

	POLICY	
	REVIEWED DATE: 07/20/2026	BOARD APPROVAL REQUIRED: YES ☐ NO ☐ LAST BOARD APPROVAL DATE:
	SECTION: Compliance	LAST APPROVED DATE: 08/07/2025
Document Title: Conflict of Interest and Ethics Policy for Covered Persons		

A. AUTHORITY:

1. Federal Statute:
 - a. Section 330(a)(1) and 330(k)(3)(D) of the Public Health Service Act
 - b. Internal Revenue Code
2. Federal Regulation:
 - a. 42 CFR § 51c.113, 42 CFR § 56.114 and 45 CFR § 75.327
 - b. Health Resources and Services Administration (HRSA) Health Center Compliance Manual, Chapter 13 (last amended August 20, 2018)
3. State Statute:
 - a. California Non-Profit Public Benefit Law
4. Internal Policies:
 - a. DAP Health Amended and Restated Bylaws
 - b. DAP Health Governance Committee Charter

B. PURPOSE:

The purpose of this Conflict of Interest and Ethics Policy is to protect the interests of DAP Health as a tax-exempt organization (and operator of Federally Qualified Health Centers) when contemplating entering into a transaction or arrangement that might tangibly benefit the private interest of, or result in an “excess benefit transaction” (as defined in the Internal Revenue Code) with respect to any Covered Person (as defined below). This Policy provides a mechanism for disclosing and evaluating actual and potential conflicts, and procedures for the Board of Directors or an appropriate committee in considering any transaction or arrangement where a conflict may exist.

C. POLICY:

1. DAP Health requires “Covered Persons” (as defined below) to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. Recognizing that it is entrusted with resources devoted to charitable purposes, DAP Health’s Board of Directors have approved this Conflict of Interest and Ethics Policy to ensure conflicts of interest are avoided, in accordance with applicable state and federal laws and regulations.
 - a. This policy applies to “Covered Persons,” which is defined as any member of DAP Health’s Board of Directors, any member of a committee the Board of Directors that advises the Board or acts with the delegated authority of the Board, any Board-appointed officer, and any other key employee of DAP Health with the power enter into a material financial arrangement on behalf of DAP Health. Every Covered Person shall complete an annual

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Conflict of Interest Questionnaire in the form attached in section E. Attachments. All employees of DAP Health are subject to written standards of conduct covering conflicts of interest and governing the actions of those engaged in the selection, award, or administration of contracts. No employee, officer, or agent of DAP Health may participate in the selection award or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest.

- b. No Covered Person may engage in any transaction or arrangement or undertake positions with other organizations that involve a conflict of interest, except in compliance with this Policy. Covered Persons should avoid both actual and potential conflicts, including soliciting or accepting gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, except in a manner consistent with DAP Health’s Professional (Business) Courtesies Policy.
- c. An actual or potential conflict of interest exists if a Covered Person has, directly, or indirectly through a member of his or her family, any of the following:
 - i. A business relationship (e.g., an actual or forthcoming contractual or employment compensation arrangement) with: (1) DAP Health; (2) an entity with which DAP Health has entered (or is negotiating to enter) a transaction or arrangement; or (3) an entity that is a competitor or potential competitor of DAP Health. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial (meaning anything under \$100);
 - ii. A financial relationship (e.g., a controlling or material ownership, or investment interest) with: (1) an entity with which DAP Health has entered (or is negotiating to enter) a transaction or arrangement; or (2) an entity that is a competitor or potential competitor of DAP Health;
 - iii. A fiduciary relationship (e.g., board member, director, trustee, or officer) with: (1) an entity with which DAP Health has entered (or is negotiating to enter) a transaction or arrangement; or (2) an entity that is a competitor or potential competitor of DAP Health. Any interest in an entity through publicly-traded stocks, bonds, or mutual funds available to the general public shall not constitute a conflict, provided the ownership or investment interest is less than one percent of the entity’s shares; or
 - iv. A personal relationship, defined as a relationship based on family, friendship, or romance, with an individual who has a business, financial, or fiduciary relationship as defined above.

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- v. A familial relationship, defined as a relationship based on family bonds with an individual who is employed by DAP Health or sits on the DAP Health Board of Directors.
1. For the purposes of this policy, “family” for Trustees means spouses, children, parents, or siblings through blood, adoption, or marriage as defined in the HRSA Compliance Manual.
 2. For the purposes of this policy “family” for DAP Health employees relationships established by blood, marriage or legal action. Examples include without limitation the employee’s: spouse, mother, father, son, daughter, sister, brother, mother-in-law, father-in-law, sister-in-law, brother-in-law, son-in-law, daughter-in-law, stepparent, stepchild, aunt, uncle, nephew, niece, grandparent, grandson or cousin. The term also includes domestic partners (a person with whom the employee’s life is interdependent and who shares a common residence), a daughter or son of an employee’s domestic partner, and significant others.

