



Corporate Compliance: Conflict of Interest

Purpose:

All employees and Board members of Advocates (sometimes referred to as “organization” or “the organization”) have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. This policy is established to ensure that services and business activities are conducted in an objective manner and are not motivated by a desire for personal or financial gain.

Regulatory/Additional Authority:

Not-For-Profit Corporation Law 715 and [715-A](#)

Scope:

Employees, key persons, officers and Board members

Responsible Employee (Title) and/or Department:

Director of Compliance, Quality and Incident Management

Definitions:

Key Persons - any person, other than a director or officer, whether or not an employee of the corporation, who (1) has responsibilities, or exercises powers or influence over the corporation as a whole similar to the responsibilities, powers, or influence of directors and officers; (2) manages the corporation, or a segment of the corporation that represents a substantial portion of the activities, assets, income or expenses of the corporation; or (3) alone or with others controls or determines a substantial portion of the corporation’s capital expenditures or operating budget.

Immediate Family Member - any person who is related by blood or marriage, or whose relationship with the employee or Board member is similar to that of persons who are related by blood or marriage including:

- The person’s spouse;
- Natural or adoptive parent, child, or sibling;
- Stepparent, stepchild, stepsibling;
- Parent -in-law; child-in-law; sibling-in-law;
- Grandparent or grandchild; and
- Spouse of a grandparent or grandchild.

Related Party - (1) any director, officer, or key person (e.g., members of [executive](#) and senior leadership) of Advocates or its related entities; (2) any relative of any director, officer, or key person of Advocates or its related entities; or (3) an entity in which any individual described in (1) or (2) has a 35% or greater ownership or beneficial interest, or in the case of a partnership or professional corporation, a direct ownership interest in excess of 5%.

Policy

It is the Policy of Advocates that employees, key persons, officers and members of the Board of Directors avoid conflicts of interest so that all individuals may represent the organization in a positive and ethical manner. All employees, key persons, officers and members of the Board of Directors should avoid situations involving a conflict between their personal interests and the interests of Advocates to ensure that decisions about the organization's operations are made to benefit the organization.

1. Employees, key persons, officers, and Board members are required to disclose any actual or potential conflict of interest and seek guidance on how to handle the situation. A conflict of interest is any situation in which financial or other personal considerations may compromise or appear to compromise (1) an employee's or Board member's business judgment; (2) delivery of services; or (3) ability for an employee to do his or her job. An actual or potential conflict of interest occurs when an employee or Board member is in a position to influence a decision that may result in a personal gain for that employee, Board member, or for an immediate family member as a result of business dealings. For example, conflicts of interest include but are not limited to:
 - [An Advocates representative owns, holds a position, has a financial interest in or is employed by an entity that provides goods or services \(including services buying/selling stocks, bonds or other securities\) to Advocates for consideration.](#)
 - [An Advocates representative owns, holds a position, has a financial interest in or is employed by an entity that provides goods or services that compete with Advocates.](#)
 - [An Advocates representative competes with Advocates in the purchase or sale of property or property rights, interests or services.](#)
 - [An Advocates representative provides directive, managerial, consultative or other services to an entity that does business with Advocates or competes with Advocates.](#)
 - [An Advocates representative uses or discloses information related to Advocates' business for personal profit/advantage or the profit/advantage of their immediate family.](#)
 - [A friend or relative of an Advocates representative owns, holds a position, has a financial interest in or is employed by an entity that provides goods or services to Advocates or that competes with Advocates.](#)
 - [A vendor with whom an Advocates representative has an outside business relationship provides goods or services to Advocates for consideration.](#)
 - [An Advocates representative receives gifts, entertainment, or other favors/preferential treatment from an entity that does, or is seeking to do business with, or is a competitor of Advocates which might influence the individual in the performance of their duties.](#)
 - [An Advocates representative receives a referral fee, preferential discount, gift or other valuable consideration from a vendor, paid promoter, fund-raising event sponsor, or other outside party, for referring Advocates business to such party.](#)
2. Business dealings with outside entities should not result in unusual gain for those entities, Advocates, a Board member, or an employee. Unusual gain refers to gifts, bribes, product bonuses, special fringe benefits, unusual price breaks, and other windfalls that could influence those entities, Advocates, a Board member or an employee.

3. Materials, products, designs, plans, ideas, and data are the property of Advocates and should never be given to an outside entity or individual without prior authorization from the Executive Director.
4. Advocates will not enter into a related party transaction unless the Board determines that the transaction is fair, reasonable, and in the best interest of the organization. A related party transaction means any transaction, agreement, or arrangement in which a related party has a financial interest.

