

COMPLIANCE POLICY

Procedures Established by the Board for Receipt, Retention and Treatment of Complaints and Concerns Regarding Accounting Matters

I. Introduction

St. Joseph' Home, Ogdensburg and St. Joseph's Foundation are committed to compliance with applicable laws, rules, and regulations, accounting standards and internal accounting controls per its code of conduct (see addendum B). These procedures, which have been adopted by the applicable governing body, describe the methods employed by St. Joseph's for receipt, retention and treatment of complaints and concerns regarding accounting, internal accounting controls, and auditing matters, and the submission by employees of concerns regarding questionable accounting or auditing matters. Accounting, internal accounting controls and auditing matters shall be referred to herein as "Accounting Matters."

II. Scope of Matters Covered by These Procedures

These procedures relate to the reporting of concerns or complaints regarding Accounting Matters that pertain to St. Joseph's Home, Ogdensburg and St. Joseph's Foundation. For ease of reference, they will together be referred to throughout these procedures as "St. Joseph's."

Examples of concerns or complaints regarding Accounting Matters that are covered by these procedures include allegations of:

- ❑ Deviation from full, fair and accurate reporting of St. Joseph's financial condition, including inadequate disclosures in any reports or documents that St. Joseph's files with or submits to regulatory authorities;
- ❑ Deficiencies in or noncompliance with St. Joseph's internal accounting controls;
- ❑ Fraud or error in the preparation of St. Joseph's books and records;
- ❑ Fraud or error in coding or billing;
- ❑ Fraud or error in the preparation, review or audit of any financial statement of St. Joseph's;
- ❑ Tampering with or altering St. Joseph's financial statements or books and records; and,
- ❑ Misrepresentation or false statement to or by administrative or business office staff regarding a matter contained in the financial records, financial reports or audit reports of St. Joseph's.

III. Employee Concerns and Complaints

It is the responsibility of each department head and business office employee of St. Joseph's to promptly report complaints or concerns regarding Accounting Matters.

IV. Where Employees Report

Employees shall report any known or suspected Accounting Matters irregularities to their department head. If they are not comfortable doing this because of concern of retaliation or have reported and find the response less than satisfactory, they should report this concern to the administrator who shall serve as the compliance officer. If again they are not comfortable doing this or report and find the response unsatisfactory they should next report this concern to the President of the Board or another Board officer should the President be unavailable.

V. Publication of Reporting Procedures to Employees

St. Joseph's procedures for reporting concerns and complaints regarding Accounting Matters will be publicized to employees (i) in the St. Joseph's employee handbook, which is disseminated to each employee. The St. Joseph's employee handbook contains a separate section regarding reporting concerns or complaints regarding Accounting Matters. Employees are informed that (i) they must report concerns or complaints regarding Accounting Matters; (ii) the complaints and concerns are kept confidential to the extent possible; and (iii) no employee will be subject to retaliation because of a good faith report of a concern or complaint.

VI. Protection Against Retaliation

The Board is committed to the policy that no employee will be subject to retaliation because of a good faith report of a concern or complaint regarding Accounting Matters or any suspected violation of St. Joseph's policy or the law. This policy extends to discrimination against employees in any of the terms and condition of their employment, including but not limited to job assignment, promotion, compensation, training, discipline and termination because of a good faith report. Any suspected acts of retaliation should be reported immediately to the President of the Board or another officer of the Board if the President is not available.

VII. Submission of Concerns and Complaints by Interested Parties

The following concerns the procedure for the receipt of complaints and concerns regarding Accounting Matters submitted to St. Joseph's by individuals not employed by St. Joseph's ("Interested Parties").

A. Where Interested Parties Report

Interested Parties may report concerns and complaints regarding Accounting Matters by regular mail sent to the President of:

St. Joseph's Home
950 Linden Street
Ogdensburg, New York 13669

B. Publication of Reporting Procedures to Interested Parties

St. Joseph's reporting procedures for reports of concerns or complaints relating to Accounting Matters from Interested Parties will be posted on St. Joseph's Internet site in the section of that site relating to Compliance.

VIII. Treatment of Concerns and Complaints

The Board President will promptly notify the Chairman of the Finance Committee of the Board of Managers upon receiving any concern or complaint relating to an Accounting Matters and determine what action, if any, should be taken to address.

