer, employee, contractor, or agent may use [Health Center]'s name, facility, or any resources in connection with political campaign activities.

Board members, officers, employees, contractors, and agents may not engage in conduct that indicates that [Health Center] supports any political party or candidate. No Board member, officer, employee, contractor, or agent will, in any manner, solicit financial assistance or subscription for any political party, candidate, fund, publication, or for any other political purpose from [Health Center] employees in the workplace or otherwise in an employment-related setting.

B. Lobbying

No Federal grant or related funds may be used to support the costs of lobbying activities as defined variously in OMB Circular A-122, DHHS rules implementing the Byrd Amendment and DHHS appropriations riders. Lobbying is generally defined as a communication (written or oral) that is an attempt to influence (for or against) specific legislation including appropriations. No lobbying activities will be conducted by Board members, officers, employees, contractors, or agents, on behalf of [Health Center], without the prior written approval of the Board of Directors or the Chief Executive Officer.

VII. Violations of Standards of Conduct

A. Reporting of Suspected Violations

1. Employees. Employees should promptly report concerns regarding compliance with these Standards of Conduct. Such a report should normally be made initially through standard management channels, beginning with the employee's immediate supervisor. Alternatively, employees may make such report to the Compliance Officer. Such reports may be made confidentially, and even anonymously; however, [Health Center] cannot guarantee anonymity. Raising such concerns is a service to [Health Center] and will not jeopardize the terms and conditions of employment of

the reporting individual. All employees must cooperate fully in the investigation of any alleged misconduct. Any employee who makes intentionally false accusations regarding a compliance concern is subject to discipline by [Health Center] including, but not limited to, suspension or termination from employment, in addition to legal penalties that may apply.

2. Others. Other individuals should promptly report suspected violations of Standards of Conduct to the Chief Executive Officer or Compliance Officer. If an individual has reason to believe that the Chief Executive Officer has violated the Standards of Conduct, notice should be given to the Chair of the Board of Directors.

B. Consequences of Violations

1. Board Members and Officers. Board members and officers who violate these standards may, depending on the severity of the violation, be subject to admonishment or removal from the Board, in addition to legal penalties that may apply. [Health Center] reserves the right to pursue whatever legal remedies may be available to address violations.
2. Employees, Contractors, and Agents. Employees, contractors, or agents who violate these standards may, depending on the severity of the violation, be subject to oral admonishment, written reprimand, reassignment, demotion, suspension or separation, in addition to legal penalties that may apply.

Exhibit A

DISCLOSURE CONCERNING FINANCIAL OR OTHER INTERESTS THAT CREATE A POTENTIAL OR ACTUAL CONFLICT OF INTEREST

STATEMENT OF PURPOSE:

As a Board member, officer, employee, contractor, or agent of [Health Center], I understand that I owe certain duties to [Health Center] including, but not limited to, a duty of loyalty to [Health Center]. I understand that one aspect of fulfilling my duties to [Health Center] is to avoid actual or potential conflicts of interest where my allegiance might be divided, or appear to be divided, between a position of responsibility to [Health Center], and another professional, personal, business, or volunteer position or responsibility.

To help avoid actual or potential conflicts of interest, I am disclosing other responsibilities and affiliations that may create or appear to create a conflict with regard to my duties to [Health Center]. I invite any further inquiry by [Health Center] that it deems appropriate.

AGREEMENT AND DISCLOSURE:

I have read [Health Center]'s Standards of Conduct and agree to comply with the terms of the policy. I understand the definition of Interests in Section III.A. of the Standards of Conduct and agree to supplement this Disclosure Form in the event of additional Interests that arise.

1. Disclosure of business relationships (*e.g.*, an actual or forthcoming compensation arrangement either by contract or employment) with: (1) [Health Center]; (2) an entity with which [Health Center] has entered (or is negotiating to enter) a transaction or arrangement; or (3) an entity that is a competitor or potential competitor of [Health Center]:
2. Disclosure of financial relationships (*e.g.*, a controlling or material ownership, or investment interest) with: (1) an entity with which [Health Center] has entered (or is negotiating to enter) a transaction or arrangement; or (2) an entity that is a competitor or potential competitor of [Health Center]:
3. Disclosure of fiduciary relationships (*e.g.*, board member, director, trustee, or officer) with: (1) an entity with which [Health Center] has entered (or is negotiating to enter) a transaction or arrangement; or (2) an entity that is a competitor or potential competitor of [Health Center]:

4. Disclosure of personal relationships with an individual who has a business, financial, or fiduciary relationship:

5. Suggested means of mitigating any of the situations identified in Items 1 through 5 above:

6. I know of no professional, business, or volunteer position or responsibility, including vendor situations, that might give rise to an actual or apparent conflict of interest or otherwise impair my ability to make decisions in the best interests of [Health Center] (check here): .

Signature

Date

Position with [Health Center]

EXHIBIT B

CONFIDENTIALITY AGREEMENT

I have reviewed [Health Center]'s Confidentiality Policy and agree to comply with the policies stated therein.

Name (printed)

Date

Name (signed)