2. Duties of Covered Persons

- a. Duty of Care. Every Covered Person shall perform his or her duties for DAP Health in good faith and with the degree of care that an ordinarily prudent person would exercise under similar circumstances, and in a manner he or she reasonably believes to be in the best interests of the agency.
- b. Duty of Loyalty. Every Covered Person must act with loyalty to DAP Health, meaning that no Covered Person may use his or her position with the agency to make personal profit or gain other personal advantage. No Covered Person may personally take advantage of a business opportunity that is offered to DAP Health unless the Board of Directors determines (after full disclosure and a disinterested and informed evaluation) not to pursue that opportunity.

3. Duty to Self-Disclose

- a. Each Covered Person shall promptly and fully disclose all actual and potential conflicts of interest, and all material facts related to the relationships and/or financial or other interests that give rise to the actual or potential conflict of interest:
 - i. Existing at the time when he/she becomes a Covered Person;
 - ii. That arises while he or she is a Covered Person, at the time the conflict arises; and
 - iii. Annually through the Conflict of Interest Questionnaire and Acknowledgment, in the form attached as in the form attached as Conflict of Interest Disclosure Form.

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- b. Disclosure of any actual or potential conflict of interest must be made as soon as reasonably possible after the actual or potential conflict of interest is identified to the Chair of the Board, who shall bring the matter to the attention of the Board of Directors or the Executive Committee of the Board of Directors. If the actual or potential conflict of interest involves the Chair of the Board, the disclosure shall be made to the Vice Chair of the Board of Directors, who shall bring the matter to the attention of the Board of Directors or the Executive Committee of the Board of Directors.
- c. If a Covered Person becomes aware of any actual or potential conflict of interest related to another Covered Person, he or she shall immediately bring the matter to the attention of the Chair of the Board of Directors or Chair of the Executive Committee.
- d. When Covered Persons disclose an actual or potential conflict of interest at a time other than through the annual Conflict of Interest Questionnaire and Acknowledgment, the Covered Person shall immediately update their Conflict of Interest Questionnaire and Acknowledgement.
- e. The Board of Directors shall have the assistance of DAP Health staff, as necessary, in the management of the conflict evaluation process, including in the implementation of proper record keeping and documentation procedures. DAP Health shall maintain a record of all actual or potential conflicts of interest disclosed by Covered Persons in a location that is available for review by all Trustees.

4. Evaluation of Whether a Conflict of Interest Exists

- a. Upon receiving a disclosure regarding an actual or potential conflict of interest, the Chair of the Board or the Vice Chair of the Board (as applicable) will promptly refer the disclosure to the Board of Directors or the Executive Committee.
- b. The Board of Directors or the Executive Committee will evaluate the disclosures and will determine on a case-by-case basis whether the disclosed activities constitute an actual conflict of interest. Factors to consider in determining whether an actual conflict exists include:
 - i. The proximity of the Covered Person to the decision-making authority of the other entity involved in the transaction;
 - ii. Whether the amount of the financial interest or investment is de minimus relative to the overall financial situation of DAP Health; and
 - iii. The degree to which the individual might benefit personally if a particular transaction were approved.
- c. If the disclosure involves a member(s) of the Executive Committee and, in the absence of

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the member(s), a quorum does not exist to vote on the conflict in accordance with this Policy, the potential conflict of interest will be referred to the next meeting of the Board of Directors.

5. Procedures for Addressing a Conflict of Interest

- a. The following procedure shall be followed by the Board of Directors or Executive Committee if it is proposed that DAP Health should enter into a transaction or arrangement in which a Covered Person has a conflict of interest:
 - i. The Covered Person who has a conflict with respect to the transaction or arrangement does not participate in and is not present for the discussion or vote regarding the transaction or arrangement. At the invitation of the Board of Directors or Executive Committee, he or she may make a presentation or answer questions unless prohibited by law, but after the presentation he or she shall leave the meeting during the discussion and the vote on the transaction or arrangement.
 - ii. The chair of the Board of Directors or Executive Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - iii. The Board of Directors or Executive Committee shall, if appropriate, obtain comparability data, such as an independent appraisal or an independent compensation study.
 - iv. After exercising due diligence, the Board of Directors or the Executive Committee shall determine whether DAP Health could obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
 - v. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors or the Executive Committee shall determine whether the transaction or arrangement is in DAP Health's best interest, for its own benefit, and whether it is fair and reasonable.
- b. Notwithstanding the above, no Covered Person may participate in the selection, award, or administration of a contract supported by a Federal award as defined under 45 CFR Section 75.2 if he or she has an actual or potential conflict of interest. This includes, but is not limited to, prohibiting Trustees who are employees or contractors of a subrecipient of DAP Health from participating in the selection, award, or administration of that subaward. This also includes prohibiting trustees who are employees of an organization that contracts with DAP Health from participating in the selection, award, or administration of that contract.

6. Compensation

- a. A voting member of the Board of Directors who receives compensation, directly or indirectly,

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from DAP Health for services is precluded from voting on matters pertaining to his or her compensation.

- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from DAP Health for services is precluded from voting on matters pertaining to his or her compensation.
- c. No voting member of the Board of Directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from DAP Health, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

7. Violations of the Conflict of Interest Policy

- a. If the Board of Directors or Executive Committee has reasonable cause to believe a Covered Person has failed to disclose an actual or potential conflict of interest, the Board of Directors or the Executive Committee shall inform him or her of the basis for such belief and afford him or her an opportunity to explain the alleged failure to disclose.
- b. If, after hearing the response of the Covered Person with an actual or potential conflict of interest, and after making further investigation as warranted by the circumstances, the Board of Directors or Executive Committee determines that he or she has failed to disclose an actual or potential conflict of interest, it shall take appropriate disciplinary and corrective action. The Executive Committee shall be responsible for enforcement of this Policy and carrying out the recommend appropriate corrective action, in accordance with DAP Health policies and procedures, for any violation of this Policy.
- c. The Board Chair shall ensure that DAP Health discloses, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award pursuant to 45 CFR Section 75.113.

8. Records of Proceedings

- a. The minutes of the Board of Directors or Executive Committee for any meetings described above shall contain:
 - i. The names of the Covered Persons who disclosed an actual or potential conflict of interest or otherwise were found to have a conflict of interest, and the nature of the conflict of interest; and
 - ii. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement considered and the appropriate

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comparability data relied upon, and a record of any votes taken.

- b. The minutes of any meeting described above shall be prepared by the later of the next succeeding meeting of the Board of Directors or Executive Committee, or 60 days after the final action on the matter is taken by the Board of Directors or Executive Committee.

9. Acknowledgment

- a. Each Covered Person shall sign a statement acknowledging that he or she has received a copy of this Policy, has read and understands it, and agrees to comply with it.

10. Annual Conflict of Interest Questionnaire and Acknowledgment

- a. Each Covered Person shall also complete an annual Conflict of Interest Questionnaire and Acknowledgment in the form attached as Conflict of Interest Disclosure Form.
- b. Directors, independent contractors, consultants, and Member of the Board of Directors of DAP Health are required to self-report potential conflicts of interests by completing the "Conflict of Interest Disclosure Statement" and returning the completed form to People Operations.

11. Periodic Reviews

- a. To ensure that DAP Health operates in a manner consistent with charitable purposes and does not engage in activities that jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:
 - i. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining;
 - ii. Whether partnerships, joint ventures, and arrangements with management organizations conform to DAP Health's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction; and
 - iii. Review the most recent conflict of interest disclosures submitted to DAP Health by Covered Persons, each of whom shall be required to complete and submit not less than once in a calendar year and as otherwise requested by DAP Health from time to time.
- b. DAP Health shall conduct the foregoing periodic reviews not less than once in a calendar year and as otherwise determined from time to time.

D. RESPONSIBILITY:

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DAP Health Board of Directors
Compliance Department

E. ATTACHMENTS:

[Conflict of Interest Disclosure Form](#)

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Conflict of Interest Disclosure Form Questions

1. Identify all business or organizations for which you or a family member serve in a fiduciary role (e.g. officer, director, committee member, elected or appointed official), if the organization's interests may compete or otherwise be in conflict with the interests of DAP Health. If none exists write N/A (Not Applicable).
2. Identify any business relationships you may have with DAP Health. If none exists write N/A (Not Applicable).
3. Identify all businesses or organizations in which you play a role and where the organization's interest or philosophy may be contrary to the interest or philosophy of DAP Health. (If none exists write N/A).
4. Identify any relatives you have who are employed by, contracted by, hold an investment interest, or serve on the Board of Directors of DAP Health (If not related to anyone write N/A). If you have a relative at DAP Health, do you supervise the person or work in the same department? Does the relative supervise you?
5. Please list any personal interests, activities or relationships involving you or family member that could compromise your duty, loyalty, or objectivity during employment or affiliation with DAP Health. (If none exist, write N/A).
6. Are you aware of any DAP Health contractor, consultant, or organization seeking to do business with DAP Health who has given you or a family member a gift? Answer Yes or No. If Yes, please explain in detail.
7. Are you barred, excluded, under investigation, or otherwise ineligible to participate in a healthcare program overseen or operated by DAP Health? This includes any state and federally funded programs. If Yes, please explain in detail using additional sheets if necessary.
8. Have you ever been convicted of a criminal offense regarding the provision of healthcare services? If Yes, please explain in detail using additional sheets, if necessary, including but not limited to any mandatory reporting list you may be on.
9. Have you ever been convicted of a criminal offense for endangering the welfare of a child? If Yes, please explain in detail using additional sheets, if necessary.

I understand that this information will be kept confidential by DAP Health's Compliance Department.

Affirmation

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I, affirm that I have fully and honestly answered the questions in this Conflict of Interest Disclosure Statement. I understand it is my responsibility to keep the Compliance Officer apprised of any conflicts that may arise at any time during my affiliation at DAP Health and assist him or her with any review.