



**Strengthening Oklahoma's Safety Net,
One Community At A Time**

Board Bulletin

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Transparency: The Word of the Day

The Bureau of Primary Health Care (BPHC) historically employs specific words to emphasize focus areas. “Leveraging resources” and “accountability” are two prime examples of BPHC buzz words. Over the past year, “transparency” has joined the ranks as it was repeatedly mentioned by BPHC officials at national meetings. Community health center (CHC) boards must heed the buzz words to succeed as BPHC grantees. Additionally, the general public has become much more interested in restoring integrity to publicly owned organizations. In response to the corporate scandals of 2001 (e.g., Enron, Tyco) that eroded public trust in accounting and reporting practices, Congress enacted the Sarbanes-Oxley Act of 2002. SOXA, as the act is commonly called, established new or enhanced standards for public company boards. While SOXA applies to the “for profit” world, it is just a matter of time before nonprofit legislation will be enacted. Recently, Oklahomans witnessed a local city council meeting via news reports at which two council members appear to violate Oklahoma’s Open Meeting Act by abandoning the posted agenda. The councilmen charged with violating the statute can be fined \$500 each and imprisoned up to one year. In a televised interview with the District Attorney pursuing the case against the councilmen, comments were made regarding the need for individuals holding positions of public trust to be “transparent” and earnestly follow the letter of the law.

What Does Transparency Mean?

Trans•par•en•cy - The full, accurate, and timely disclosure of information (*Source: Wallstreet Words*). Another definition says “the state of being transparent, free of deceit.” CHC boards must protect the public trust in the health center by keeping operations transparent. How do boards accomplish this?

◆ **Conduct Open Meetings** - Oklahoma Senate Bill 708 requires that CHC boards adhere to the Oklahoma Open Meeting Act. CHC Boards must publicly post meeting notices and agendas at least 24 hours in advance with the date, time and place of meeting, and must be “worded in plain language, directly stating the purpose of a meeting.” The actual meetings must be held at places and times that are convenient to the public and the posted agenda must be followed. The act also outlines acceptable reasons for having Executive Sessions.

◆ **Avoid Conflicts of Interest** - Transparent organizations institute strong disclosure policies to protect against all conflicts of interest, whether real *or perceived*. BPHC PIN 98-23 states, “The organization’s bylaws or written corporate board-approved policy must include provisions that prohibit conflict of interest or the appearance of conflict of interest by board members, employees, consultants, and those who furnish goods or services to the health center.” OPCA’s three-part *Board Bulletin* series (May-July 2006) addresses conflicts of interest and related issues.

◆ **Practice Routine Monitoring** - Strong governing boards review financial reports at every board meeting. Annual audit reports are given to the board by the independent auditor with findings fully explained. Board-approved policies and procedures are implemented by the CEO who ensures that staff are compliant. Performance improvement reports are also a standard CHC board meeting agenda item. Effective boards reduce lawsuit potential by diligently exercising the duty of care.

◆ **Ensure Accurate & Timely 990 Reporting** - 501(c)(3) organizations are required to file Internal Revenue Service (IRS) Form 990 annually to keep their tax exempt status. Form 990 provides a snapshot of the financial health and expenditures of an organization at a specific time and must be filed by the 15th day of the 5th month after the organization’s accounting period ends. Compensation of officers, directors, trustees and key employees is closely reviewed. The IRS has launched a new, interactive web-based tool entitled *Stay Exempt* to assist 501(c)(3) organizations in complying with tax law - <http://stayexempt.org>.

To review OPCA’s entire *Board Bulletin* series, visit the ‘CHC Boards’ section of www.okpca.org.

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