

**HeartShare Wellness Ltd.**  
**Corporate Compliance Plan**

**September 14, 2009**

Approved: \_\_\_\_\_

(Date)

By: \_\_\_\_\_

# Table of Contents

## **I.** Corporate Compliance Policies

- Code of Conduct Page 3-4
- Code of Ethics Page 5-6
- Equal Employment Opportunity Policy Page 7
- Anti-Harassment Policy Page 7-9
- Reporting a Complaint of Harassment or Unlawful Discrimination Page 10-11
- Solicitation, Fair Dealing and Political Activities and Donations Page 12
- Conflicts of Interest Page 13-17
- Preventing Fraud, Abuse and Waste Page 18-19
- Whistleblower Policy Page 20-22
- HeartShare Confidential Information Policy Page 23

## **II.** Corporate Compliance Program

- The Role of the Corporate Compliance Officer Page 24-25
- The Role of the Corporate Compliance Associate Page 26
- The Structure of all Corporate Compliance related Committees Page 27
- Auditing and Monitoring of Compliance Activities Page 27-29
- Detection and Response Page 29-30

## **III.** Education and Training Page 31

## **IV.** Enforcement of Major Compliance Standards Page 32-34

## **I. CORPORATE COMPLIANCE POLICIES**

It is the policy of HeartShare Wellness, Ltd. (hereinafter “HeartShare Wellness”) policy to comply with all appropriate federal, state and local laws and regulations. The following policies and procedures outline how the organization ensures compliance with the eight elements of a corporate compliance plan. For all corporate compliance policies, any references to HeartShare or HeartShare Human Services are equally applicable to HeartShare Wellness. The eight elements are the Corporate Compliance Policy, which includes the Code of Conduct, Compliance Program Oversight, Education and Training, Effective Confidential Communication, Enforcement of Compliance Standards, Auditing and Monitoring of Compliance Activities, Detection and Response and Whistleblower Provisions and Protections.

### **CODE OF CONDUCT**

#### **EMPLOYEE, INDEPENDENT CONTRACTOR, AND/OR VOLUNTEERS**

##### **1. OBEY THE LAW**

Employees, independent contractors and/or volunteers must strictly observe all laws and regulatory requirements that apply to HeartShare Human Services of New York.

Employees, independent contractors and/or volunteers are expected to be familiar with the basic legal requirements relevant to your duties. Employees, independent contractors, and/or volunteers can learn the laws and regulations through in-service training programs, from supervisors by reviewing HeartShare policies contained in the Employee Handbook, and by asking questions of the Compliance Officer. HeartShare’s Compliance Officer is Stanley Capela. He can be reached at 718-422-4248 or stan.capela@heartshare.org.

Employees, independent contractors and/or volunteers are expected to ask their supervisors if they require assistance in understanding their legal and regulatory obligations.

##### **2. KEEP ACCURATE RECORDS**

Employees, independent contractors and/or volunteers are expected to comply with HeartShare policies and government requirements regarding record keeping. All records and reports are to be prepared accurately and retained in accordance with applicable requirements.

### **3. REPORT INFORMATION TRUTHFULLY**

All communications within HeartShare Human Services and to outside agencies must be truthful and complete.

### **4. BEHAVE ETHICALLY**

Employees, independent contractors and/or volunteers are expected to adhere to high ethical standards when they act on behalf of HeartShare Human Services.

Employees, independent contractors and/or volunteers are expected to be loyal to HeartShare, to avoid using their positions for personal gain and to avoid conflicts of interest.

Employees, independent contractors and/or volunteers are expected to follow HeartShare policies regarding confidentiality and protection of client information.

### **5. KEEP CONFIDENTIAL INFORMATION CONFIDENTIAL**

Employees, independent contractors and/or volunteers are expected to follow HeartShare policies regarding confidentiality and protection of client information.

### **6. REPORT POSSIBLE VIOLATIONS**

Employees, independent contractors and/or volunteers are expected to report any activity they reasonably believe is in violation of the law, ethical standards or HeartShare policies. Employees, independent contractors and/or volunteers need not be certain the violation has occurred in order to report it. Reporting enables HeartShare Human Services to investigate potential problems quickly and to take prompt action to resolve them. Employees, independent contractors and/or volunteers will not be retaliated against for reporting possible violations.

Reports may be made in person, by telephone, or in writing to any of the following persons:

- Employee, independent contractors and/or volunteer supervisors
- Any supervisor and/or director in an employee's, independent contractor's and/or volunteer's program area
- Stanley Capela, HeartShare's Compliance Officer
- William R. Guarinello, HeartShare's President & CEO
- Anonymous reports may be sent via fax to 718-855-3047

### **7. EXECUTE THE ACKNOWLEDGEMENT FORM**

All employee, independent contractor and/or volunteers will be given a copy of the Code of Conduct. They will be expected to read and execute an acknowledgement form with date to be kept as a permanent record in their contractor/personnel/volunteer files.

## **HEARTSHARE HUMAN SERVICES OF NEW YORK**

### **CODE OF ETHICS**

**(HeartShare's Code of Ethics can be found in Appendix A of the Employee Handbook on page 63.)**

HeartShare has adopted a Code of Ethics which is binding for all employees, as well as for the Board of Directors, volunteers, interns, and paid consultants. These principles reflect not only HeartShare policies but also professional ethics and requirements of funding sources, accreditation bodies, and the law. Failure by employees to abide by the Code of Ethics is grounds for discipline that may include termination of employment.

