



# Ethical Practice

## INTRODUCTION

COA's Ethical Practice standards are based on the assumption that good resource management drives excellence in organizational performance and service delivery, and that good resource management cannot occur in an environment that lacks expectations for ethical practice.

The current discussion of ethical practice in business and legal literature, and best practice codes of corporate governance, parallels the current discussion about ethical practice in the non-profit community. While debate continues about the feasibility of substituting federal and state regulations for strong voluntary support of non-profit ethical practice standards to prevent improper conduct, the risk of harm to an organization's reputation due to negative publicity remains a strong, practical deterrent to unethical practice. A practical, proactive stance to garnering the public trust goes beyond thinking about compliance with legal standards. The recommended standard can exceed what the law allows and be indicated by "what we are comfortable reading about our organization in the newspaper."

COA's standards assume the most effective approach to preventing improper conduct lies in a combination of factors rather than isolated policies and procedures. Research suggests that an organizational culture with a clear preference for trustworthiness in employees, public reactions and demands for accountability, and compliance with legal requirements, altogether, will work to encourage ethical practices.

**Note:** Please see [ETH Reference List](#) for a list of resources that informed the development of these standards.

## Table of Evidence

### Self-Study Evidence

- Describe activities that create an open and transparent system of accountability in your organization (e.g., 1. Our organization has adopted the basic principles of the Sarbanes-Oxley... 2. Following our annual risk prevention and management review, our conflict of interest policies were revised in response to...).
  - a. Provide specific examples of how your organization provides access to information about programs, services, and finances to your stakeholders and the public.
  - b. Describe the organization's efforts to eliminate internal and external barriers to achieving accountability
- Cite two examples of activities or decisions that your agency has made that demonstrate implementation of its conflict of interest policy (e.g., 1. A member of the agency's community advisory board stood

### Purpose

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

to make a profit on the leasing of her property to the state. She removed herself from the discussion about the leasing agreement. 2. Clinical staff must sign waiver of clearance with private practice clients.).

- Provide any additional information that would increase the Peer Team's understanding of how your organization's ethical practice(s) sustains the public trust of the organization, and impacts its viability and sustainability.

### **On-Site Evidence**

No On-Site Evidence

### **On-Site Activities**

No On-Site Activities

### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



# Ethical Practice

## ETH 1: Open, Transparent Operations

The organization operates in an open and transparent manner in accordance with applicable legal requirements and uses assets exclusively and effectively to serve the purpose for which it has been created.

### Rating Indicators

- 1) The organization's practices fully meet the standard as indicated by full implementation of the practices outlined in the ETH 1 Practice standards.
- 2) Practices are basically sound but there is room for improvement as noted in the ratings for the ETH 1 Practice standards.
- 3) Practice requires significant improvement as noted in the ratings for the ETH 1 Practice standards.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all, as noted in the ratings for the ETH 1 Practice standards.

### Table of Evidence

#### Self-Study Evidence

- Organization website URL
- Publicly available documents, for example annual report, Form 990
- Mission statement
- Network written materials (ETH 1.04)

#### On-Site Evidence

No On-Site Evidence

#### On-Site Activities

- Interview:
  - a. CEO
  - b. Board Chair
  - c. Treasurer
  - d. Advisory/Governing Body
  - e. CFO/fiscal director
  - f. Persons served/community members
  - g. Personnel

### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

### **ETH 1.01**

The public has access to clear, timely, accurate information, as appropriate to the type of organization, about the organization's programs, activities, service recipients, and finances.

**Related:** FIN 6.01

**Interpretation:** *All publicly accessible websites maintained by the organization should convey current, clear, and accurate organizational and programmatic information.*

**Interpretation:** *Consumers of services, donors, volunteers, and public officials are among those for whom access to information should be assured. The federal Form 990 filing, a vehicle to convey full descriptions of activities undertaken, is used increasingly as a source of information for consumers.*

### **Rating Indicators**

- 1) The organization's practices reflect full implementation of the standard.
- 2) Practices are basically sound but there is room for improvement; e.g.,
  - While the website provides accurate information, some written materials are outdated; or
  - Some segments of the general public do not have access to accurate and timely information.
- 3) Practice requires significant improvement; e.g.,
  - Generally public information is not current; or
  - Some important information is not available to the public.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all.

