

Oklahoma Public Health Association – Policies and Procedures

DOCUMENT RETENTION POLICY

The Sarbanes-Oxley Act addresses the destruction of business records and documents, addresses nonprofits having a mandatory document retention policy and turns intentional document destruction into a process that must be carefully monitored. It is important for administrative personnel to know the length of time records should be retained to be in compliance. The following table provides the minimum requirements required by the Sarbanes-Oxley Act. This information serves as guide in determining the Oklahoma Public Health Association’s (OPHA) document retention.

Type of Document	Minimum Required	OPHA Required
Audit reports	Permanently	Permanently
Checks (for important payments and purchases)	Permanently	Permanently
Contracts (still in effect)	Permanently	Permanently
Correspondence (legal and important matters)	Permanently	Permanently
Deeds, mortgages, and bills of sale	Permanently	Permanently
Depreciation Schedules	Permanently	Permanently
Ins. records, current accident reports, claims, policies, etc.	Permanently	Permanently
Minute books, bylaws and charter	Permanently	Permanently
Patents and related Papers	Permanently	Permanently
Retirement and pension records	Permanently	Permanently
Tax returns and worksheets	Permanently	Permanently
Trademark registrations and copyrights	Permanently	Permanently
Year End Financial Statements	Permanently	Permanently
Accounts payable ledgers and schedules	7 years	7 years
Bank Reconciliations	2 years	7 years
Bank Statements	3 years	7 years
Contracts, mortgages, notes and leases (expired)	7 years	7 years
Correspondence (general)	2 years	7 years
Correspondence (with customers and vendors)	2 years	7 years
Duplicate deposit slips	2 years	7 years
Expense Analyses/expense distribution schedules	7 years	7 years
Insurance Policies (expired)	3 years	7 years
Internal audit reports	3 years	7 years
Inventories of products, materials and supplies	7 years	7 years
Invoices (to customers, from vendors)	7 years	7 years
Leave records		7 years
Payroll records and summaries	7 years	7years
Personnel files (terminated employees)	7 years	7 years
Timesheets	7 years	7 years
Withholding tax statements	7 years	7 years
Employment applications	3 years	3 years

DOCUMENT RETENTION POLICY

(Page 2)

The corporate records of the Oklahoma Public Health Association (OPHA) are important assets. Corporate records include essentially all records you produce as an employee, whether paper or electronic. A record may be as obvious as a memorandum, an e-mail, a contract or a case study, or something not as obvious, such as a computerized desk calendar, an appointment book or an expense record.

The law requires the OPHA to maintain certain types of corporate records, usually for a specified period of time. Failure to retain those records for those minimum periods could subject you and the OPHA to penalties and fines, cause the loss of rights, obstruct justice, spoil potential evidence in a lawsuit, place the OPHA in contempt of court, or seriously disadvantage the OPHA in litigation.

The OPHA expects all employees to fully comply with any published records' retention or destruction policies and schedules, provided that all employees should note the following general exception to any stated destruction schedule: If you believe, or the OPHA informs you, that OPHA records are relevant to litigation, or potential litigation (i.e., a dispute that could result in litigation), then you must preserve those records it is determined that the records are no longer needed. That exception supersedes any previously or subsequently established destruction schedule for those records. If you believe that exception may apply, or have any question regarding the possible applicability of that exception, please contact the President of the OPHA.

From time to time the OPHA establishes retention or destruction policies or schedules for specific categories of records in order to ensure legal compliance, and also to accomplish other objectives, such as preserving intellectual property and cost management. Several categories of documents that bear special consideration are identified below. While minimum retention periods are suggested, the retention of the documents identified below and of documents not included in the identified categories should be determined primarily by the application of the general guidelines affecting document retention identified above, as well as any other pertinent factors.

Tax Records Tax records include, but may not be limited to, documents concerning payroll, expenses, proof of deductions, business costs, accounting procedures and other documents concerning the OPHA's revenues. Tax records should be retained permanently.

