

# **MODEL**

## **Health Center Standards of Conduct**

### **I. Statement of Purpose.**

The Community Health Center ("CHC") is in a position of trust with respect to many external organizations and agencies, as well as its patients and the community at large. Accordingly, the CHC, its Board Members, officers, employees, contractors and agents have a responsibility to the CHC's membership (if any), the Government, other sources of funds, its patients and its community to use such funds prudently, ethically, and for the purposes for which they are designated. Ethical conduct must be at the very foundation of the CHC.

The primary purposes of these Standards of Conduct are to provide safeguards to prevent employees, contractors, agents, officers and members of the Board of Directors of the CHC from:

- Using their positions for purposes that are, or give the appearance of being, motivated by a desire for private financial or other gain for themselves or others such as those with whom they have family, business or other ties; and,
- Violating their duty to the CHC by inappropriately disclosing confidential information about the CHC.

### **II. General Responsibilities of the CHC.**

The CHC recognizes that it must earn and maintain a reputation for integrity that includes, but is not limited to, compliance with applicable Federal, State and local laws and regulations, as well as its contractual obligations. Even the appearance of misconduct or impropriety can be very damaging to the CHC. The CHC must strive at all times to maintain the highest standards of ethics, quality and integrity.

#### **A. Individual Responsibility.**

Ethics and integrity are the responsibility of each individual. Therefore, every employee, contractor, agent, officer and member of the Board of Directors of the CHC is responsible for ethical conduct consistent with these Standards of Conduct and with the CHC's policies.

The CHC's Board and employees in supervisory positions must assume responsibility for ensuring that their conduct and the conduct of those they supervise (including contractors) complies with these Standards of Conduct.

#### **B. Business Activities.**

Business activities undertaken on behalf of CHC with the public, the Government, and suppliers must reflect the highest standards of honesty, integrity, and fairness. These business activities must be conducted so that they avoid even the appearance of misconduct or impropriety.

### **III. Private Financial or Other Interests: Prohibition on Conflicts of Interest.**

#### **A. General Principles Prohibiting Conflicts.**

No employee, contractor, agent, officer or member of the Board of Directors of the CHC will participate in the selection, award, or administration of a contract or grant (supported by Federal funds<sup>1</sup>) if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, contractor, agent, officer, or Board member, or 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 the firm selected for the contract or award.

A “*financial or other interest*” includes not only personal and pecuniary (monetary) advantage, but also situations in which there is a duality or diversity of interests between the CHC and another organization with which the employee, contractor, agent, officer or Board Member, or relative of any of these individuals, also is associated. In these situations, it is typically not enough for an individual to be aware of the conflict and to attempt to act in the CHC’s best interest despite the conflict. The CHC requires full disclosure of conflicts of interest consistent with this Policy, as further explained below.

**NOTE:** For serious, visible, continuing or pervasive conflicts, an individual may be required to withdraw from his or her position with the CHC or from the outside position that causes the conflict.

#### **B. Conflicts of Interest and Disclosure Requirements.**

No employee, contractor, agent, officer or Board Member will have a direct or indirect financial interest in, or receive any compensation or other benefits as a result of, transactions between the CHC and any individual or business firm:

- From which the CHC purchases supplies, services, materials or property;
- Which renders any service to the CHC, including the leasing of office space;
- To which the CHC provides any services or materials; or
- Which has any other contractual relations or business dealings with the CHC;

---

<sup>1</sup> At a minimum, these Standards must apply to Federally supported procurements but could be applied generally to all procurements.

except with the prior written approval of the Executive Director (or, if such person is a Board member or officer, of the Board of Directors), upon complete disclosure of the facts and after completion of an arms-length procurement that is consistent with the CHC's Procurement Policy and OMB Circular A-122 cost principles (if federal funds will be used), and in the best interests of the CHC. In the event the Executive Director has a conflict, the Executive Director will disclose such conflict to the Chair of the Board who will, in turn, be responsible for advising the Board. (The financial interests mentioned above do not include interests in corporations listed on a national stock exchange or traded over the counter, providing the financial interest is less than one percent of the corporation=s outstanding shares.)

As stated in Section III.A. above, no employee, contractor, agent, officer, or member of the Board of Directors may participate in the selection, award, or administration of a contract or grant in which Federal funds are used, if

- He or she, or
- His or her immediate family, or
- His or her partner, or
- An organization with whom he or she is negotiating or has any arrangement concerning prospective employment,

has a financial or other interest in the firm selected for the contract or award. If an employee, contractor, agent, officer, or member of the Board of Directors believes that one of the aforementioned conflicts actually or potentially exists, he or she must immediately disclose this information in writing to the Executive Director. Disclosures by members of the Board of Directors must also be made to the Chair of the Board of Directors (and if it is the Executive Director or the Chair who has such a financial interest, he or she must make disclosure to the Chair or Vice Chair, respectively).