### **ETH 1.02**

The organization accurately portrays its mission or purpose in all communications that contain such a representation.

### **Rating Indicators**

### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

- 1) The organization's practices reflect full implementation of the standard.
- 2) Practices are basically sound but there is room for improvement; e.g.,
  - In a few instances, the current mission or purpose has not been updated in key communications or for key stakeholders.
- 3) Practice requires significant improvement; e.g.,
  - The mission has been updated but most communications do not reflect the changes.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all.

### **ETH 1.03**

The organization trains the governing body, advisory group members, and staff on ethical practices and expectations for operating in an open, transparent manner.

### **Rating Indicators**

- 1) The organization's practices reflect full implementation of the standard.
- 2) Practices are basically sound but there is room for improvement.
- 3) Practice requires significant improvement, e.g.,
  - The organization makes minimal effort to inform its board, staff, etc., about its expectations for operating in an open, transparent manner.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all.

### **ETH 1.04**

When the network management entity, organizations with an ownership interest in the network, or members of the network's board of directors provide direct services to network clients, the network management entity discloses all ownership, partnership, or governance arrangements in all written material describing the network.

**Interpretation:** *In partner networks, which typically consist of a group of organizations that have joined together to form a new, separately*

### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

*incorporated network entity, the partner organizations often have a direct financial stake in the network, as well as a direct role in the network's governance, decision-making, and outcomes. In such cases partner organizations can be considered the network's "owners."*

*A network can use a simple statement such as "The XYZ Network is a partnership of provider organizations in Clark County" on letterhead or other written material, as long as the network makes more detailed written information, such as a list of all "owners" available upon request.*

**NA** *The organization is not a network management entity.*

### **Rating Indicators**

- 1)** Networks disclose ownership, partnership and governance arrangements as per the requirements of the standard.
- 2)** Practices are basically sound but there is room for improvement; e.g.,
  - The statement is either vaguely written or somewhat confusing.
- 3)** Practice requires significant improvement; e.g.,
  - Ownership interest, etc., is not clearly disclosed in at least one example of written material describing the network; or
  - There is a potential for actual or perceived conflict of interest, such as inappropriate competitive advantage in favor of network owners; or
  - The network makes it difficult to obtain a list of owners.
- 4)** Implementation of the standard is minimal or there is no evidence of implementation at all.

### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

### (FOC) ETH 2: Conflict of Interest

The organization prevents the enrichment of insiders and other abuses through the adoption and enforcement of a conflict of interest policy consistent with state laws and regulations.

**Related:** GOV 2.02, GOV 6.01

**Interpretation:** *COA does not provide a definition of "conflict of interest," and expects an organization's policy to do so.*

**Note:** *The Panel on the Nonprofit Sector, Interim Report, Section 4, Conflict of Interest Policy Disclosure contains a useful description of the Conflict of Interest issue. References to the Internal Revenue Code note that the Code defines a conflict of interest and that: "All states mandate that directors and officers owe a duty of loyalty to the organization, and improperly benefiting from a transaction involving a conflict of interest more than likely involves a violation of the duty of loyalty. Some state statutes specifically penalize participation in transactions involving conflicts of interests unless the organization follows certain prescribed procedures."*

**Note:** *Please see [Conflict of Interest Policy and Procedure Template - Private, Public, Canadian, Network](#) for additional assistance with this standard.*

#### **Rating Indicators**

- 1) The organization's practices fully meet the standard as indicated by full implementation of the practices outlined in the ETH 2 Practice standards.
- 2) Practices are basically sound but there is room for improvement as noted in the ratings for the ETH 2 Practice standards.
- 3) Practice requires significant improvement, as noted in the ratings for the ETH 2 Practice standards; e.g.,
  - Conflict of interest policy provides minimal guidance to stakeholders due to lack of specificity, significant missing elements, significant stakeholders not covered; or
  - Minor conflict of interest concerns are noted.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all, as noted in the ratings for the ETH 2 Practice standards; e.g.,
  - Significant conflict of interest concerns have been reported.

#### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

### Table of Evidence

#### **Self-Study Evidence**

- Conflict of interest policy and procedures
- Network Management Manual
- Network utilization data to review referral and utilization patterns

#### **On-Site Evidence**

- Bylaws
- Governing body minutes
- Governing body and/or committee meeting minutes documenting discussions of potential and apparent conflicts of interest
- Most recent audit
- Network client files to review reasons for referrals to particular providers

#### **On-Site Activities**

- Interview:
  - a. CEO
  - b. Board Chair
  - c. Treasurer
  - d. Advisory/Governing Body
  - e. CFO/fiscal director
  - f. Persons served/community members
  - g. Personnel
- Network Interview:
  - a. Network Advisory Body
  - b. Directors of organizations that contract with the managing entity
  - c. Network personnel involved in assessments and referral

### **ETH 2.01**

A conflict of interest policy is tailored to the organization's specific needs and characteristics, and:

- a. defines conflict of interest;
- b. identifies groups of individuals within the organization covered by the policy;
- c. addresses transactions between governing body members, advisory group members, owners, staff, and the organization;
- d. addresses policy enforcement;
- e. provides a framework for evaluating situations that may constitute a conflict; and

### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.





## Ethical Practice

- f. invests management with developing procedures that facilitate disclosure of information to prevent and manage potential and apparent conflicts of interest.

**Related:** GOV 6.01

**Interpretation:** *The conflict of interest policy, the organization's bylaws, and/or the board manual should require governing body or advisory group members to recuse themselves on matters where their objectivity would be compromised. The standard does not require an exhaustive list of conflict situations, but the policy should provide a framework for determining when a situation constitutes conflict.*

**Interpretation:** *If the conflict of interest policy requires signatures of board members and staff, these signed forms should be available with the policy.*

**Interpretation:** *The organization should note that establishing and enforcing a conflict of interest policy is an important safeguard for organizations against unethical or illegal practices, and that the Form 990 for charitable organizations requests disclosure of the adoption of a conflict of interest policy.*

### Rating Indicators

- 1) The organization has implemented a conflict of interest policy as per the requirements of the standard.Â
- 2) There is written policy that is accessible and followed by stakeholders, but it lacks comprehensiveness or clarity; e.g.,
  - Two of the elements are not fully addressed; or
  - One element is not addressed at all.
- 3) Practice requires significant improvement; e.g.,Â
  - The policy provides minimal guidance to stakeholders due to lack of specificity; or
  - Stakeholders are unaware of the policy; or
  - At least three of the elements are not fully developed or two of the elements are not developed at all.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all; e.g.,
  - No policy exists; or
  - Policy is not enforced or is ignored in practice.

### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

### **ETH 2.02**

Conflict of interest policies and procedures ensure that contracts and business arrangements serve the organization's and service recipient's best interests, not private interests.

#### **Rating Indicators**

- 1) The organization's practices reflect full implementation of the standard.
- 2) Practices are basically sound but there is room for improvement; e.g.,
  - Policy lacks clarity about how the separation of private interests versus organizational interests is defined and enforced, e.g., the policy does not clearly define private interests.
- 3) Practice requires significant improvement; e.g.,
  - Policy and/or procedures need significant strengthening; or
  - Stakeholders are unaware of the policy or procedures; or
  - Policy is not routinely enforced.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all; e.g.,
  - There is evidence of business decisions serving private interests over the best interests of the organization and service recipients.