DOCUMENT RETENTION POLICY

(Page 3)

Employment Records/Personnel Records State and federal statutes require the OPHA to keep certain recruitment, employment and personnel information. The OPHA should also keep personnel files that reflect performance reviews and any complaints brought against OPHA or individual employees under applicable state and federal statutes. OPHA should also keep all final memoranda and correspondence reflecting performance reviews and actions taken by or against personnel in the employee's personnel file. Employment and personnel records should be retained for seven years.

Board and Board Committee Materials Meeting minutes should be retained in perpetuity in the OPHA's minute book. A clean copy of all Board and Board Committee materials should be kept no less than three years by OPHA .

Press Releases/Public Filings The OPHA should retain permanent copies of all press releases and publicly filed documents under the theory that the Center should have its own copy to test the accuracy of any document a member of the public can theoretically produce against OPHA.

Legal Files Legal counsel should be consulted to determine the retention period of particular documents, but legal documents should generally be maintained for a period of ten years.

Marketing and Sales Documents The OPHA should keep final copies of marketing and sales documents for the same period of time it keeps other corporate files, generally seven years. An exception to the seven-year policy may be sales invoices, contracts, leases, licenses and other legal documentation. These documents should be kept for at least seven years beyond the life of the agreement.

Development/Intellectual Property and Trade Secrets Development documents are often subject to intellectual property protection in their final form (e.g., patents and copyrights). The documents detailing the development process are often also of value to OPHA and are protected as a trade secret where the OPHA:

- Derives independent economic value from the secrecy of the information; and
- OPHA has taken affirmative steps to keep the information confidential.
- OPHA should keep all documents designated as containing trade secret information for at least the life of the trade secret.

DOCUMENT RETENTION POLICY

(Page 4)

Contracts Final, execution copies of all contracts entered into by the OPHA should be retained. The OPHA should retain copies of the final contracts for at least seven years beyond the life of the agreement, and longer in the case of publicly filed contracts.

Electronic Mail E-mail that needs to be saved should be either:

- Printed in hard copy and kept in the appropriate file; or
- Downloaded to a computer file and kept electronically or on disk as a separate file.

The retention period depends upon the subject matter of the e-mail, as covered elsewhere in this policy. Failure to comply with this Document Retention Policy may result in punitive action against the employee, including suspension or termination. Questions about this policy should be referred to the President who is in charge of administering, enforcing and updating this policy.

READ, UNDERSTOOD AND AGREED:

Employee's signature

Date

Approved – Board of Directors – Date



CONFLICT OF INTEREST

Brought to you by the Oklahoma Center for Nonprofits*



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ABOUT THE STANDARDS FOR EXCELLENCE®

Oklahoma's nonprofit sector is committed to public service. Hard at work in communities across the country, nonprofit organizations are serving and meeting the needs of our citizens and strengthening our communities. The success of nonprofit organizations depends upon public confidence and broad public support. Nonprofits are supported by individuals, corporations and foundations through charitable contributions and volunteer efforts; by government through contracts and grants; by consumers through purchases and fees; and by the general public through state and federal tax laws.

The Oklahoma Center for Nonprofits is committed to raising the level of ethical and accountable practices in nonprofit organizations. Therefore, the Oklahoma Center for Nonprofits has released these Standards for Excellence® to serve as a model for nonprofit organizations to implement in their operations and governance. These Standards build upon that foundation and go a step further. Based on fundamental values – such as honesty, integrity, fairness, respect, trust, compassion, responsibility, and accountability – these Standards describe how nonprofits should act to be ethical and accountable in their program operations, governance, human resources, financial management and fundraising. Eight (8) Guiding Principles are provided, along with fifty-five (55) standards – more detailed performance benchmarks that will enable nonprofits to strengthen their operations.

ABOUT THE STANDARDS FOR EXCELLENCE® - 8 GUIDING PRINCIPLES

MISSION AND PROGRAM – Nonprofits are founded for the public good and operate to accomplish a stated purpose through specific program activities. A nonprofit should have a well-defined mission, and its programs should effectively and efficiently work toward achieving that mission. Nonprofits have an obligation to ensure program effectiveness and to devote the resources of the organization to achieving its stated purpose.