1. I will always act in the best interests of our clients. I will provide services to clients with respect, courtesy, professionalism, and responsiveness.
2. I will protect and maintain the confidentiality of our clients, as set forth in HeartShare's Confidential Information Policy. (Please refer to pages 53-54 of the Employee Handbook)
3. I will strive continuously to improve my professional competence and to excel in the quality of services I provide. I also will encourage the professional development of my associates.
4. I will strive to create and maintain an atmosphere that promotes integrity, honesty, fairness and objectivity, and which fosters mutual respect and trust.
5. I will perform my HeartShare duties with a positive attitude and support open communication, creativity, dedication, and compassion in my work.
6. I will adhere to all legal requirements and ethical codes of professional conduct.
7. Staff and consultants will not have any direct or indirect financial interest in the assets, leases, business transactions, or professional services of HeartShare.

8. In the event that I need to apply for and/or receive agency services, I will not seek preferential treatment. Preferential treatment for Board members, staff, volunteers, and consultants is strictly prohibited.
  
9. I will not accept payment or other compensation or consideration from another services provider when referring applicants or clients to that provider. I will never take a payment for a client referral to HeartShare.
  
10. I will not steer or direct referrals of applicants or clients to a private practice in which HeartShare personnel or consultant, or the immediate families of HeartShare personnel or consultants, may be engaged. Further, cases will not be transferred to HeartShare personnel leaving HeartShare for private practice.
  
11. HeartShare staff and paid consultants may not conduct private practice on HeartShare premises.
  
12. I will not engage in any form of illegal discrimination or fraud, and I will support associates who use legitimate means to identify and report illegal discrimination or fraud.
  
13. I will strive to meet basic standards of acceptance, understanding, and diversity of all cultures.

## **HEARTSHARE HUMAN SERVICES OF NEW YORK**

### **POLICIES**

**(The below policies can be found within section nine (9) of the Employee Handbook on pages 39-44.)**

#### **9.1. Equal Employment Opportunity Policy**

HeartShare provides equal employment opportunity to all employees and applicants regardless of a person's race, religion, creed, color, sex, age, citizenship status, national origin, marital status, sexual orientation, gender identity, military status, disability, or any other legally protected status.

This policy applies to all conditions of employment including, but not limited to, recruitment, selection, placement, transfer, promotion, training, compensation, benefits, and termination. All decisions regarding conditions of employment must be based on the individual's overall qualifications and his or her ability to meet the requirements of the position.

Employees with disabilities shall be provided with reasonable accommodation, except where such accommodation would cause HeartShare undue hardship. HeartShare invites employees with disabilities who require reasonable accommodation to inform the Human Resources Department of their need for such reasonable accommodation. HeartShare will use its utmost discretion in keeping such information as confidential as is possible under the circumstances.

#### **9.2. Anti-Harassment Policy**

It is HeartShare's policy to maintain a work environment in which all individuals are treated with respect and dignity. Each individual has the right to work in a professional atmosphere which prohibits discriminatory practices, including sexual harassment and harassment based on gender, race, color, religion, national origin, sexual orientation, gender identity, age, handicap, disability, or any other category protected by law. Harassment, whether verbal, physical or environmental, is unacceptable and will not be tolerated by HeartShare. The purposes of this policy against harassment are to educate all of our employees and HeartShare participants about what may constitute harassment, to notify all employees that HeartShare will not condone or tolerate harassment, and to establish a procedure which encourages anyone who feels they have been subjected to harassment to report such conduct to HeartShare, which will investigate and respond to any report.

**Definition of Harassment:** Harassment is verbal or physical conduct that denigrates or shows hostility or aversion towards an individual because of race, color, religion, sex, national origin, sexual orientation, gender identity, age, handicap or disability, or that of persons with whom the individual associates. For example, racial harassment includes harassment based on an immutable characteristic associated with race (e.g., skin color or facial features). Religious harassment may include demands that an employee or volunteer alter or renounce some religious belief in exchange for job benefits; and sexual harassment is defined more specifically below. HeartShare's policy is to prohibit behavior based on a person's race, color, religion, sex, national origin, sexual orientation, gender identity, age, handicap or disability that: (1) has the purpose or effect of creating an intimidating, hostile or offensive work environment; (2) has the purpose or effect of unreasonably interfering with an individual's work performance; or (3) otherwise adversely affects an individual's employment opportunities.

Regardless of whether any single instance of improper behavior as described below rises to the level of harassment prohibited by law, it is HeartShare's policy that such behavior is inappropriate and offensive, and it will not be tolerated. Examples of behavior that violate this policy and may constitute harassing conduct include, but are not limited to:

- epithets, slurs, quips, or negative stereotyping that relate to race, color, religion, sex, national origin, sexual orientation, gender identity, age, handicap, disability, or any other category protected by law;
- threatening, intimidating or hostile acts that relate to race, color, religion, sex, national origin, sexual orientation, gender identity, age, handicap or disability, or any other category protected by law;
- written or graphic material (including graffiti) that denigrates or shows hostility or aversion toward an individual or group because of race, color, religion, sex, national origin, sexual orientation, gender identity, age, handicap or disability and that is placed on walls, bulletin boards, or elsewhere on HeartShare's premises, or circulated or displayed in the workplace; or
- "jokes", "pranks" or other forms of "humor" that are demeaning or hostile with regard to race, color, religion, sex, national origin, sexual orientation, gender identity, age, handicap or disability.

**Definition of Sexual Harassment:** As defined by the courts and by the Equal Employment Opportunity Commission, sexual harassment includes unwelcome or unwanted sex-based conduct: (1) when an employee's submission to or rejection of this conduct affects decisions regarding hiring, evaluation, promotion or any other aspect of employment; or (2) when such conduct substantially interferes with an individual's employment or creates an intimidating, hostile or offensive work environment.