### **ETH 2.03**

Organization members, community partners, governing body and advisory group members, personnel, and consultants who have a financial interest in the organization's assets, business transactions, leases, or professional services:

- a. disclose this information; and
- b. do not participate in any discussion or vote taken with respect to such interests.

**Related:** GOV 6.01

**Interpretation:** *Governing body members who are part of the organization's audit committee cannot receive compensation for professional services they provide as consultants.*

#### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

**Note:** Element (b) does not apply to owners in private, for-profit organizations.

### Rating Indicators

- 1) The organization's conflict of interest policy fully addresses the requirement for disclosure of conflicts of interest and for recusal from decisions related to such interests.
- 2) Practices are basically sound but there is room for improvement; e.g.,
  - The policy and/or procedure lacks comprehensiveness or clarity regarding one of the following:
    - Applicable stakeholders; or
    - The types of transactions that require disclosure; or
    - Safeguards regarding disclosure or recusal.
- 3) Practice requires significant improvements; e.g.,
  - Procedures do not clearly identify applicable stakeholders; or
  - Procedures do not delineate the types of transactions that must be disclosed; or
  - Safeguards regarding disclosure or recusal are insufficient; or
  - Governing body members or other important stakeholders are not aware of the policy/procedures.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all; e.g.,
  - Conflict of interest violations have occurred.

### ETH 2.04

The network has a process for ensuring that its activities are carried out in an even-handed, principled manner and in the interests of service recipients.

**Interpretation:** *It is essential that the network guard against any real or perceived conflict of interest in the manner in which it conducts its business, especially with regard to assessment, referral, and utilization management practices.*

**NA** *The organization is not a network management entity.*

### Rating Indicators

### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

- 1) The organization has a process for ensuring network activities are even-handed, etc. as per the requirements of the standard.
- 2) Practices are basically sound but there is room for improvement; e.g.,
  - The interest of the service recipients needs more clarification.
- 3) Practice requires significant improvement; e.g.,
  - There have been conflict of interest complaints by network providers about how it conducts business.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all.

### Purpose

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

### ETH 3: Fundraising

An organization that raises funds by individual solicitation from the general public conducts fundraising activities in an ethical, fiscally responsible manner.

**Related:** FIN 6.01

**Interpretation:** *This section is applicable to organizations that solicit or receive money from private individuals, through capital campaigns and contribution plans. This section is not applicable to organizations that apply for and/or receive private or public grants and contracts.*

**NA** *The organization does not raise funds through solicitations or general funding events.*

**Note:** *The organization reconciles its fundraising practices with prevailing ethical practices of the Association of Fundraising Professionals or similar national bodies.*

#### **Rating Indicators**

- 1) The organization's practices fully meet the standard, as indicated by full implementation of the practices outlined in the ETH 3 Practice standards.
- 2) Practices are basically sound but there is room for improvement, as noted in the ratings for the ETH 3 Practice Standards.
- 3) Practice requires significant improvement, as noted in the ratings for the ETH 3 Practice standards; e.g.,
  - Staff are unaware of the organization's fundraising policies and/or procedures; or
  - Fundraising practices may pose a risk to the organization.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all, as noted in the ratings for the ETH 3 Practice standards.

#### **Table of Evidence**

##### **Self-Study Evidence**

- Policies and procedures for all fundraising practices, including confidentiality of donors

##### **On-Site Evidence**

#### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

- Financial statements/reports (see FIN 5)
- Analysis of costs and benefits for sample of fundraising activities
- Annual Report
- Governing body meeting minutes

### On-Site Activities

- Interview:
  - a. CEO
  - b. CFO/fiscal director
  - c. Development director

### **ETH 3.01**

The organization's governing body and management oversee fundraising activities.