GOVERNING BODY – Nonprofits are governed by an elected, volunteer board of directors that should consist of individuals who are committed to the mission of the organization. An effective nonprofit board should determine the mission of the organization, establish management policies and procedures, assure that adequate human resources (volunteer or paid staff) and financial resources (earned income, government contracts and grants, and charitable contributions) are available, and actively monitor the organization's financial and programmatic performance.

CONFLICT OF INTEREST – nonprofit board and staff members should act in the best interest of the organization, rather than in furtherance of personal interests or the interests of third parties. A nonprofit should have policies in place, and should routinely and systematically implement those policies, to prevent actual, potential, or perceived conflicts of interest.

HUMAN RESOURCES – A nonprofit's relationship to its employees and volunteers is fundamental to its ability to achieve its mission. Volunteers occupy a special place in nonprofit organizations, serving in governance, administrative and programmatic capacities. An organization's human resource policies should address both paid employees and volunteers and should be fair, establish clear expectations, and provide for meaningful and effective performance evaluation.

FINANCIAL AND LEGAL – nonprofits must practice sound financial management and comply with a diverse array of legal and regulatory requirements. A nonprofit's financial system should assure that accurate financial records are kept and that the organization's financial resources are used in furtherance of the organization's charitable purposes. Organizations should conduct periodic reviews to address regulatory and liability concerns.

OPENNESS – Nonprofits are private corporations that operate for public purposes with public support. As such, they should provide the public with information about their mission, program activities, and finances. A nonprofit should also be accessible and responsive to members of the public who express interest in the affairs of the organization.

FUNDRAISING – Charitable fundraising provides an important source of financial support for the work of most nonprofit organizations. An organization's fundraising program should be maintained on a foundation of truthfulness and responsible stewardship. Its fundraising policies should be consistent with its mission, compatible with its organizational capacity, and respectful of the interests of donors and prospective donors.

PUBLIC AFFAIRS AND PUBLIC POLICY – Nonprofits provide an important vehicle through which individuals organize and work together to improve their communities. Nonprofits should represent the interests of the people they serve through public education and public policy advocacy, as well as by encouraging board members, staff, volunteers and constituents to participate in the public affairs of the community.

CONFLICT OF INTEREST

As the *Oklahoma Center for Nonprofits Standards for Excellence: An Ethics and Accountability Code for the Nonprofit Sector*[®] states:

CONFLICT OF INTEREST

Nonprofits should have a written conflict of interest policy. The policy should be applicable to all board members and staff, and to volunteers who have significant independent decision making authority regarding the resources or programs of the organization. The policy should identify the types of conduct or transactions that raise conflict of interest concerns, should set forth procedures for disclosure of actual or potential conflicts, and should provide for review of individual transactions by the uninvolved members of the board of directors.

Nonprofits should provide board members, staff, and volunteers with a conflict of interest statement that summarizes the key elements of the organization's conflict of interest policy. The conflict of interest statement should provide space for the board member, employee or volunteer to disclose any known interest that the individual, or a member of the individual's immediate family, has in any business entity which transacts business with the organization. The statement should be provided to and signed by board members, staff, and volunteers, both at the time of the individual's initial affiliation with the organization and at least annually thereafter.

BENEFITS OF A CONFLICT OF INTEREST POLICY

The Oklahoma Center for Nonprofits' *Standards for Excellence*[®] recommends that every organization should have a conflict of interest policy. The *Standards for Excellence*[®] also recommend the use of an annual "conflict of interest statement" as part of a system of rigorous enforcement of the conflicts policy and as a practical means for board members, staff, and volunteers to disclose any financial or other interests they have that may conflict with the interests of the organization.

Not only does the *Standards for Excellence*[®] program support the practice of developing a conflict of interest policy, but more and more nonprofit regulators and trade groups are supporting the practice of nonprofit organizations taking the avoidance of conflicts of interest seriously.

As part of the application for tax exempt status (Form 1023), the Internal Revenue Service, beginning in 2004, expanded its existing series of questions about conflicts of interest and insider transactions to a more extensive series of questions about past, present, or planned relationships, transactions, or agreements with officers, directors, trustees, and the highest compensated employees and independent contractors. The 1023 asks the question, "Have you adopted a conflicts of interest policy consistent with the sample conflicts of interest policy in Appendix A to these instructions? If yes, provide a copy of the policy and explain

how the policy has been adopted, such as by resolution of your governing board.”¹ If an organization indicates that it does not have such a policy in place, the 1023 contains an additional series of questions about how the organization will handle conflicts of interest situations that may arise.

