



CONFLICT OF INTEREST POLICY

Policy: All potential conflicts of interest will be disclosed and if it is determined actual conflicts exist, steps will be taken to ensure such conflicts don't result in decisions that are detrimental to the health center

Purpose: The purpose of the conflict of interest policy is to protect Shingletown Medical Center's tax-exempt interest and provide for standards of conduct when it is contemplating entering into a transaction, selection, award, or administration of contract, or other arrangement that might benefit the private interest of an employee, agent, officer or director of the health center or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Responsibility: The Chief Executive Officer and Board of Directors

Definitions

1. **Interested Person.** Any employee, agent, director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
2. **Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
 - A. An ownership, financial or investment interest in, or a tangible personal benefit from, any entity with which the health center has a transaction or arrangement, or contract for consideration,
 - B. A compensation arrangement with the health center or with any entity or individual with which the health center has a transaction or arrangement, or contract for consideration,
 - A. A potential ownership, financial or investment interest in, or compensation arrangement with, any entity or individual with which the health center is negotiating a transaction or arrangement or contract for consideration.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists. The officers, employees, and agents of the health



center may set standards for situations in which the financial interest is not substantial or a gift is an unsolicited item of nominal value.

Procedures

1. Duty to Disclose.

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction, arrangement or contract.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

- A. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction, arrangement or contract involving the possible conflict of interest.
- B. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction, arrangement or contract.
- C. After exercising due diligence, the governing board or committee shall determine whether the health center can obtain with reasonable efforts a more advantageous transaction, arrangement or contract from a person or entity that would not give rise to a conflict of interest.
- D. If a more advantageous transaction, arrangement or contract is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction, arrangement or contract is in the health center's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction, arrangement or contract.



4. Violations of the Conflicts of Interest Policy

- A. If the governing board or committee has reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, it shall inform the interested person of the basis for such belief and afford the interested person an opportunity to explain the alleged failure to disclose.
- B. If, after hearing the interested person's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the interested person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

- 1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- 2. The names of the persons who were present for discussions and votes relating to the transaction, arrangement or contract, the content of the discussion, including any alternatives to the proposed transaction, arrangement or contract, and a record of any votes taken in connection with the proceedings.

Compensation

- 1. A voting member of the governing board who receives compensation, directly or indirectly, from the health center for services is precluded from voting on matters pertaining to that member's compensation.
- 2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the health center for services is precluded from voting on matters pertaining to that member's compensation.
- 3. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the health center, either individually or collectively, is prohibited from providing information to any committee regarding compensation.



Annual Statements

Each employee or agent engaged in the selection, award and administration of contracts, and each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

1. Has received a copy of the conflicts of interest policy,
2. Has read and understands the policy.
3. Has agreed to comply with the policy, and
4. Understands the health center is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.
5. Understands the health center is a recipient of Section 330 Federal funds and must comply with all Federal procurement, grant and conflict of interest regulations.

Periodic Reviews

To ensure SMC operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status or Federal funding requirements, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.
2. Whether partnerships, joint ventures, contracts and arrangements with management organizations or those who furnish goods or services to the health center, conform to the health center's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, SMC may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring period reviews are conducted.



Shingletown Medical Center

Conflict of Interest Policy - Annual Disclosure

I have read and understand the Shingletown Medical Center's statement of Conflict of Interest Policy. I understand and agree to comply with the policy. I further understand that Shingletown Medical Center is charitable and must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

I hold the position of board member, officer, employee or agent with the following organizations which potentially could cause a conflict of interest with my position and responsibilities with Shingletown Medical Center:

I have no conflicts.

To the best of my knowledge and belief, except as disclosed herewith, neither I nor any person with whom I have or had a personal, family or business relationship, is engaged in any transaction or activity or has any relationship that may represent a potential competing or conflicting interest, as defined in Shingletown Medical Center's Conflict of Interest Policy.

I have no conflicts.

Disclosure of potential conflict of interest transactions:

Further, to the best of my knowledge and belief, except as disclosed herewith, neither I, nor any person with whom I have had a personal, family or business relationship, or compensated professional relationship, intend to engage in any transaction, acquire any interest in any organization or entity, or become the recipient of any substantial gifts or favors that might be covered by the Shingletown Medical Center's Conflict of Interest Policy.

Name _____ Position _____

Signature _____ Date _____