The CHC requires that all employees, contractors, agents, officers and members of the Board of Directors and candidates for Board membership disclose in writing (and update at least annually):

- All business and family relationships which create an actual or potential a conflict of interest, and
- Where applicable, provide a statement suggesting how such conflict could be avoided or mitigated.

In order to facilitate such full disclosure, the CHC requires employees, contractors, agents, officers and Board Members to complete a Disclosure Form annually (Exhibit A). Completion of a Disclosure Form does not relieve individuals of the obligation to comply with these Standards of Conduct with regard to conflicts that occur after the filing of the Disclosure Form.

In addition, employees, contractors and agents must disclose to the Executive Director (and the Executive Director must disclose to the Chair of the Board), in writing, the specifics of any plans to accept supplemental outside employment so that the CHC may determine whether such outside employment or consultancy has the potential for conflicting with the interests of the CHC. The CHC's prior approval of such outside employment or consultancy is required.

No member of the Board of Directors may vote on any matter which may directly or indirectly result in financial or other gain to that member, or which may conflict with that member's obligations to another organization's Board of Directors or to his or her employer. Provided that the member of the Board of Directors has first disclosed a conflict or potential conflict, and abstains from voting in that regard, he or she may participate in discussions relating to that matter.

**C. Compensation to Members of the Board of Directors.**

Within the limits of available funds, the CHC may reimburse members of the Board of Directors for reasonable expenses actually incurred by reason of their participation in Board activities, e.g. travel expenses, meals and incidentals.

The CHC 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. However, if a member of the Board of Directors who is not an officer is qualified to perform professional services for the CHC, the CHC may consider contracting with that member of the Board of Directors for such professional services, provided that the affected member of the Board of Directors does not participate in discussions (except to the extent other bidders are invited to do so) or vote on his or her selection and the procurement is in all respects an "arms-length" transaction (and, preferably, the result of a competitive bid process), consistent with the CHC's Procurement Policy and OMB Circular A-122 cost principles (if federal funds will be used), and in the best interests of the CHC.

**D. Prohibition Against Certain Gifts/Gratuities.**

The employees, contractors, agents, officers and members of the Board of Directors of the CHC may not solicit or accept gifts, gratuities, favors or anything of value from contractors or potential contractors of the CHC, 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<sup>2</sup> such as pens, calendars, mugs, and other items intended for wide distribution and not easily resold. Gifts include (but

---

<sup>2</sup> The specific threshold amount is to be determined by the CHC; neither the procurement standards nor the anti-kickback rules specify a permissible amount.

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.

Any employee, contractor, agent, officer or member of the Board of Directors will decline or return any gift and notify the Executive Director of such gift.

**E. Prohibition Against Bribery.**

The CHC will immediately dismiss any employee, remove any officer or member of the Board of Directors, and terminate the contract of any contractor/agent found to have offered or accepted a bribe to secure funding from the CHC.

**IV. Procurement Standards.**

The CHC has developed Procurement Standards that are separately set forth and govern the conduct of the CHC's procurements. As those Procurement Standards state, it is the policy of the CHC 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:

- The CHC 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 the CHC are prohibited from drafting the contract's specifications, request for proposals and the like.
- Awards will be made to the bidder whose bid is responsive to the solicitation and most advantageous to the CHC, in terms of price, quality and other factors. The CHC retains the right to reject any and all bids or offers when it is in the CHC's interest to do so.

**V. Confidential Information.**

**A. General Principles.**

Employees, agents, contractors, officers, and members of the Board of Directors of the CHC may acquire confidential information by virtue of their affiliation with the CHC. It is the CHC's policy that information (including paper and electronic documents containing such information) that the CHC deems to be confidential may not be intentionally disclosed outside of the CHC. In addition, employees, contractors, agents, officers, and members of the Board of Directors will not disclose information that is not designated as confidential in instances where the individual should reasonably know that the CHC would not wish to have the information released to a third party, and should exercise reasonable care to avoid the inadvertent disclosure of confidential information.

## **B. Covered Information.**

It is the policy of the CHC that all information communicated at executive sessions or other closed sessions of the Board of Directors is confidential information. In addition, the Board of Directors or Executive Director may determine that other information is confidential on a case-by-case basis taking into account the CHC=s best interests. Information may be designated as confidential in various ways. Documents may be marked confidential (e.g., confidential minutes of executive sessions, financial reports, documents that contain attorney-client communications or an attorney=s legal opinion or factual research, which may be designated “attorney work product”). Information that is communicated orally also may be designated as confidential information either prior to or immediately after it is communicated.