In addition to an added emphasis on conflicts of interest in the application for tax exempt status, on the informational tax form completed by most nonprofit organizations with revenues over \$25,000, the Form 990, the Internal Revenue Service has also begun asking, “Does your organization have a written conflict of interest form?”²

Additionally, in their *Sarbanes Oxley Act and Implications for Nonprofit Organizations*, BoardSource and Independent Sector state that nonprofits are encouraged to “establish a conflict of interest policy and a regular and rigorous means of enforcing it.”

WHY IS A CONFLICT OF INTEREST POLICY IMPORTANT?

A conflict of interest policy and related disclosure statement provide important tools to help assure that board members, staff, and key volunteers are appropriately fulfilling their legal and fiduciary responsibilities. Key among these is the duty of loyalty that board members and staff owe to the nonprofit organization for which they serve. While serving on a nonprofit board, an individual is responsible for acting in furtherance of the interests of the organization as opposed to in furtherance of personal interests or the interests of some third party. By requiring a deliberate effort to identify and resolve conflicting interests, a conflicts policy will make it less likely that board or staff members will intentionally or inadvertently violate their responsibilities.

✓ KEY TERM

CONFLICT OF INTEREST

A *conflict of interest* exists when a board member, officer, or management employee has a personal interest that is in conflict with the interests of the organization, such that he or she may be influenced by this personal interest when making a decision for the organization.

-BoardSource, *Managing Conflicts of Interest: A Primer for Nonprofit Boards*, 2006.

A conflict of interest policy also helps to assure that the organization itself is operated consistent with the requirements of the Internal Revenue Code and regulations. Under the tax laws, a 501(c)(3) nonprofit organization must be operated in furtherance of a recognized tax-exempt, public purpose. An organization that is operated to benefit private individuals risks loss of its tax-exempt status. By assuring that transactions between the organization

¹ Internal Revenue Service, Form 1023, 2006.

² Internal Revenue Service, Form 990, 2006.

and its own board members, staff, and volunteers are subject to careful scrutiny and review, a conflicts policy makes it much less likely that tax problems will result.

IDENTIFYING CONDUCT THAT RAISES CONFLICT CONCERN

A conflict of interest exists where the interests or concerns of a key insider (such as a board member, employee, or volunteer) are seen as competing with the interests or concerns of the nonprofit organization. A sound conflict of interest policy should identify the types of conduct or transactions that raise conflict of interest concerns.

Most common are situations where the insider has a financial interest in the actions of the organization. For example, the potential for a conflict exist where:

- an organization contracts to purchase or lease goods, services, or property from an insider;
- the organization purchases an ownership interest in a business entity owned by an insider;
- the organization offers employment to an insider;
- an insider accepts gifts, gratuities, or favors from third parties which do business, or seek to do business, with the organization;
- an insider is gratuitously provided use of the facilities, property, or services of the organization.

Conflicts are, however, not limited to situations involving direct financial interests. A conflict may also exist where an insider obtains a benefit or advantage that he/she would not have obtained absent his/her relationship with the organization. For example, the potential for a conflict exists where:

- an insider seeks preferential treatment from the organization;
- an insider makes use for personal purposes of confidential information obtained from the organization;
- an insider seeks to take advantage of an opportunity that he/she has reason to believe would be of interest to the organization.

The key word to be used as a benchmark in questionable situations is *benefit*: would the employee or board member (as an insider to the organization) *benefit* in an inappropriate way from a certain action or decision being made by the organization?

The fact that a conflict exists does not necessarily mean that the organization shouldn't proceed with a specific action or transaction. In most instances, there is nothing unlawful about an organization transacting business with an insider. Rather, what is important in these circumstances is assuring that such transactions are carefully scrutinized to determine whether the action or transaction is in the best interests of the organization. Generally, a conflicts policy will use a combination of "disclosure" and "independent review and approval" to evaluate potential conflicts.

