

# THE CENTER FOR DISCOVERY

SUBJECT: Corporate Governance	MANUAL: Corporate Compliance
	SECTION: Section 7

**Purpose:** To provide the scope of and procedure for The Center for Discovery (“TCFD”) to report identified critical incident, legal or regulatory risks to the Board.

**Policy:**

It is the policy of TCFD to report critical incidents, legal and regulatory risks to the Board.

TCFD’s Board of Directors provides crucial oversight of TCFD’s finances and budget, internal controls and risk-management. Accordingly, the timely reporting of risk information by TCFD allows the Finance and Corporate Compliance Board Committees, the Board, and the independent auditors to determine whether the risk may have material adverse effect on TCFD’s finances and/or require the creation of a financial reserve.

TCFD will report its knowledge of asserted or unasserted critical incidents that may have a material adverse effect on TCFD’s mission, community reputation, operating license, or eligibility for receipt of public funding/reimbursement. Consistent with disclosures made in its annual financial statements, TCFD will also report its knowledge of any asserted or unasserted claims alleging legal or regulatory violations that may have a material adverse effect on TCFD’s finances.

TCFD will report such knowledge in writing—typically by use of electronic mail—to the Chair of the Corporate Compliance Committee and/or the Finance Committee in the normal course of business, but no later than one week after the occurrence of the incident.

**Regulatory Reference:**

N/A

**Procedures:**

1. The Chief Executive Officer (CEO) or her designee must make a written report of knowledge of all critical incidents, as well as of asserted or un-asserted legal or regulatory claims against TCFD and/or executive staff members, which may have a material adverse effect on TCFD as follows:
  - a. Alleged legal or regulatory violations potentially impacting TCFD’s mission, reputation and/or community trust;
  - b. Allegations of resident abuse, neglect or maltreatment provided on a quarterly basis or sooner if it is outside the scope of the normal report or could cause reputational damage;

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- c. Alleged violations of resident, employee or public safety provided on a quarterly basis or sooner if it is outside the scope of the normal report or could cause reputational damage;
  - d. Alleged violations of the Federal or State False Claims Act or “Whistleblower” laws, or any other statute or regulation concerning claims of false/fraudulent billing or reporting to the Medicaid program, or any other public or private payment and/or reimbursement source;
  - e. An audit by a public or private payment or reimbursement source, or an adverse finding by an auditor which TCFD is obligated to contribute
  - f. Adverse investigations or determinations by any governmental or administrative regulatory entity, as well as any findings, determinations or statements of deficiencies by such an entity citing “immediate jeopardy” or substandard quality of care;
  - g. Alleged claims of personal injury, negligence, breach of contract, non-payment of wages, or other purported wrongdoing that seek material damages; and
  - h. Other alleged critical incidents or violations of law or regulation that, in the judgement of the CEO, or designee, present a material risk of harm to the reputation or financial status of TCFD
2. TCFD’s reporting obligation includes all critical incidents and material claims, even when the CEO or designee has a reasonable belief that they are frivolous or without merit. Should there be a good faith doubt as to whether to report, the CEO or designee will default to a determination that requires a report.
  3. The term “material” risk or claim shall be defined and used by TCFD’s independent financial auditors, applying generally accepted financial accounting standards, during the preparation of TCFD’s annual financial statements.
  4. The CEO or her designee will advise the Executive Committee of the Board and obtain approval of any Non-Disclosure Agreements (NDAs) for employees to protect confidential information and ensure compliance with organizational standards and legal requirements.
  5. The Executive Committee of the Board is responsible for approval of severance packages (defined herein as compensation and benefits provided to an employee upon termination of employment, which may include salary continuation, lump-sum payments,

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continuation of benefits, and other financial considerations) offered to any employee. The CEO or her designee will submit a detailed proposal including justification and financial implications regarding any severance package to be approved by the Executive Committee of the Board.

- Nothing within this policy abridges, waives, or is intended to limit the privileges afforded to attorney-client communications and attorney work product. Accordingly, recipients of reports made under this policy must continue to treat all such communications as entirely private, privileged and confidential in order to preserve the availability and continued viability of those privileges.

### **Sanction Statement:**

Non-compliance with this policy may result in disciplinary action, up to and including termination.

### **Compliance Statement:**

As part of its ongoing auditing and monitoring process in its Corporate Compliance Program, TCFD will review this policy based on changes in the law or regulations, as TCFD's practices change, and, at minimum, on an annual basis. Additionally, this policy will be tested for effectiveness on an annual basis or more frequently as identified in accordance with TCFD's Corporate Compliance Program. Testing will include but is not limited to ensuring that the policy is appropriately followed; the policy is effective; the policy has been disseminated to all Affected Individuals, as well as notified of any updates or changes.

Tracking of the criteria above and results of this testing will be completed by the CCO, or designee. Additionally, results will be reported to the CCC and Governing Body on a regular basis.

### **Record Retention Statement:**

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

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