**Interpretation:** *Contracts for outside fundraising services will be reviewed under RPM 9.*

### **Rating Indicators**

- 1)** The organization has established procedures regarding oversight of fundraising activities to which personnel, volunteers, contractors and/or consultants routinely and uniformly adhere and management and the governing body routinely monitor fundraising practices.
- 2)** Practices are basically sound but there is room for improvement; e.g.,
  - Written agreements with contractors or consultants may lack specificity regarding acceptable practices.
- 3)** Practice needs significant improvement; e.g.,
  - Procedures governing fundraising activities are very general and do not provide clear guidelines; or
  - The board provides little oversight to management regarding fund-raising activities.
- 4)** Implementation of the standard is minimal or there is no evidence of implementation at all; e.g.,
  - Organizational procedures are absent; or
  - Oversight is extremely lax; or
  - Consultants or contractors work without written agreements.

### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

### **ETH 3.02**

The organization:

- a. accurately describes the purpose for which solicitations are being made;
- b. spends funds for the purposes they were solicited, with the exception of reasonable costs for administration of the fundraising program;
- c. maintains accounting segregation for restricted funds; and
- d. respects donor confidentiality requests.

**Interpretation:** *Conducting solicitations in an ethical manner also requires the organization to ensure that there are no material omissions, misstatements of fact, or misrepresentation regarding the use of funds.*

**Interpretation:** *Internal controls should address the handling and acknowledgement of contributions and respect for donor confidentiality requests. At a minimum, the organization should protect the confidentiality of donors who request anonymity by ensuring that such donors' names are not published or listed in newsletters, articles, annual reports, or other publicly available documents regarding the organization.*

### **Rating Indicators**

- 1) The organization's practices reflect full implementation of the standard.
- 2) Practices are basically sound but there is room for improvement; e.g.,
  - One of the elements is not fully addressed, but the organization has taken steps to strengthen practice; or
  - The organization has a system of controls that may need strengthening, however, contributions are appropriately recorded and acknowledged.
- 3) Practice requires significant improvement; e.g.,
  - There have been some violations of donor requests for confidentiality; or
  - One of the elements is not addressed at all.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all; e.g.,
  - Unethical or deceptive practices regarding costs in relation to funds raised exist; or
  - The organization does not accurately describe the uses of the funds; or
  - Two or more of the standards' elements have not been addressed.

### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.

### **ETH 3.03**



## Ethical Practice

Costs and benefits of each fundraising activity are analyzed, taking into account factors that affect the reasonableness of fundraising costs in comparison to dollars raised.

**Interpretation:** *Factors that affect reasonableness of fundraising costs to dollars raised include, and are not limited to: the differential costs of donor solicitation, donor renewal, large bequests, or donations that would obscure true fundraising costs. The organization must show that it carefully allocates fundraising costs and does not obscure them by allocation to program or educational purposes. The organization must collect and maintain data that support sound fund-development decisions by its leadership.*

### Rating Indicators

- 1) The organization's practices reflect full implementation of the standard.
- 2) Practices are basically sound but there is room for improvement; e.g.,
  - Some fundraising costs are not sufficiently reviewed for full analysis.
- 3) Practice requires significant improvement; e.g.,
  - The organization does not routinely analyze the costs and benefits of its separate fund-raising activities.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all.

### ETH 3.04

Upon request of a donor or funding source, the organization discloses descriptive and financial information for revenue-generating activities including fee-for-service programs, for-profit subsidiaries, and related or unrelated business ventures.

### Rating Indicators

- 1) The organization's practices reflect full implementation of the standard.
- 2) Practices are basically sound but there is room for improvement; e.g.,
  - The organization may not disclose all revenue-generating activities to donors/funders but discrepancies do not constitute withholding relevant information requested by specific donors/funders.

### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.





## Ethical Practice

- 3) Practice requires significant improvement; e.g.,
- The organization discloses limited or inadequate information; or
  - The organization places impediments in the way of obtaining information such as lengthy or excessively formal procedures.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all; e.g.,
- The organization does not honor donor requests for information on revenue generating activity.

### **ETH 3.05**

The organization raises funds in accordance with applicable local, state, and federal requirements and registers all fundraising activities with the appropriate administrative authorities.