DISCLOSURE

Board and staff members may have a variety of business, professional and personal interests and affiliations that could affect, or be viewed as affecting, their objectivity when called upon to participate in decision making on behalf of an organization. A sound conflicts policy will assure that these interests are disclosed at the earliest practical time and that the organization then responds appropriately, taking into account all materially factual information. A potential conflict may never end up becoming an actual conflict if early disclosure occurs and timely action follows.

Generally, a conflicts policy will require that a disclosure statement be made at the time the board member, staff member, or volunteer first becomes associated or involved with the organization, and annually thereafter. However, the policy should also make clear that persons who are subject to a conflicts policy are under a continuing obligation to report any actual or potential conflicts as soon as they are known or reasonably should be known.

The disclosure section of the policy should also address who within the organization is responsible for receipt and review of the disclosure statements and what action will follow when an actual or potential conflict has been identified. Sometimes a disclosure may trigger implementation of a formal procedure for review and approval of a specific proposed action or transaction.

INDEPENDENT REVIEW AND APPROVAL

As already noted, the fact that an actual or potential conflict exists regarding a specific action or transaction does not necessarily mean that the organization should abandon the proposed course of action. Rather, what is required is a heightened level of scrutiny over whether the proposed transaction is really in the best interests of the organization. A conflicts policy will typically define the process by which a proposed course of action is reviewed and, if appropriate, approved. Several concepts are key to this process.

First, the policy should provide that the interested party (e.g. the board or staff member or volunteer who has an interest in the proposed course of action) must fully disclose, in writing, all material facts about the nature of his/her interest. The policy may grant the interested party the opportunity to present this information at a meeting or may provide that he/she be available to respond to questions from board members.

Second, the policy should provide that the remaining, disinterested directors should review the proposed action and determine whether it is in the best interests of the organization. Generally, this will involve consideration of whether it is fair and reasonable (e.g. the organization isn't paying more than fair market value for what it is getting in return) and whether other, more preferable options are available.

Third, the policy should provide that the proposed course of action be approved by a majority vote of the disinterested directors who are present and entitled to vote. It should also provide that the "interested party" not be counted for purposes of determining a quorum or otherwise.

Fourth, the policy should require that the details regarding the disclosure, deliberations, and vote be formally reflected in the minutes of the meeting at which they took place.

PERCEIVED CONFLICTS AND THE APPEARANCE OF IMPROPRIETY – POLICY IN ACTION

Finally, it is worth keeping in mind that there may be circumstances where an organization should abandon a proposed course of action, even where careful analysis indicates that no conflict exists or where a disinterested majority would likely approve the proposed action or transaction. Concern about public perception must also be taken into account.

Thus, any situation involving an actual or potential conflict of interest should also be analyzed using an "appearances" test. Namely, does it appear that the proposed action or transaction involves some impropriety even if, from both a legal and a factual perspective, it does not? If your organization would not be happy having the details of the proposed action or transaction disclosed on the front page of the local newspaper, or on the evening news, then it may be best to avoid the transaction entirely.

SUMMARY OF STEPS TO TAKE IN PREPARING A CONFLICT OF INTEREST POLICY

1. Determine whom the policy will cover.
2. Consider the scope of activities to be covered.
3. Review the organization's history regarding any possible past conflicts. In designing the policy, consider how such problems could have been avoided.
4. Consider any issues related to the organization that should be specifically addressed in the policy.
5. In conjunction with a policy statement, prepare an annual disclosure form. Determine who in the organization will be responsible for preparing, distributing, collecting, and initially analyzing disclosure forms.

Adapted from: Kurtz, Daniel L. "Steps to Consider in Preparing Conflicts of Interest Policy," *How to Manage Conflicts of Interest*, Washington, DC: BoardSource, formerly National Center for Nonprofit Boards, 1995.

SELECTED RESOURCES FOR CONFLICT OF INTEREST

Sample Materials

- Attachment A: Oklahoma Center for Nonprofits Model Conflict of Interest policy
- Attachment B: Oklahoma Center for Nonprofits Model Disclosure Statement

Books and Articles

Andrigna, Robert C. and Engstrom, Ted W. *Nonprofit Answer Book. Practical Guide for Board Members and Chief Executives*, Washington, DC: BoardSource, 2002.