IX. Investigations of Concerns and Complaints

The Finance Committee will investigate any report regarding an Accounting Matter on its own or with the assistance of legal counsel and/or outside auditor. Until such time as the Finance Committee determines how any investigation regarding an Accounting Matter shall proceed, legal counsel shall have the authority to investigate or direct the investigation of any report regarding an Accounting Matter.

Confidentiality will be maintained to the extent reasonably possible, consistent with applicable law and regulations, the need to conduct an adequate investigation, and any resolution of the matter or corrective action.

X. Corrective Action

If the investigation of the concern or complaint indicates that a violation of law, regulations or St. Joseph's policy has occurred, the Board with advice of legal counsel and/or outside auditor shall determine appropriate corrective action.

XI. Reporting to the Finance Committee and Retention of Documents

The administrator/compliance officer will maintain a log of all concerns and complaints purportedly relating to Accounting Matters that are received. He/she shall track the receipt, investigation, and resolution of all such concerns and complaints, and shall provide a periodic report thereof to the Finance Committee of the Board or to the Board as a whole.

Copies of records relating to concerns and complaints received will be retained indefinitely.

XII. False Claims Act (State of New York)

New York law prohibits a person from presenting a false or fraudulent claim to a New York medical assistance program with the intent to defraud the state, or knowingly submitting false information for the purpose of obtaining greater compensation than that to which he is entitled. Violation of this prohibition is a criminal offense punishable by imprisonment for a term of less than one year, a fine of up to \$1,000, or both. New York law also prohibits a person from knowingly and willfully providing materially false information or omitting

material information when requesting payment from a healthcare plan or service (i.e., healthcare fraud), including a New York medical assistance program. Healthcare fraud is a criminal offense punishable by imprisonment for a term of up to twenty-five (25) years. In addition, Medicaid providers may also be subject to administrative penalties for submitting false claims, including exclusion from the New York Medicaid program.

New York law provides protection for employees who disclose a practice of an employer that violates state law or constitutes healthcare fraud. This does not, however, mean that an employee can avoid discipline for poor work or wrongful acts. If a court determines that an employee has been unlawfully terminated or otherwise discriminated against for disclosing a violation of New York law, the employee may be entitled to relief.

The State of New York has not adopted any false claims acts or statutes that contain qui tam provisions that are similar to those found in the federal False Claims Act (FCA). Qui tam is a legal provision in the federal FCA which allows for a private individual or whistleblower with knowledge of past or present fraud committed against the federal government to bring suit on its behalf.

New York has also enacted other laws that are generally intended to prevent fraud and abuse. These laws, which typically prohibit the acquisition of another's money or property through fraud or deception, may apply to false claims submitted to a New York medical assistance program.

XIII. No Rights Created

This Policy is a statement of certain fundamental principles and key policies and procedures that govern the conduct of St. Joseph's business. It is not intended to and does not create any rights in any employee, client, supplier, competitor or any other person or entity. The Policy does not, in any way, constitute an employment contract or an assurance of continued employment.

First Approved by the Home's Board:

August 29, 2007

Date

Revisions Approved by the Home's Board:

July 1, 2009

Date

Addendum B

Code of Conduct

1. The Home affirms the ethical standards of behavior in health care that flow from the Catholic Church's teachings per the "Ethical and Religious Directives for Catholic Health Care Services."
2. The Home's staff is expected to be knowledgeable of and compliant with applicable laws, rules, regulations and professional standards that govern and/or provide guidance for the operation of the Home in its provision of care, management of human resources and conduct of business affairs.
3. The Home's staff has a duty to report through the chain of command any actions, practices or directives that may reasonably thought to be in conflict with items #1 and #2 above or the Home's compliance policy (see Addendum A).
4. Any "accounting matters" as described in the Home's compliance policy that are a concern to the Home's board or management shall be referred to the Home's auditor for an opinion as to what action, if any, should be taken. Should an error or omission be identified, appropriate reporting and corrective action shall be taken to address.
5. It is the policy of the Home's board that "accounting matters" including billing, purchasing and cost reporting be done according to applicable rules and standards for NYS nursing homes and in keeping with the ethical and moral standards of the Catholic Church.
6. Board members and staff have a duty to report possible conflicts of interest to management and/or the board for a determination as to how to proceed.
7. Reports of any suspected improprieties concerning "accounting matters" shall be adequately investigated for determination of any action if indicated.
8. Board members or staff who raise or report compliance issues in good faith shall not be treated adversely because of said actions.