### **Rating Indicators**

- 1) The organization's practices reflect full implementation of the standard.
- 2) Practices are basically sound but there is room for improvement; e.g.,
- Legal requirements have not been reviewed for more than two years.
- 3) Practice requires significant improvement; e.g.,
- The organization does not regularly reconcile legal requirements with practice and are at risk for violations.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all; e.g.,
- The organization has a history of legal violations in this area.

### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

### **(FOC) ETH 4: Protection of Reporters of Suspected Misconduct**

The organization prohibits employment-related retaliation against employees, and others affiliated with the organization, who come forward with information about suspected misconduct or questionable practices, and provides an appropriate, confidential channel for reporting such information.

**Interpretation:** *An organization establishing a policy to protect reporters of suspected misconduct can begin by adopting a code of conduct and ethical practice and developing reporting procedures. Procedures should include avoidance of baseless allegations, maintenance of anonymity, definitions, rights and responsibilities, and the role of supervisors, senior management, and governing body officers or committees.*

**Note:** *Please see the [Whistleblower Policy Template - Private, Public, Canadian, Network](#) for additional assistance with this standard.*

#### **Rating Indicators**

- 1) The organization's practices reflect full implementation of the standard.
- 2) Practices are basically sound but there is room for improvement; e.g.,
  - The definition of what constitutes a reportable violation lacks specificity.
- 3) Practice requires significant improvement; e.g.,
  - There is a perception among staff that procedures do not adequately protect anonymity; or
  - Procedures are not readily available or staff and board members are not aware they exist; or
  - Procedures do not adequately protect against retaliation.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all; e.g.,
  - Staff report feeling afraid or intimidated.

#### **Table of Evidence**

##### **Self-Study Evidence**

- Policy and procedures protecting reporters of suspected misconduct

##### **On-Site Evidence**

#### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

- Documentation of any grievances/incidents related to retaliation
- Personnel Manual
- Grievance policy and procedures

### On-Site Activities

- Interview:
  - a. CEO
  - b. Personnel at all levels
  - c. HR director

### Purpose

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



# Ethical Practice

## (FOC) ETH 5: Professional Conduct

The organization conducts business and delivers services in an honest, ethical, objective manner and is guided in making decisions by professional responsibility.

**Note:** Please see *Conflict of Interest Policy and Procedure Template - Private, Public, Canadian, Network* for additional assistance with this standard.

### Rating Indicators

- 1) The organization's practices fully meet the standard, as indicated by full implementation of the practices outlined in the ETH 5 Practice standards.
- 2) Practices are basically sound but there is room for improvement, as noted in the ratings for the ETH 5 Practice Standards.
- 3) Practice requires significant improvement, as noted in the ratings for the ETH 5 Practice Standards.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all, as noted in the ratings for the ETH 5 Practice Standards.

### Table of Evidence

#### **Self-Study Evidence**

- Policy regarding ethical referral practices (ETH 5.02)
- Policy prohibiting preferential treatment
- A written statement provided to persons served that clarifies the relationship between the private practitioner and the organization

#### **On-Site Evidence**

- Review service-related referral procedures
- Network client files to review reasons for referrals to particular providers
- Network Management Manual
- Network utilization data regarding referral and utilization patterns

#### **On-Site Activities**

- Interview:
  - a. CEO

### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

- b. Direct service personnel
- c. Persons served/community stakeholders
- Network Interview:
  - a. Management Entity CEO
  - b. Network Advisory/Governing Body
  - c. Directors of organizations that contract with the managing entity
  - d. Network personnel involved in assessments and referral

### **ETH 5.01**

Personnel know and follow the code of ethics of their respective professions, and of the organization, as applicable.