Conflict of Interest Policies and Procedures for Nonprofit Organizations, *Nonprofit Governance: The Executive's Guide/* Futter, Victor; Overton, George W., eds. Chicago, IL: American Society of Corporate Secretaries; American Bar Association Section of Business Law, 1997, pp.111-120.

Kurtz, Daniel and Paul, Sarah E., *Managing Conflicts of Interest: A Primer for Nonprofit Boards*. Washington, DC: BoardSource, 2006.

Masaoka, Jan. *The Best of the Board Café. Hands-on Solutions for Nonprofit Boards*. CompassPoint and Wilder: 2003.

Nonprofit Governance: The Executive's Guide. Futter, Victor and Overton, George W, eds. American Society of Corporate Secretaries and the American Bar Association Section of Business Law, 1997.

The Sarbanes Oxley Act and Implications for Nonprofit Organizations, BoardSource and Independent Sector, 2003.

Websites

Model Internal Revenue Service Conflicts of Interest Policy:
<http://www.irs.gov/instructions/i1023/ar03.html>

www.idealists.org What goes into a conflict of interest policy?

ATTACHMENT A

OKLAHOMA PUBLIC HEALTH ASSOCIATION CONFLICT OF INTEREST POLICY³

I. Application of Policy

This policy applies to board members, staff and certain volunteers of the Oklahoma Public Health Association (OPHA). A volunteer is covered under this policy if that person has been granted significant independent decision making authority with respect to financial or other resources of the organization. Persons covered under this policy are hereinafter referred to as “interested parties.”

II. Conflict of Interest

A conflict of interest may exist when the interests or concerns of an interested party may be seen as competing with the interests or concerns of the organization. There are a variety of situations which raise conflict of interest concerns including, but not limited to, the following.

Financial Interests - A conflict may exist where an interested party, or a relative or business associate of an interested party, directly or indirectly benefits or profits as a result of a decision made or transaction entered into by the organization. Examples include situations where:

- the organization contracts to purchase or lease goods, services, or properties from an interested party, or a relative, or business associate of an interested party;
- the organization purchases an ownership interest in or invests in a business entity owned by an interested party, or by a relative or business associate of an interested party;
- the organization offers employment to an interested party, or a relative, or business associate of an interested party, other than a person who is already employed by the organization;
- an interested party, or a relative or business associate of an interested party, is provided with a gift, gratuity or favor, of a substantial nature, from a person or entity which does business, or seeks to do business, with the organization;

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- an interested party, or a relative or business associate of an interested party, is gratuitously provided use of the facilities, property, or services of the organization;

Other Interests - A conflict may also exist where an interested party, or a relative or business associate of an interested party, obtains a non-financial benefit or advantage that he would not have obtained absent his/her relationship with the organization, or where his/her duty or responsibility owed to the organization conflicts with a duty or responsibility owed to some other organization. Examples include where:

- an interested party seeks to obtain preferential treatment by the organization for himself, or relative, or business associate;
- an interested party seeks to make use of confidential information obtained from the organization for his own benefit, or for the benefit of a relative, business associate, or other organization;
- an interested party seeks to take advantage of an opportunity, or enable a relative, business associate or other organization to take advantage of an opportunity, which he/she has reason to believe would be of interest to the organization.

III. Disclosure of Actual or Potential Conflicts of Interest

An interested party is under a continuing obligation to disclose any actual or potential conflict of interest as soon as it is known, or reasonably should be known.

An interested party shall complete a questionnaire, in the form attached hereto, to fully and completely disclose the material facts about any actual or potential conflicts of interest. The disclosure statement shall be completed upon his/her association with the organization, and shall be updated annually thereafter. An additional disclosure statement shall be filed at such time as an actual or potential conflict arises.

For board members, the disclosure statements shall be provided to the President of the Board, or in the case of the President's disclosure statement shall be provided to the Secretary of the Board. Copies shall also be provided to the Administrative Assistant of the organization.

In the case of staff or volunteers with significant decision-making authority, the disclosure statements shall be provided to the President of the Board of the organization, or in the case of the Administrative Assistant's disclosure statement shall be provided to the President of the Board.