HeartShare prohibits any inappropriate or offensive sex-based behavior including, but not limited to:

- coerced sexual acts;
- express or implied demands for sexual favors in exchange for favorable reviews, assignments, promotions, continued employment or promises of continued employment;
- touching or assaulting an individual's body, or staring, in a sexual manner;
- graphic, verbal commentary about an individual's body or sexuality;
- unwelcome or offensive sexual jokes, sexual language, sexual epithets, sexual gossip, sexual comments or sexual inquiries;
- unwelcome flirtations, advances, or propositions;
- sexually suggestive, or obscene comments or gestures;
- the display in the workplace of graphic and sexually suggestive objects, pictures or graffiti;
- negative statements or disparaging remarks targeted at one sex (either men or women), even if the content of the verbal abuse is not sexual in nature; or
- any form of retaliation against an employee for complaining about the type of behavior described above or supporting the complaint of an alleged victim.

**Workplace and Work-Related Settings:** The type of behavior described above as examples of sexual harassment or harassment based on race, color, religion, sex, national origin, sexual orientation, gender identity, age, handicap or disability is unacceptable not only in the workplace, but also in other work-related settings such as business trips or business-related social events.

**Individuals Covered by Policy:** This policy covers all HeartShare employees, consultants and volunteers whether or not they are on HeartShare premises, provided that such employees, consultants and volunteers are conducting HeartShare-related business or are participating in a HeartShare-sponsored event or function. Any type of harassment, whether engaged in by fellow employees, supervisors, volunteers or by non-employees with whom the employee comes into contact in the course of employment (e.g., service providers or contractors), violates this policy and will not be tolerated. HeartShare encourages the reporting of all incidents of harassment, regardless of who the offender may be.

### **9.3. Reporting a Complaint of Harassment or Unlawful Discrimination**

HeartShare encourages individuals who believe they are being harassed or unlawfully discriminated against to firmly and promptly notify the alleged offender that his or her behavior is offensive or unwelcome.

**Prompt Reporting:** Whether or not you choose to discuss the incident with the alleged offender, you should report the incident to the Senior Director of Human Resources at 718-422-3302 or the General Counsel at 718-422-4202. If either the Senior Director of Human Resources or the General Counsel is the subject of your complaint, please direct your complaint to the other individual above who is not included in your complaint. . We encourage prompt reporting of complaints so that rapid and appropriate action may be taken. Supervisors and managers are required to report all conduct they believe may violate this policy, whether they directly observe the conduct or it is reported to them, directly to the Senior Director of Human Resources.

**No Retaliation:** HeartShare will not retaliate in any way against an individual who makes a report of perceived harassment, unlawful discrimination, or any individual who participates in a harassment investigation; nor will we permit any supervisor, employee or volunteer to do so. Retaliation is a serious violation of HeartShare's harassment policy and anyone who feels they have been subjected to any acts of retaliation should report such conduct immediately. Any person who retaliates against another individual for reporting any perceived acts of harassment will be subject to disciplinary action up to and including discharge.

**Prompt and Confidential Investigation:** All allegations of harassment or unlawful discrimination will be investigated promptly. HeartShare will endeavor to maintain confidentiality throughout the investigatory process to the extent practical and appropriate under the circumstances. HeartShare, however, has a legal obligation to act on all information it receives if it believes an individual may be engaging in wrongful conduct or violation of law.

**Stopping and Preventing Harassment or Discrimination:** Our immediate goal is to take prompt remedial action to stop the discriminatory, harassing or offensive conduct if a violation of this policy is found. Our second goal is to assure that the violation will not reoccur. Even where a violation is not found, it may be appropriate to counsel individuals regarding their behavior.

**Disciplinary Action for Violating Harassment or Unlawful Discrimination Policy:** If HeartShare finds that this policy has been violated; the violator will be subject to appropriate disciplinary action. Although the specific corrective and disciplinary actions against the alleged violator will be within HeartShare's discretion, it may include: verbal or written reprimand; referral to appropriate counseling; withholding of a promotion or bonus; reassignment; temporary suspension; and/or termination.

**False Accusations:** HeartShare recognizes that false accusations of harassment can cause serious harm to innocent persons. If an investigation results in finding that the complainant knowingly, falsely accused another person of harassment, the complainant will be subject to disciplinary action, up to and including termination.

## **JOB CONDUCT & PERFORMANCE**

**(The below policy can be found within section ten (10) of the Employee Handbook on page 47. Policy 10.6.1 and policy 10.6.2 are both newly added and will be included in the next revision of The Employee Handbook.)**

### **10.6 Solicitation**

Solicitation is asking for or trying to obtain something from another. In the workplace, solicitation can take many forms, such as seeking orders for direct selling business, obtaining signatures for a political campaign, collecting money for a cause, etc.

**No Solicitation During Your Work Hours:** During periods of your workday when you are engaged in or required to be performing your work tasks, you may not engage in solicitation of other employees or distribution of literature for any purpose.

**No Solicitation During Other Employee's Work Hours:** During periods in another employee's workday when he or she is engaged in or required to be performing his or her work tasks, you may not solicit the other employee for any purpose.

**No Distribution of Literature:** Distribution of literature of any kind not related to HeartShare is prohibited in the workplace.

**Nonemployees are Not Permitted to Solicit:** Persons not employed by HeartShare are not permitted to solicit or distribute literature on HeartShare premises.

#### **10.6.1 Fair Dealing**

You may not solicit, accept or offer money, gifts, gratuities or any other personal benefits or favors of any kind to or from any providers, contractors, producers, vendors or the people we serve and their families. Small gifts or gratuities worth less than \$25 may be accepted in your regular business dealings provided that the receipt of the gift or gratuity does not influence your business dealings and you inform your supervisor of the receipt of the same. Kickbacks and rebates in cash, credit or any other form are prohibited. They are not only unethical, but in many cases, illegal. Employees who violate this policy are subject to discipline up to and including termination.