**Related:** DRCM 8.02, RPM 11.07

### **Rating Indicators**

- 1) The standard has been fully implemented. The organization requires its professional personnel to become familiar with and abide by the code of ethics of their respective professions. This requirement is reinforced through supervision and in-service training.
- 2) Practices are basically sound but there is room for improvement; e.g.,
  - Expectations about codes of ethics are not consistently communicated across all programs and services or for all professional staff.
- 3) Practice requires significant improvement; e.g.,
  - The organization does not have a formal requirement regarding professional codes of ethics, but does so informally.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all; e.g.,
  - Staff report conflicts between professional ethics and organizational practices.

### **ETH 5.02**

The organization prohibits:

- a. making or accepting payment or other consideration in exchange for referrals;

### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

- b. steering, directing referrals to, or giving preference to clients easier or less costly to serve for the organization and practitioners within the organization;
- c. unfairly steering or directing referrals to, or "creaming" clients for specific network service provider organizations, such as network owners, or individual practitioners within the network, as applicable to networks; and
- d. steering or directing referrals to private practices in which personnel, consultants, or the immediate families of personnel and consultants are engaged.

**Related:** FEC 14.01

**Interpretation:** *It is permissible to include on referral lists personnel and consultants with private practices, or family members of personnel and consultants, but the organization may not actively direct service recipients to the practices of these individuals.*

**Note:** *Element (c) only applies to network management entities.*

### **Rating Indicators**

- 1) The organization's practices reflect full implementation of the standard.
- 2) Practices are basically sound but there is room for improvement; e.g.,
  - Some aspects of the policy are vaguely written, but there have been no ethical violations of the principles outlined in the standard.
- 3) Practice requires significant improvement, e.g.,
  - Significant aspects of the policy are vaguely written or confusing; or
  - The policy does not address at least one of the standards elements; or
  - The policy exists but enforcement is lax and there have been a few instances where it has been violated; or
  - The policy generally is understood but it is an unwritten expectation.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all: e.g.,
  - No policy exists; or
  - Policy is not enforced or is ignored in practice.

### **ETH 5.03**

The organization prohibits preferential treatment of organization members,

### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

community partners, members of the organization's governing body, advisory groups, personnel, or consultants applying for and receiving the organization's services.

**Related:** GOV 2.02, GOV 8.01

### Rating Indicators

- 1) The organization's practices reflect full implementation of the standard.
- 2) Practices are basically sound but there is room for improvement; e.g.,
  - The organization, in practice, does not give preferential treatment and this expectation is well understood, but a few staff members are not aware of it.
- 3) Practice requires significant improvement, e.g.,
  - The policy is vaguely written policy or confusing; or
  - The policy does not address at least one of the groups listed in the standard; or
  - The policy exists but enforcement is lax and there have been a few violations noted, or staff unaware of the policy; or
  - The policy generally is understood but it is an unwritten expectation.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all; e.g.,
  - No policy exists; or
  - Policy is not enforced or is ignored in practice.

### ETH 5.04

An organization requires practitioners with a private practice on its premises to provide their clients with a written statement that clarifies the relationship between the private practitioner and the organization.

**Interpretation:** *As an example, the statement would make it known if a practitioner is also an employee of the organization, and clearly indicate that the client is not being served by the organization.*

**NA** *Private practice is not permitted on the organization's premises.*

### Rating Indicators

### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

- 1) The organization's practices reflect full implementation of the standard.
- 2) Practices are basically sound but there is room for improvement; e.g.,
  - The written statement is vaguely written or confusing.
- 3) Practice requires significant improvement; e.g.,
  - The requirement exists but enforcement is lax and there have been a few instances where it has been violated.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all; e.g.,
  - The written statement does not exist or the requirement is not enforced or is ignored in practice.

### Purpose

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.





## Ethical Practice

### ETH 6: Research Protections

An organization that participates in or permits research involving service recipients establishes the right of individuals to refuse to participate without penalty and guarantees participants' confidentiality.