The Secretary of the board of directors shall file copies of all disclosure statements with the official corporate records of the organization.

IV. Procedures for Review of Actual or Potential Conflicts - Generally

Whenever there is reason to believe that an actual or potential conflict of interest exists between OPHA and an interested party, the Board of Directors shall determine the appropriate organizational response. This shall include, but not necessarily be limited to, invoking the procedures described in Section IV, below, with respect to a specific proposed action or transaction.

Where the actual or potential conflict involves an employee of the organization other than the Executive Director, the Executive Director shall, in the first instance, be responsible for reviewing the matter and may take appropriate action as necessary to protect the interests of the organization. The Executive Director shall report to the President the results of any review and the action taken. The President, in consultation with the Executive Committee, shall determine if any further board review or action is required.

V. Procedures for Addressing Conflicts of Interest - Specific Transactions

Where an actual or potential conflict exists between the interests of OPHA and an interested party with respect to a specific proposed action or transaction, OPHA refrain from the proposed action or transaction until such time as the proposed action or transaction has been approved by the disinterested members of the board of directors of the organization. The following procedures shall apply:

- An interested party who has an actual or potential conflict of interest with respect to a proposed action or transaction of the corporation shall not participate in anyway in, or be present during, the deliberations and decision making of the organization with respect to such action or transaction. The interested party may, upon request, be available to answer questions or provide material factual information about the proposed action or transaction.
- The disinterested members of the board of directors may approve the proposed action or transaction upon finding that it is in the best interests of the corporation. The board shall consider whether the terms of the proposed transaction are fair and reasonable to the organization and whether it would be possible, with reasonable effort, to find a more advantageous arrangement with a party or entity that is not an interested party.
- Approval by the disinterested members of the board of directors shall be by vote of a majority of directors in attendance at a meeting at which a quorum is present. An interested party shall not be counted for purposes of determining whether a quorum is present, nor for purposes of determining what constitutes a majority vote of directors in attendance.

- The minutes of the meeting shall reflect that the conflict disclosure was made, the vote taken and, where applicable, the abstention from voting and participation by the interested party.

VI. Violations of Conflict of Interest Policy

If the board of directors has reason to believe that an interested party has failed to disclose an actual or potential conflict of interest, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.

If, after hearing the response of the interested party and making such further investigation as may be warranted in the circumstances, the board determines that the interested party has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

APPROVED – BOARD OF DIRECTORS - DATE

ATTACHMENT B

**OKLAHOMA PUBLIC HEALTH ASSOCIATION
CONFLICT OF INTEREST POLICY
ANNUAL AFFIRMATION OF COMPLIANCE AND DISCLOSURE
STATEMENT⁴**

I have received and carefully read the Conflict of Interest Policy for board members, staff and volunteers of the Oklahoma Public Health Association (OPHA) and have considered not only the literal expression of the policy, but also its intent. By signing this affirmation of compliance, I hereby affirm that I understand and agree to comply with the Conflict of Interest Policy. I further understand that OPHA is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Except as otherwise indicated in the Disclosure Statement and attachments, if any, below, I hereby state that I do not, to the best of my knowledge, have any conflict of interest that may be seen as competing with the interests of OPHA, nor does any relative or business associate have such an actual or potential conflict of interest.

If any situation should arise in the future which I think may involve me in a conflict of interest, I will promptly and fully disclose the circumstances to the President of the Board of Directors of OPHA.

I further certify that the information set forth in the Disclosure Statement and attachments, if any, is true and correct to the best of my knowledge, information and belief.

Name (Please print)

Signature

Date

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Disclosure Statement⁵

Please complete the questionnaire, below, indicating any actual or potential conflicts of interest. If you answer “yes” to any of the questions, please provide a written description of the details of the specific action or transaction in the space allowed. Attach additional sheets as needed.

Financial Interests - A conflict may exist where an interested party, or a relative or business associate of an interested party, directly or indirectly benefits or profits as a result of a decision made or transaction entered into by the organization.