## **C. Policy.**

Employees, contractors, agents, officers and Board members of the CHC are required to sign an appropriate Confidentiality Agreement that specifically limits the context in which, and persons to whom, confidential information may be communicated. The form of such agreement is attached hereto as Exhibit B.

Employees, contractors, agents, officers and members of the Board of Directors may not communicate the CHC=s confidential information to anyone who is not an employee, contractor, agent, officer, or member of the Board of Directors without the explicit authorization of the Board of Directors. The Board of Directors will have discretion on a case-by-case basis to limit access to certain confidential information only to members of the Board of Directors and officers. No employee, contractor, agent, officer, or member of the Board of Directors of the CHC will make use of or disclose confidential information learned as a result of his or her affiliation with the CHC for personal or any other person=s gain. Employees, contractors, agents, officers and members of the Board of Directors will at all time exercise reasonable care to avoid the inadvertent disclosure of the CHC=s confidential information and will be bound by (and required to comply with) the confidentiality provisions contained in agreements executed between the CHC and other organizations.

Employees, contractors, agents, officers and Board Members are required to maintain the confidentiality of the CHC=s information, consistent with this Confidentiality Policy, for an indefinite period of time after their term of employment, contract, office or other affiliation with the CHC ends.

## **VI. Political Activities and Lobbying.**

### **A. Political Activities.**

No employee, contractor or agent to the CHC may engage in political or political campaign activities (typically involving election for public office) during business hours, unless

on leave. No employee, contractor, agent, officer or member of the Board of Directors may use the CHC's name, facility, or resources in connection with political or campaign activities.

Employees, contractors, agents, officers and members of the Board of Directors may not solicit political support in any manner that might suggest that the CHC supports any political party or candidate. No employee, contractor, agent, officer or member of the Board of Directors will, in any manner, solicit financial assistance or subscription for any political party, candidate, fund, publication, or for any other political purpose from CHC 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, if any are incurred, of prohibited lobbying activities as defined variously in OMB Circular A-122, Department of Health and Human Services ("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. No lobbying activities will be conducted by employees, contractors, agents, officers and/or members of the Board of Directors, on behalf of the CHC, without the prior written approval of the Executive Director (or, if such person is the Executive Director, or an officer or member of the Board, of the Board of Directors).

## **VII. Violations of Standards of Conduct.**

### **A. Reporting of Suspected Violations.**

#### *1. Employees.*

Employees should promptly report suspected violations of applicable laws, regulations, government contract and grant requirements or these Standards of Conduct. This reporting should normally be made initially through standard management channels, beginning with the immediate supervisor. Alternatively, employees may go to the Compliance Officer.

Such reports may be made confidentially, and even anonymously; however, the CHC cannot guarantee anonymity. Raising such concerns is a service to the CHC and will not jeopardize the employment of the reporting individual.

All employees should cooperate fully in the investigation of any alleged misconduct.

#### *2. Others.*

Other individuals should promptly report suspected violations of applicable laws, regulations, government contract and grant requirements or these Standards of Conduct to the

Executive Director or Compliance Officer. If an individual has reason to believe that the Executive Director has violated the standards, notice must be given to the Chair of the Board of Directors.

**B. Consequences of Violations.**

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.

Officers and members of the Board of Directors who violate these standards may, depending on the severity of the violation, be subject to oral admonishment or removal from the Board, in addition to legal penalties that may apply.

*This model policy was prepared for the National Association of Community Health Centers, Inc. ("NACHC") by attorneys with the law firm of Feldesman Tucker Leifer Fidell LLP. Further, NACHC would like to acknowledge the Bureau of Primary Health Care ("BPHC"), whose funding helped to make this document possible. Although this document was prepared with the financial assistance of BPHC, please note that such assistance does not indicate an endorsement from BPHC, or any other governmental agency.*

*While based on principles of Federal law and sound business guidelines, this model policy does not constitute, and is not a substitute for, legal advice. If legal advice or other expert assistance is required, the services of a competent professional should be sought. In particular, a health center with questions regarding the legality of specific terms of its "Procurement Policy" should consult with competent legal counsel.*



5. I know of no professional, business, or volunteer position or responsibility, including vendor situations, that might give rise to conflicts (check here): \_\_\_

---

Signature

---

Date

---

Position with the CHC

**Exhibit B**

***CONFIDENTIALITY AGREEMENT***

I have reviewed the CHC's Confidentiality Policy and agree to comply with the policies stated therein.

\_\_\_\_\_  
Name (printed)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name (signed)