## **10.6.2 Political Activities and Donations**

As a not-for-profit organization, HeartShare is prohibited from engaging in any political activities or a “substantial” amount of lobbying. Accordingly, HeartShare funds and resources, including work time, may not be used for political contributions or activities. An employee or independent contractor may not act as a representative of HeartShare in any political campaign activity. In expressing your personal political views or support or opposition of a candidate for public office, you must be very clear that you are expressing your personal view as an individual and not a representative of HeartShare. Employees who violate this policy are subject to discipline up to and including termination.

## **CONFLICTS OF INTEREST**

**(The below policy can be found within section twelve (12) of the Employee Handbook on page 57. For the complete policy please refer to Appendix C, pp. 74-77.)**

### **12.1. Conflict of Interest Policy (for Board, Key Staff and Major Independent Contractors)**

HeartShare recognizes that it is natural for either real or apparent conflicts of interest to sometimes occur in the course of conducting the daily affairs of the organization. A conflict of interest is defined as referring only to a personal, proprietary interest of the persons covered by this policy and their immediate families, and not to philosophical or professional differences of opinion. Conflicts of interest are to be avoided because they potentially or apparently place the interest of another ahead of the Corporation's obligation to its corporate purposes and to the public interest. It is the policy of HeartShare not to preclude all dealings with those having actual or the appearance of conflicts of interest, but to require that they be disclosed promptly and fully and to all necessary parties whenever they occur. This policy applies only to members of HeartShare’s Board, key staff and major independent contractors.

#### **I. Statement of General Policy:**

These by-laws recognize that it is natural for either real and apparent conflicts or dualities of interest to sometimes occur in the course of conducting the daily affairs of the Corporation. A conflict or duality of interest is defined as referring only to a personal, proprietary interest of the persons covered by this policy and their immediate families and not to philosophical or professional differences of opinion. Service as a Member, Director or Officer of two or more organizations affiliated with this Corporation, while a duality, shall not in and of itself constitute a conflict of interest. Conflicts or dualities of interest will occur because the many persons associated with the Corporation should be expected to have and do in fact generally

have multiple interests and affiliations and various positions of responsibility within the community. Sometimes a person will owe identical duties to two or more organizations having similar activities, but this shall not be deemed to necessarily constitute a conflict of interest.

Conflicts of interest are to be avoided because they potentially or apparently place the interest of another ahead of the Corporation's obligation to its corporate purposes and to the public interest. Conflicts of interest are likewise undesirable because they often reflect adversely upon the persons involved and upon the institutions with which they are affiliated, regardless of the actual facts or motivations of the parties. However, it is not in the long range best interests of the Corporation to terminate or cease all association with persons who may have real or apparent conflicts or dualities of interest if there is a prescribed and effective method of rendering such conflicts harmless to all concerned.

It shall be the policy of the Corporation, therefore, not to preclude all dealings with those having actual or the appearance of conflicts or dualities of interest but to require that they be disclosed promptly and fully and to all necessary parties whenever they occur and to prohibit specified involvement by such parties in the affairs of the Corporation. [See Sections IV, V and VII] All of the foregoing shall be in furtherance of and not in derogation of the Not-for-Profit Corporation Law and any other applicable law, rules or regulation.

## **II. Coverage of this Policy:**

This policy shall apply to all Directors, Corporate Officers, and key employees of the Corporation. It shall also apply to agents, and independent contractors who provide substantial services and/or materials, or those with a financial interest as defined below. Substantial services shall be those (or a cumulative value of all services provided within a calendar year by a single provider) with an annual value in excess of \$25,000.00 on a rolling calendar basis. A key employee shall be any person who is notified of such status by the corporation or whose total monetary compensation exceeds \$100,000.00 per calendar year. It shall be the obligation of the Corporation's management to publicize this policy to all such parties annually. The Corporate Compliance Office will conduct periodic reviews to ensure compliance with this policy.

## **III. Financial Interest:**

A person has financial interest if the person has, directly or indirectly, through business, investment, or family:

- a) An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement,
- b) A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
- c) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

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. 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.

#### **IV. Disclosure of all Conflicts:**

Directors, Officers, agents and employees of the Corporation shall disclose all real or apparent conflicts or dualities of interest which they discover or which is brought to their attention in connection with the Corporation's activities. "Disclosure" as used in these By laws shall mean providing promptly to the Corporation a written description of the fact comprising the real or apparent conflict or duality of interest. An annual disclosure statement shall be circulated to Directors and Officers, as well as certain identified agents, key employees and independent contractors, to assist them in considering such disclosures, but disclosure is nevertheless required as and whenever conflicts or dualities of interest do or may occur. All written notices of disclosure of conflicts or dualities of interest shall be filed with the Chairperson of the Corporation or any other person designated by him from time to time to receive such notifications. All disclosures of real or apparent conflicts or dualities of interest received hereunder shall be noted for record in the minutes of meeting of the Board of Directors.

##### **(ii) 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.

(iii) 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 or arrangement involving the possible conflict of interest.
- b) The Chairperson of the Board of Directors or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c) After exercising due diligence, the Board of Directors or Committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors or committee shall determine by a majority vote of the disinterested Directors whether the transaction or arrangement is in the Organization'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 or arrangement.

(iv) Violations of the Conflicts of Interest Policy:

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

**V. Proscribed Activity by Persons Having Conflicts:**

Where an individual Director, Corporate Officer, agent, key employee or independent contractor believes that he or she or an immediate family member might have or does have a real or apparent conflict of interest, he or she shall, in addition to filing the notice of disclosure required hereunder, abstain from making motions, voting, executing agreements, or taking any other similar direct action on behalf of the Corporation where the conflict of interest might pertain by law, agreement or otherwise, unless and until said Conflict is waived by the Board of Directors of the Corporation.