Procedures

1. Board members, officers, and key persons will be provided with Advocates' Conflict of Interest Policy.
2. Each Board member, officer, and key person (members of [executive](#) and senior leadership including the Executive Director) will sign a statement at the time of hire, assignment, and/or election to the Board [and annually thereafter](#) that affirms such person:
 - Has received a copy of the Conflict of Interest Policy,
 - Has read and understands the Policy, and
 - Has agreed to comply with the Policy.
3. Key persons (members of [executive and](#) senior leadership), officers, and Board members must complete a Conflict of Interest Disclosure Statement upon hire or election and annually thereafter in order to report any actual or potential conflict of interest. Such annual statement shall not exempt any key employee, officer, or Board member from disclosing a potential conflict of interest pursuant to Procedure #9 below. The Compliance Officer shall maintain all completed Conflict of Interest Disclosure Statements.
4. The completed Conflict of Interest Disclosure Statements are reviewed by the Compliance Officer and Executive Director and, if necessary, appropriate actions and adjustments are made to avoid possible conflicts of interest. The Compliance Officer will report significant concerns regarding the Conflict of Interest Disclosure Statements to the Compliance Committee and the President of the Board.
5. The Compliance Officer will maintain a written record of any report of potential conflict of interest and of any adjustments made to avoid potential conflicts of interest.
6. The President of the Board, after receiving information about a potential conflict of interest, will take such action as is necessary to ensure that the transaction is completed in the best interest of the organization without the substantive involvement or influence of the person with the potential conflict of interest.
7. Actual or potential conflicts of interest must be disclosed to appropriate management personnel and the Compliance Officer. Employees who may be involved in any Advocates' business transaction in which there is an actual or potential conflict of interest will promptly notify their immediate supervisor and/or the Compliance Officer; the Compliance Officer will promptly notify the Executive Director and the President of the Board.
8. An employee or Board member with questions or concerns about a potential conflict of interest will address the issue with management staff and/or the Compliance Officer. Management staff will consult with the Compliance Officer before responding to a concern or question about a potential conflict of interest.

9. Key persons, officers, and Board members who have a direct or indirect interest in a related party transaction must disclose, in good faith, such interest to the Board or Committee considering the transaction and the material facts concerning such interest.
10. Key persons, officers, and Board members who have a direct or indirect interest in a related party transaction may not be present or otherwise participate in any Board or Committee deliberations or voting concerning the transaction; however, such individuals may present information concerning a related party transaction prior to the commencement of deliberations or voting.
11. Prior to entering into a related party transaction, the Board or Committee must consider alternatives, to the extent available, that would not be a related party transaction.
12. The Board or Committee must approve the related party transaction by not less than a majority vote of those present at the meeting.
13. The Board or Committee must document, in writing, the basis for its approval of the related party transaction, including its consideration of alternatives to the related party transaction.
14. Board members with conflicts will absent themselves from the discussion/deliberation and vote on the item/circumstance that the Board member has identified as a conflict. The meeting minutes shall indicate when the member left the room, that the discussion and vote, if any, occurred, and then that the member was invited to return to the meeting. If any member with a conflict does not excuse themselves from the meeting, the President of the Board shall ask the member to leave the room. The existence and resolution of the conflict, if any, must be documented.
15. Board members are strictly prohibited from any attempt to influence the discussion, deliberations, or vote on any subject that relates to the member's conflict.
16. Employees must seek guidance and approval from appropriate management personnel prior to pursuing any business or personal activity that may constitute a conflict of interest.
17. Outside employment may not interfere with the employee's ability to perform their job with Advocates. In addition, Advocates' employees may not compete against Advocates and must disclose any ownership interest in a competitor.
18. The Compliance Officer will document the existence and resolution of any conflict in the organization's records, including ensuring documentation in the minutes of any meeting at which a conflict was discussed and voted upon.
19. The Compliance Officer will investigate any violations of this Policy.

Sanction Statement

Non-compliance with this policy may result in disciplinary action, up to and including termination of employment and/or severance of the relationship with Advocates.

Compliance Statement

As part of its ongoing Compliance Program review and improvement process, Advocates will review this policy at least annually and as needed to respond to changes in laws or regulations and to determine if this policy:

- Has been implemented.
- Is being followed.
- Is effective.

- Needs to be updated.

Record Retention Statement

Advocates will retain this policy and all subsequent revisions, and any related documentation will be retained for a period of, at minimum, six years.

Attachments

1. Advocates Conflict of Interest, Related Party Transaction and Medicaid Disclosure Form