**Interpretation:** *All research involving service recipients is conducted in accordance with applicable legal requirements. For purposes of ETH 6, research includes all forms of internal or external research involving service recipients, except internal program evaluation and outcomes research, and educational projects carried out by students and interns as part of their professional training.*

**NA** *The organization does not permit research involving service recipients.*

**Note:** *Organizations serving children and youth who are wards of the state are advised to consult Code of Federal Regulations 45 CFR § 46.4.09 and 21 CFR § 50.56. These regulations specify who can participate in research and require an advocate be appointed for each participating child.*

#### Rating Indicators

- 1) The organization's practices fully meet the standard as indicated by full implementation of the practices outlined in the ETH 6 Practice standards.
- 2) Practices are basically sound but there is room for improvement, as noted in the ratings for the ETH 6 Practice Standards.
- 3) Practice requires significant improvement, as noted in the ratings for the ETH 6 standards; or  
- Staff are not aware of the existing policy or procedures.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all, as noted in the ratings for the ETH 6 standards.

#### Table of Evidence

##### Self-Study Evidence

- Human subject research policy and procedures
- Informed consent form template

##### On-Site Evidence

- Informed consent forms for research activities
- Minutes from research proposal meetings

#### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

### On-Site Activities

- Interview:
  - a. CEO
  - b. Governing Body
  - c. Personnel at all levels
  - d. Persons served/stakeholders

### **ETH 6.01**

The identity and privacy of participants is safeguarded in all phases of research conducted by, or with the cooperation of, the organization.

**Interpretation:** *Statistical analyses, reports, and summaries are compiled and presented in a manner that masks the identity of the research participants. Case examples from individual case records must be prepared, prior to dissemination, in a manner that masks the individual's identity.*

### **Rating Indicators**

- 1) The organization's practices reflect full implementation of the standard.
- 2) Practices are basically sound but there is room for improvement; e.g.,
  - Procedures are somewhat general; or
  - Safeguards when working with external researchers need strengthening.
- 3) Practice requires significant improvement, e.g.,
  - In a few cases the names of persons served or other identifying data were not redacted from research materials.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all; e.g.,
  - Safeguards are poor and the potential for disclosure of identity or violation of privacy is high; or
  - Privacy violations consistently occur.

### **ETH 6.02**

The organization has a mechanism to review research proposals involving service recipients, such as a human subjects committee or an internal review board, which reports to the chief executive officer or governing body.

### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

**Interpretation:** *The committee makes recommendations regarding the ethics of proposed or existing research, decides whether to approve research proposals, and monitors ongoing research activities.*

### **Rating Indicators**

- 1) The organization's practices reflect full implementation of the standard.
- 2) Practices are basically sound but there is room for improvement; e.g.
  - Proposals are not always reviewed in a timely manner.
- 3) Practice requires significant improvement; e.g.,
  - No committee exists and the governing body responds to proposal requests on a case-by-case basis with few established guidelines.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all.

### **ETH 6.03**

Research participants, or a parent or legal guardian, sign a consent form that includes:

- a. a statement that he or she voluntarily agrees to participate;
- b. a statement that the organization will continue to provide services whether he or she agrees to participate;
- c. an explanation of the nature and purpose of the research;
- d. a clear description of possible risks or discomfort, as applicable; and
- e. a guarantee of confidentiality.

### **Rating Indicators**

- 1) The organization's practices reflect full implementation of the standard.
- 2) Practices are basically sound but there is room for improvement; e.g.,
  - Except in a few rare cases, consents are obtained and forms are signed; or
  - In a few cases one of the elements is not fully addressed; or
  - Consent is obtained, but the organization uses a consent form provided by external researchers which do not always contain the elements of the standard.

### **Purpose**

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.



## Ethical Practice

- 3) Practice requires significant improvement; e.g.,
- Consent is not consistently obtained and forms are not signed; or
  - One elements is not addressed at all; or
  - Consent forms are overly broad or lack specificity.
- 4) Implementation of the standard is minimal or there is no evidence of implementation at all.

### Purpose

The organization earns and sustains the public trust through honest, truthful, and responsible transactions, partnerships, and relationships with individuals, communities, providers, businesses, donors, and government entities.