**VI. The minutes of the governing board and all committees with Board delegated powers shall contain:**

(i) 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 Board's or committee's decision as to whether a conflict of interest in fact existed.

(ii) The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

**VII. Compensation:**

(i) A voting member of the Board who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that individual's compensation.

(ii) A voting member of any committee whose jurisdiction included compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that individual's compensation.

(iii) No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

**VIII. Periodic Reviews:**

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

i) Whether compensation arrangements and benefits are reasonable, based on competent survey information and the result of arm's length bargaining.

ii) Whether compensation partnerships, joint ventures, and arrangements with management organizations conform to the Corporation'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.

**(The below policy can be found within section twelve (12) of the Employee Handbook, page 57.)**

## **12.2. Conflict of Interest Policy (All Staff)**

It is HeartShare's policy that its employees conduct the affairs of the agency in accordance with the highest legal, ethical, and moral standards. HeartShare resources are to be used only in the interest of the agency. You may not commit HeartShare resources to activities not in the interest of the agency, including personal outside activities. To the extent an employee is covered by both this policy and the Board of Director's Conflict of Interest Policy, and there is a conflict or inconsistency between the two policies, the Board of Director's Conflict of Interest Policy governs.

**Definition:** A conflict of interest occurs when your involvement in an outside interest is in conflict with the interest of HeartShare or interferes with your performance of your duties on behalf of HeartShare. A conflict of interest also occurs where the outcome of a decision which should be made in the best interest of HeartShare is in conflict with the personal or economic interest of the employee. Examples of decisions that commonly present conflicts of interest are those that require determining the use of suppliers, HeartShare resources, or your own work time or outside employment. A conflict may occur when outside employment is conducted during regular work hours, on HeartShare premises, or if it requires the same job skills and/or qualifications used in your HeartShare employment.

**Review of Potential Conflicts:** You are responsible for seeking a HeartShare review of any potential conflict of interest. If you are involved in a situation which may present a conflict of interest or if you have a question about whether or not this policy applies to your activities, it is your responsibility to follow the procedure outlined below. Employees who do not follow this procedure are subject to discipline up to and including termination of employment.

**Advance Notice:** Before engaging in an activity that may present a conflict of interest, you must provide notice to your supervisor in writing outlining the potential conflict. Your supervisor, in consultation with the program director, will review the situation and within five (5) business days, if possible, advise you in writing whether or not the activity may be undertaken or under what conditions.

**Appeal:** If you disagree with the decision of your supervisor, you may avail yourself of the Complaint Resolution Process outlined on pages 50-51 of this Handbook.

**Assistance:** You may seek assistance from HeartShare's Human Resources Department at any time regarding potential conflicts of interest.

## **HEALTH CARE FRAUD AND ABUSE**

**(The below policy can be found within section thirteen (13) of the Employee Handbook on page 59. For the complete policy on the prevention of healthcare fraud and abuse, please refer to Appendix B on pages 65-73.)**

### **13.1. Preventing Fraud, Abuse and Waste**

HeartShare is committed to its role in preventing health care fraud and abuse and complying with applicable State and federal laws related to health care fraud and abuse. The Deficit Reduction Act of 2005 requires dissemination of information about both the federal False Claims Act and other laws, including State laws, dealing with fraud, waste, and abuse and whistleblower protections for reporting those issues. HeartShare supports the efforts of government authorities in identifying incidents of fraud and abuse.

This policy sets forth HeartShare's policies and procedures for detecting and preventing fraud, waste, and abuse. An overview of the relevant state and federal statutes dealing with fraud, waste, and abuse and whistleblower protections is attached to and a part of this policy.

#### **Policies:**

1. HeartShare will provide information on this policy and procedure to all supervisory staff. Supervisors will then be expected to share this information with their staff. In the future all new employees will receive this information as part of the new employee orientation.
2. HeartShare will perform billing activities in a manner consistent with the regulations and requirements of third party payers, including Medicaid and Medicare.
3. HeartShare will conduct regular auditing and monitoring procedures as part of its efforts to assure compliance with applicable regulations.
4. Any employee, contractor or agent who has any reason to believe that anyone is engaging in false billing practices or false documentation of services is expected to report the practice to HeartShare's Compliance Officer.
5. Any form of retaliation against any employee who reports a perceived problem or concern in good faith is strictly prohibited.

6. Any employee who commits or condones any form of retaliation will be subject to discipline up to, and including, termination.

**Procedures:**

1. The Compliance Officer will ensure that all relevant employees and agents receive training related to the contents of this policy and the False Claims Act. The Compliance Officer will ensure that records are maintained to document the receipt of training.

**(The below policy can be found in section thirteen (13) of the Employee Handbook on page 59. For the complete policy please refer to Appendix D on pages 78-81.)**

**13.2. Whistleblower Policy**

HeartShare requires its directors, officers, affiliates, subsidiaries and employees to observe high standards of business and personal ethics, as such personal ethics relate to the organization, in the conduct of their duties and responsibilities. As employees and representatives of HeartShare, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within HeartShare prior to seeking resolution outside the organization.

This policy is not a vehicle for reporting violations of HeartShare’s applicable human resources policies, problems with co-workers or managers, or for reporting issues related to alleged employment discrimination or sexual or any other form of unlawful harassment, all of which should be dealt with in accordance with HeartShare’s Employee Handbook, dated September 2008 (the “Handbook”), as it is the policies of the Handbook that are applicable to such matters.

The matters which should be reported under this policy include suspected fraud, theft, embezzlement, accounting or auditing irregularities, bribery, kickbacks, misuse of HeartShare assets or suspected regulatory, compliance, or ethics-related issues, concerns or violations.