Please indicate, during the past 12 months:

Has the organization contracted to purchase or lease goods, services, or property from you, or from any of your relatives or business associates? Yes
 No

If yes, please describe:

Has the organization purchased an ownership interest in or invested in a business entity owned by you, or owned by any of your relatives or business associates? Yes
 No

If yes, please describe:

Has the organization offered employment to you, or to any of your relatives or business associates, other than a person who was already employed by the organization? Yes
 No

If yes, please describe:

Have you, or have any of your relatives or business associates, been provided with a gift, gratuity or favor, of a substantial nature, from a person or entity which does business, or seeks to do business, with the organization? Yes
 No

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If yes, please describe:

Have you, or any of your relatives or business associate, been gratuitously provided use of the facilities, property, or services of the organization?

- Yes
 No

If yes, please describe:

Other Interests - A conflict may also exist where an interested party, or a relative or business associate of an interested party, obtains a non-financial benefit or advantage that he would not have obtained absent his/her relationship with the organization, or where his/her duty or responsibility owed to the organization conflicts with a duty or responsibility owed to some other organization.

Please indicate if at anytime during the past twelve months:

Did you obtain preferential treatment by the organization for yourself, or for any of your relatives or business associates?

- Yes
 No

If yes, please describe:

Did you make use of confidential information obtained from the organization for your own benefit, or for the benefit of a relative, business associate, or other organization?

- Yes
 No

If yes, please describe:

Did you take advantage of an opportunity, or enable a relative, business associate or other organization to take advantage of an opportunity, which you had reason to believe would be of interest to the organization?

- Yes
 No

If yes, please describe:

DRUG-FREE AND ALCOHOL-FREE WORKPLACE

To ensure the high standards necessary to conduct the Oklahoma Public Health Association's business, and to comply with the requirements of the Drug-Free Workplace Act of 1988, the Oklahoma Public Health Association instituted this Drug Free and Alcohol-Free Workplace policy. The Oklahoma Public Health Association's purpose in implementing this policy is to provide a drug-free and alcohol-free workplace in order to ensure a safe, healthy, and productive work environment for all employees and contractors. In addition to being concerned about your well-being, there is equal concern that the Oklahoma Public Health Association's reputation and image is not compromised in any way. The Oklahoma Public Health Association's policy concerning drug and alcohol use and abuse is as follows:

You must report to work in a fit condition to perform your duties. Being under the influence of drugs or alcohol is not acceptable.

The Oklahoma Public Health Association prohibits the unlawful manufacture, distribution, dispensing, possession, or use or abuse of illicit drugs, alcohol, or prescription drugs if used in a way that is illegal or counter to published policy on controlled substances in the workplace. The workplace includes the Oklahoma Public Health Association's office and all premises used to further our programmatic objectives.

You will not be terminated for voluntarily seeking assistance for a substance abuse problem. However, performance, attendance, or behavioral problems may result in disciplinary actions up to and including termination.

If you are taking physician-prescribed medication, you must notify your supervisor if there is likelihood that such medication could affect your job performance and safety. However, you are not required to give specific details about your medical condition. Additionally, all such information will be maintained in the strictest confidence.

A conviction for drug or alcohol abuse crimes will be considered to be in violation of our substance abuse policy. If you are convicted of such a crime, you are required to report any such conviction to the OPHA President. You may be subject to termination or required to submit to a bona fide drug or alcohol abuse rehabilitation program. The Oklahoma Public Health Association will inform appropriate law enforcement authorities of any drug-related crime that occurs in the workplace.

"Drugs" means any substance taken into the body, other than alcohol, which may impair one's mental faculties and/or physical performance.

"Abuses" means any use of any illegal drug, or use of any drug, including alcohol, over-the-counter or prescription drugs when use is not in conformance with prescription requirements or in circumstances where use is not permitted.

The Oklahoma Public Health Association will educate and inform its employees and contractors about the health consequences of drug and alcohol abuse. All current employees will be made aware of this policy through distribution of educational materials provided through Oklahoma Public Health Association from the Oklahoma Bureau of Narcotics website (<http://www.ok.gov/obnnd/Education/>). Drug fact sheets and information about drug abuse and misuse is available online. An educational presentation from the Oklahoma Bureau of Narcotics can also be requested.

APPROVED — BOARD OF DIRECTORS - DATE