

**The Arc of Madison Cortland
Corporate Compliance Plan**

Discipline and Incentive Program Policy

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I. POLICY

The Arc of Madison Cortland is committed to creating and fostering a culture in which compliant behavior is encouraged and rewarded so that when instances of noncompliant behavior occur, The Arc of Madison Cortland can respond swiftly and seriously. Employees and independent contractors who, upon investigation, are found to have committed violations of applicable laws and regulations, the Corporate Compliance Plan, the Code of Conduct or the compliance policies and procedures of The Arc of Madison Cortland will be subject to appropriate disciplinary action, up to and including termination.

II. SCOPE

This policy applies to all employees and all independent contractors of The Arc of Madison Cortland. Disciplinary actions applicable to the Board of Directors will be handled in accordance with the Board's governing documents (e.g., the Bylaws).

III. PROCEDURE

A) Discipline

1. Violations Resulting in Disciplinary Action

Examples of when disciplinary actions may be taken include, but are not limited to: (a) authorization of or participation in actions that violate law, regulations and the Corporate Compliance Plan, including the Code of Conduct and all related policies and procedures; (b) failure to report any violation of a peer or a subordinate; (c) failure to cooperate in an investigation; (d) retaliation against an individual for reporting a possible violation; (e) failure to act as an honest, reliable and trustworthy service provider.

2. Determining Appropriate Disciplinary Action

Factors that The Arc of Madison Cortland may consider in determining the level of disciplinary action to be taken include: (a) whether the violation was committed knowingly; (b) whether the individual lied or was otherwise dishonest during the investigation; (c) whether there was a pattern of misconduct; (d) whether the individual attempted to cover up the violation; (e) whether the violation involved retaliation against other persons who reported violations in good faith; (f) whether the employee deliberately failed to check whether a particular course of action was

prohibited; (g) whether the violation was criminal in nature; (h) whether the individual cooperated with the investigation of the violation; (i) whether the individual received personal benefit; (j) whether the individual voluntarily reported the violation; (k) the seriousness of the damage caused by the violation; and (l) whether a recipient of services was or could have been harmed as a result of the violation.

The Arc of Madison Cortland shall apply progressive discipline consistent with the violation. Examples of disciplinary action that may be taken in accordance with the nature and scope of the infraction include, but are not limited to: (a) verbal counseling/warning; (b) counseling with written warning; (c) retraining; (d) reassignment/demotion; (e) suspension without pay; and (f) termination of employment (or of an arrangement with a contractor). The Arc of Madison Cortland may wish to, and in some instances must, report the employee or independent contractor to the appropriate federal or state regulatory agency for civil and/or criminal prosecution.

The CO shall consult with the Director of Human Resources, Compliance Oversight Committee, which includes the Executive Director and Outside Counsel, as appropriate to determine the appropriate response to a violation, including those by an independent contractor.

3. Similar Punishment for Similar Offenses

Throughout the process of determining the appropriate disciplinary action to be taken in each instance of non-compliance, the Corporate Compliance Officer and/or Director of Human Resources will be responsible for ensuring that the disciplinary action to be taken is consistent with that taken in similar instances of non-compliance.

4. Collaboration Between the Corporate Compliance Officer and Human Resources

To the extent possible, disciplinary action shall be taken according to The Arc of Madison Cortland's Correction Process. In addition, when the conduct is related to any serious violation of compliance-related standards, the Compliance Officer and the appropriate supervisor/manager will meet to discuss any appropriate disciplinary actions. The Corporate Compliance Officer shall have the discretion to recommend a disciplinary process other than the normal procedure.

The Director of Human Resources will consult with the Corporate Compliance Officer on all matters related to the implementation of an effective Corporate Compliance Program. The Director of Human Resources is responsible to report to the Corporate Compliance Officer those disciplinary actions taken as a result of violations of the Corporate Compliance Plan.

5. Independent Contractors

The Arc of Madison Cortland hiring party is responsible to report to the Corporate Compliance Officer upon knowledge that an independent contractor has committed a violation.

6. Reports to the Board and/or the Corporate Compliance Committee

When determination is made that a compliance violation has occurred, the Corporate Compliance Officer will notify The Arc of Madison Cortland's Executive Director and the individual's supervisor or contracting contact. If appropriate, the Corporate Compliance Officer may wish to notify the Board or the Compliance Oversight Committee before the next regularly scheduled meeting when a full report would otherwise be presented and, as necessary, consult with the Committee prior to the determination of disciplinary action.

7. Documentation of Disciplinary Action

Documentation of disciplinary measures for violations will be retained in the disciplined employee's personnel file (or in the independent contractor's file) and will be considered during regular and promotional evaluations.

The Corporate Compliance Officer will maintain records of all disciplinary actions, including verbal warnings, taken for compliance violations along with the nature of the violation and will reference these records as necessary to ensure consistency in application.

B) Incentive Programs for Compliant Behavior

As part of the Chapter's commitment to recognizing those who are exemplary in compliance with The Arc of Madison Cortland's Corporate Compliance Plan, the following incentives may be used to encourage and reward employees and independent contractor behavior:

- ✓ Staff appreciation and recognition programs for meeting goals and objectives;
- ✓ Situation-specific recognitions of staff contributions or assistance, including special awards;
- ✓ Handwritten notes of appreciation from supervisors, managers and/or the Corporate Compliance Officer;
- ✓ Public recognition in the agency newsletter or community newspaper;
- ✓ Celebration of successes (e.g., a great audit);
- ✓ Performance reviews and positive feedback;
- ✓ Continuing education opportunities;
- ✓ Opportunities for career advancement;
- ✓ Serving as a verification of good services provided by a service provider; and
- ✓ Continued use of a contractor's services.