**Reporting Responsibility**

It is the responsibility of all directors, officers and employees to report in good faith violations or suspected violations of high business and personal ethical standards, as such personal ethics relate to the organization, and/or applicable legal requirements (“Violations”) in accordance with this Whistleblower Policy.

## **No Retaliation**

No director, officer or employee who in good faith reports a Violation shall suffer harassment, retaliation or adverse employment consequence because of such report. An employee who retaliates against someone who has reported a suspected Violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the Organization prior to seeking resolution outside the Organization. Notwithstanding anything contained hereinto the contrary, this Whistleblower Policy is not an employment contract and does not modify the employment relationship between HeartShare and its employees, nor does it change the fact that employees of HeartShare are employees at will. Nothing contained herein provides any director, officer, or employee of HeartShare with any additional rights or causes of action, other than those provided by Section 1107 of the Sarbanes-Oxley Act of 2002.

## **Reporting Violations**

Questions, concerns, suggestions or complaints regarding the ethical and legal standards noted above should be addressed directly to the Chair of the Corporate Compliance Committee.

## **Compliance Officer**

The Compliance Officer is responsible for investigating and resolving all reported Violations and shall advise the Corporate Compliance Committee and, if the Compliance Officer deems it appropriate, the Executive Director, of all reported complaints and allegations of Violations. The Compliance Officer is required to report to the full Board of Directors at each regularly scheduled board meeting on compliance activity.

## **Accounting and Auditing Matters**

The Corporate Compliance Committee of the Board of Directors shall address all concerns or complaints regarding corporate accounting practices, internal controls or auditing. The Compliance Officer shall immediately notify the Corporate Compliance Committee of any such complaint and work with the committee until the matter is resolved. Promptly upon receipt, the Corporate Compliance Committee shall evaluate whether a complaint constitutes an accounting complaint and if so shall promptly determine what professional assistance, if any, it needs in order to conduct an investigation. The Corporate Compliance Committee will be free in its sole discretion to engage outside auditors, counsel or other experts to assist in the investigation and in the analysis of results.

## **Investigations**

The Compliance Officer may delegate the responsibility to investigate a reported Violation, whether relating to accounting and auditing matters or otherwise, to one or more employees of HeartShare or to any other individual, including persons not employed by HeartShare, selected

by the Compliance Officer; provided that the Compliance Officer may not delegate such responsibility to an employee or other individual who is the subject of the reported Violation or in a manner that would compromise either the identity of an employee who reported the Violation anonymously or the confidentiality of the complaint or resulting investigation. Notwithstanding anything herein to the contrary, the scope, manner and parameters of any investigation of a reported Violation shall be determined by the Corporate Compliance Committee in its sole discretion and HeartShare and its employees will cooperate as necessary in connection with any such investigation.

### **Acting in Good Faith**

Anyone filing a complaint concerning a Violation must act in good faith and have reasonable ground for believing the information disclosed may indicate a violation of such standards. Any allegation that prove to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

### **Confidentiality**

In making a complaint or submission, an employee of the Organization may request that such complainant be treated in a confidential manner (including that HeartShare take reasonable steps to ensure that the identity of the employee making the complaint remains anonymous). HeartShare takes seriously its responsibility to enforce this Whistleblower Policy and therefore encourages any employee reporting a Violation to identify him or herself so as to facilitate any resulting investigation. Employees may, however, submit complaints on an anonymous basis. Reports of Violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

### **Handling of Reported Violations**

The Compliance Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days, but only to the extent the sender's identity is disclosed or a return address is provided. All reports will be promptly investigated; the scope of any such investigation being within the sole discretion of the Corporate Compliance Committee, and appropriate corrective action will be taken if warranted by the investigation.

### **Records**

The Audit Committee will retain on a strictly confidential basis for a period of seven years (or otherwise as required under HeartShare's record retention policies in effect from time to time) all records relating to any complaint and to the investigation and resolution thereof. All such records are confidential to the Organization and such records will be considered privileged and confidential.

**(The below policy can be found within section fourteen (14) of the Employee Handbook on pages 60-61.)**

#### **14.2. HeartShare Confidential Information Policy**

Confidential information contained in HeartShare's files and records, whether paper or computer records, and whether client, business, donor or employee information, is to be used for its intended purpose only. Inappropriate access to, use of, or disclosure of such information will subject you to disciplinary action up to and including termination.

Employees should regard the following material as confidential, unless it has appeared in the printed annual report or in other material made public by HeartShare:

- All material pertaining to families or individuals served by HeartShare.
- All material pertaining to persons contributing to HeartShare.
- Information concerning HeartShare's budget, income, or expenditures.
- Statistics or other factual data, including program budgets, prepared for the use of administration and staff, or studies made by the administration or staff using all or any part of such data.
- Minutes or content of all meetings in which Board members, committee members, and/or staff members participate in discussing the work or policies of HeartShare.
- Any information given to the staff in writing or orally which is designated as confidential.
- Salaries or other personal data pertaining to individual staff members to which an employee would only have authorized access by the nature of his/her work. This includes all types of personnel material such as salary authorizations, evaluations, attendance records, annuity records, data recorded on the application forms, references written or received by HeartShare, medical information, or other material relevant to employment. Staff members should not discuss confidential material in public places.

**(HIPPA Privacy Policies and Procedures can be found within Appendix E of the Employee Handbook on pages 82-87.)**

**OTHER POLICIES:** Other relevant policies that may apply are in the Employee Handbook.

### **CORPORATE COMPLIANCE PROGRAM**

The following sections provide an overview of the corporate compliance program that currently exists to ensure compliance with all federal, State and local regulations.

#### **The Role of Compliance Officer**

##### **I. Compliance Officer**

The Board of Directors of HeartShare Wellness designates Stan Capela as the Compliance Officer (CO). The Compliance Officer has direct lines of communication to the Board of Directors, agency counsel and the Clinic Director.

##### **II. Job Duties**

The Compliance Officer is obligated to serve the best interests of HeartShare Wellness, its consumers/clients and its employees. Responsibilities of the CO include, but are not limited to:

- Developing and implementing compliance policies and procedures (P&P).
- Overseeing and monitoring the implementation of the compliance program.
- Directing and/or monitoring HeartShare Wellness' internal audits established to ensure effectiveness of compliance standards.
- Providing guidance to management, medical/clinical program personnel and individual departments regarding P&P and governmental laws, rules and regulations.

- Updating, periodically, the Compliance Plan as changes occur within HeartShare Wellness and/or in the law and regulations or governmental and third party payers.
  - Overseeing efforts to communicate awareness of the existence and contents of the Compliance Plan.
  - Coordinating, developing and participating in the educational and training program.
  - Guaranteeing independent contractors (consumer care, vendors, billing services, etc.) are aware of the requirements of HeartShare Wellness Compliance Plan.
  - Actively seeking up-to-date material and releases regarding regulatory compliance.
  - Maintaining a reporting system (hotline) and responding to concerns, complaints and questions related to the Compliance Plan.
  - Acting as a resourceful leader regarding regulatory compliance issues.
  - Investigating and acting on issues related to compliance.
  - Coordinating internal investigations and implementing corrective action.
- In fulfilling these duties, the CO will both perform the required functions and/or designate an appropriate person to do so in his place.

## **The Role of Corporate Compliance Associate**

### **I. Corporate Compliance Associate**

The Compliance Officer (CO) designates the Corporate Compliance Associate. The Corporate Compliance Associate reports directly to the Corporate Compliance Officer.

### **II. Job Duties**

The Corporate Compliance Associate is obligated to serve the best interests of HeartShare Wellness, its consumers/clients and its employees. Responsibilities of the Corporate Compliance Associate include, but are not limited to.

- Conducting general administrative duties to support the Compliance Officer.
- Preparing correspondence, reports and other documents in a professional manner.
  
- Assisting Compliance Officer by ensuring HeartShare Wellness is in compliance with regulations relating to funding sources, government and other regulatory entities.
  
- Coordinating the distribution of regulatory information. Organizing and maintaining regulatory reference materials and documents.
  
- Serving as a liaison with HeartShare Human Services departments/programs.
  
- Handling department telephone calls to ensure timely and effective responses in collaboration with other administrative staff.
  
- Managing broad administrative activities, such as conducting mini compliance audits, to ensure that departments and programs conform to regulations.
  
- Assuming other responsibilities as assigned, required or requested.

## **HeartShare Wellness Corporate Compliance Committees**

HeartShare Wellness has two main committees that assist with its corporate compliance obligations:

**Quality Assurance Committee**

**Record Review Committee**

In addition, HeartShare Wellness participates in committees with corporate compliance responsibilities that are hosted by HeartShare Human Services of New York:

**Special Review Committee**

**Performance Quality Improvement Committee**

**Risk Management Committee**

**RESULTS Committee**

## **Auditing and Monitoring of Compliance Activities**

### **I. Internal Audits**

Ongoing evaluation is critical in detecting non-compliance and will help ensure the success of HeartShare Wellness Compliance Program. An ongoing auditing and monitoring system, implemented by the Compliance Officer and/or designated representative, is an integral component of HeartShare's auditing and monitoring systems. This ongoing evaluation shall include the following:

- Review of relationships with third-party contractors, specifically those with substantive exposure to government enforcement actions;
- Compliance audits of compliance policies and standards; and
- Review of documentation and billing relating to claims made to federal, state and private payers for reimbursement, performed internally or by an external consultant as determined by the Compliance Officer and/or designated representative.
- Review of all QA and QI reports, as well as any other internal reports by the Corporate Compliance Officer and/or designated representative.

The audits and reviews will examine HeartShare Wellness' compliance with specific rules and policies through on-site visits, personnel interviews, general questionnaires (submitted to employees and contractors), and consumer/client record documentation reviews.

## **II. Plan Integrity**

Additional steps to ensure the integrity of the Compliance Program will include:

- Annual review with legal counsel of all records of communications and reports by all employees or contractors kept in accordance with this Plan.
- Immediate notification to the Compliance Officer and/or designated representative in the event of any visits, audits, investigations or surveys by any federal or State agency or authority, and shall immediately receive a photocopy of any correspondence from any regulatory agency charged with licensing HeartShare Wellness and/or administering a federally or State-funded program or county-funded program with which HeartShare Wellness participates.

Establishment of a process detailing ongoing notification by the Compliance Officer and/or designated representative to all appropriate personnel of any changes in laws, regulations or policies, as well as identifying training resources to assure continuing compliance.

## Detection and Response

### **I. Violation Detection**

The Compliance Officer and/or designated representative shall determine whether there is any basis to suspect that a violation of the Compliance Program has occurred. Where appropriate, the Corporate Compliance Officer will advise the Clinic Director and/or Chairman of the Board of Directors of possible violations.

If it is determined that a violation *may have* occurred, the matter shall be referred to legal counsel, who, with the assistance of the Compliance Officer, shall conduct a more detailed investigation. This investigation may include, but is not limited to, the following:

- Interviews with individuals having knowledge of the facts alleged;
- A review of documents;
- Legal research and contact with governmental agencies for the purpose of clarification.

If advice is sought from a governmental agency, the request and any written or oral response shall be fully documented.

### **II. Reporting**

At the conclusion of an investigation involving legal counsel, he/she shall issue a report to the Compliance Officer and the Chief Executive Officer summarizing his/her findings, conclusions and recommendations and will render an opinion as to whether a violation of the law has occurred.

The Compliance Officer shall report to the Corporate Compliance Committee regarding each investigation conducted.

### **III. Rectification**

If HeartShare Wellness identifies that an overpayment was received from any third party payer, the appropriate regulatory authority will be notified as required. It is HeartShare Wellness' policy not to retain any funds which are received as a result of overpayments. If there are errors, appropriate staff will be responsible for developing systems to prevent such overpayments in the future.

#### **IV. Record Keeping**

Regardless of whether a report is made to a governmental agency, the Compliance Officer shall maintain a record of the investigation, including copies of all pertinent documentation. This record will be considered confidential and privileged and will not be released without the approval of the Clinic Director or legal counsel.

## **Education and Training**

### **I. Expectations**

Education and training are critical elements of the Compliance Plan. Appropriate employees and independent contractors are expected to be familiar and knowledgeable about HeartShare Wellness Compliance Plan and have a solid working knowledge of his or her responsibilities under the plan. Compliance policies and standards will be communicated to relevant employees through periodic training programs.

### **II. Training Topics – General**

All personnel and members of the Board of Directors shall participate in training on topics relevant to corporate compliance as required.

All departments are responsible for orienting staff on all regulations relevant to their department and/or program.

### **III. Training Topics – Targeted**

In addition to the above, targeted training will be provided to all managers and any other employees whose job responsibilities include activities related to compliance topics. Managers shall assist the Corporate Compliance Officer in identifying areas that require specific training and are responsible for communication of the terms of this Compliance Plan to all independent contractors doing business with HeartShare Wellness.

### **IV. Orientation**

As part of their orientation, each employee receives a copy of the employee handbook that has all relevant corporate compliance policies.

## **Enforcement of Compliance Standards**

### **I. Background Investigations**

For all employees and independent contractors, HeartShare Wellness will conduct a reasonable and prudent background investigation, including a reference check and follow all applicable government regulations.

### **II. Disciplinary Action – General**

Employees who fail to comply with HeartShare Wellness Compliance Plan and standards, or who have engaged in conduct that has the potential of impairing HeartShare Wellness' status as a reliable, honest, and trustworthy service provider will be subject to disciplinary action up to and including termination. Any disciplinary actions will be appropriately documented in the employee's personnel file, along with a written statement of reason(s) for imposing such discipline. The Compliance Officer shall maintain a record of all disciplinary actions involving the Compliance Plan and report annually to the Board of Directors regarding such actions.

### **III. Performance Evaluation – Supervisory**

HeartShare Wellness requires that the promotion of, and adherence to, the elements of the Compliance Program be a factor in evaluating the performance of appropriate HeartShare Wellness employees. They will be trained periodically in new compliance policies and procedures. In addition, all managers and supervisors will:

- a. Discuss with all supervised employees the compliance policies and legal requirements applicable to their functions.
- b. Inform all supervised personnel that compliance with these policies and requirements is a condition of employment.
- c. Disclose to all supervised personnel that HeartShare Wellness will take disciplinary action, up to and including termination or revocation of privileges, for violation of these policies and requirements.

### **IV. Disciplinary Action – Supervisory**

Managers and supervisors are expected to instruct their staff on all applicable policies. If managers and supervisors fail to instruct their staff, appropriate disciplinary action will be taken as well as documented in their personnel file. Further, they will be required to implement a corrective action plan that will be monitored by Compliance Officer and/or designated representative.

## **HeartShare Wellness**

### **BACKGROUND CHECK POLICY**

#### **Purpose:**

HeartShare Wellness is committed to maintaining high quality care and service, as well as integrity in its financial and business operations. Therefore, HeartShare Wellness will conduct appropriate screening of employees, independent contractors, and vendors according to current city and State funding regulations.

#### **Policy:**

1. It is the policy of HeartShare Wellness not to employ, contract with, or conduct business with an individual or entity excluded from participation in federally sponsored health care programs, such as Medicaid and Medicare.
2. HeartShare Wellness will conduct background screening of all current and proposed employees.
3. HeartShare Wellness will verify that entities and businesses that provide and/or perform services for HeartShare Wellness have not been the subject of adverse governmental actions and/or excluded from the healthcare programs.

#### **Procedures:**

1. HeartShare Wellness will conduct background checks to verify:
  - A. That appropriate employees and independent contractors have not been excluded from federal healthcare programs.
  - B. By ensuring they have the appropriate credentials and licenses.
2. A background check will be performed on applicants for employment as part of a pre-employment screening process.
  - A. The New York State Child Abuse Registry for all employees

- B. For designated employees, fingerprints will be sent to the New York State Office of Mental Retardation and Developmental Disabilities (OMRDD). OMRDD will use those fingerprints to retrieve copies of criminal background history, which will be shared with HeartShare Wellness in accordance with New York State laws and regulations.
- 3. HeartShare Wellness staff responsible for the arrangements with independent contractors shall be responsible for conducting background checks prior to entering an agreement with an independent contractor to ensure that he or she has the appropriate credentials.
- 4. Contracts with business vendors will contain a certification that the vendor and its employees have the appropriate licenses. The Compliance Officer shall assure that a background check of the business entity is conducted prior to entering a business contract with the vendor by conducting periodic audits of vendors.
- 5. The HeartShare Human Services Human Resources department, on behalf of HeartShare Wellness, shall maintain the results of all background checks.
- 6. A random audit of employment applications and business entities with whom HeartShare Wellness enters into a business relationship will be conducted by the Compliance Officer and/or designated representative to verify that this policy is enforced. A report of this audit will be made to the Board of Directors, along with any recommendations for remedial actions or improvement to the process, as part of the annual compliance report