

ISTA Financial & Operational Standards

ISTA shall adhere to the following Code of Ethical Conduct with respect to its financial and operational standards:

I. Code of Ethical Conduct

In fulfillment of its ethical obligation, ISTA commits to:

1. complying with applicable rules and regulations of ISTA, NEA, and government agencies;
2. carrying out its activities in a professional and honest manner with integrity;
3. exercising appropriate fiduciary responsibilities over its resources without knowingly being a party of any illegal activity and without knowingly breaching its fiduciary responsibilities;
4. acting appropriately in avoiding any actual or apparent conflicts of interest and acting appropriately to fully and fairly disclose any conflicts of interest which may arise;
5. respecting confidentiality of information acquired in the course of its work;
6. reporting, in accordance with all applicable rules of procedure, any violations of this Code;
7. instituting due process policies for violations of this Code;
8. being accountable for adhering to this Code; and to
9. providing its constituents with complete, accurate, and appropriate information.

II. Integrity of Internal Controls

In fulfillment of its obligation to maintain the highest standards of quality in financial reporting, ISTA supports:

1. the adoption of effective formal internal control policies and procedures based on ethical business values and technical competence;
2. the identification and analysis of relevant internal and external risks that can hinder the achievement of ISTA's business and organizational objectives;
3. the implementation of control activities which focus on prevention, detection, and correction in order to mitigate each identified risk;
4. the institution of systems of evaluation and assessment to monitor whether internal controls are adequate, effective, and adaptable;
5. the comprehensive documentation of the systems of internal control procedures and of the roles and responsibilities of both ISTA employees and governance leaders;
6. appropriately educating, ISTA employees and governance leaders on their roles and responsibilities with respect to maintaining the integrity of ISTA's internal control policies and procedures; and
7. the institution and maintenance of fluid information pathways among ISTA management, employees, and governance leaders that capture, process, and communicate relevant internal and external information in a timely manner.

ISTA Audit Committee

The ISTA President shall appoint five (5) members of the ISTA Board of Directors to serve as members of the Audit Committee; the President shall also appoint as a member of the Audit Committee one (1) financial expert who is not a member of the ISTA Board of Directors. The ISTA Treasurer, who shall chair the committee, shall serve as an ex officio member of the committee; the Chairperson shall provide committee members a printed agenda in advance of committee meetings and shall ensure that minutes of all committee meetings are recorded. The ISTA Chief Financial Officer (CFO) or his/her designee shall serve as a consultant to the committee and shall attend all committee meetings. The committee, whose members shall be informed and trained to understand basic finances, to understand the role of an auditor, and to understand their role to report and advise, shall be independent of ISTA management. The responsibilities of the Audit Committee are to:

1. review the monthly financial statements;
2. provide quarterly reports, which may include action recommendations, to the Board;
3. meet annually with the auditor to review the audit;
4. review the auditor's management letter;
5. review related reports and/or opinions of management;
6. review management's response to the management letter;
7. monitor internal accounting controls and establish procedures for the receipt, retention, and treatment of complaints received regarding internal controls and auditing;
8. review any audit problems and recommend resolution of disagreements between the independent auditor and management to the appropriate body;
9. review and ensure adherence to the Board-adopted Financial & Operational Standards;
10. recommend the hiring of a public accounting firm to perform annual audit services;
11. review and ensure adherence to the Board adopted External Audit Independence Policy;
12. arrange for the auditor's report to be provided to the Board of Directors;
13. administer Board policy regarding conflicts of interest issues and make a report to the ISTA-RA regarding those issues;
14. present a summary of the audit to the ISTA Representative Assembly
15. prepare a summary of the auditor's report and publish notification in *The ISTA Advocate* directing readers to the "members only" ISTA web site for full summary of the auditor's report;
16. request authorization from the Board to engage independent counsel, independent financial experts, or other advisors necessary to carry out its responsibilities; and
17. participate in the training necessary to fulfill these responsibilities.

ISTA Board of Directors Conflict of Interest Policy as Administered by the ISTA Audit Committee

Written in accordance with the ISTA Financial & Operational Standards, the ISTA Board of Directors Conflict of Interest Policy specifies that each ISTA Board member, ISTA officer, and ISTA management employee shall adhere to a strict rule of honest and fair dealing that does not create a conflict or even the appearance of a conflict between ISTA's interests and the interest of the individual; the same rule of honest and fair dealing shall also apply to all ISTA entities/affiliations. Any person who is or who becomes an ISTA Board member, ISTA officer, or ISTA employee on the date ISTA adopts this policy (the "Date of Adoption") shall become subject hereto as of the "Date of Adoption," or, if later, upon becoming an ISTA Board member, ISTA officer, or ISTA employee. Additionally, each ISTA Board member, each ISTA officer, each ISTA management employee, and any other ISTA employee designated by the ISTA Audit Committee:

1. shall, on an annual basis, upon receipt from the Audit Committee of a copy of the ISTA Board of Directors Conflict of Interest Policy, complete and submit to the ISTA Treasurer by September 30 following the end of each fiscal year a copy of the ISTA Report on Conflict(s) of Interest;
2. shall inform ISTA of any and all changes in the information provided on the ISTA Report on Conflict(s) of Interest form in a timely fashion and shall immediately disclose to the ISTA Audit Committee any employment, activity, investment, or other interest which might appear to compete or conflict with ISTA interests;
3. shall not, except with the approval of the ISTA Audit Committee after full disclosure of all relevant facts, make purchasing decisions, enter into contractual agreements, nor accept any compensation, gift, or other favor which could influence or appear to influence his/her actions which affect ISTA: and
4. shall not use nor give the appearance of using his/her position or information about ISTA to benefit himself/herself or others to ISTA's detriment.

If any ISTA Board member, ISTA officer, or ISTA management employee is involved in or aware of any transaction or situation which results in or could result in a conflict of interest with ISTA or the appearance of a conflict of interest with ISTA, the individual shall provide a written description to the ISTA Audit Committee as soon as possible prior to the date on which the transaction or situation is proposed to be completed; the individual shall refrain from acting on behalf of ISTA unless and until the ISTA Audit Committee determines that no conflict of interest exists or appears to exist or until the ISTA Audit Committee otherwise approves the transaction or situation. All other ISTA employees are obligated to report potential conflicts of interest to the ISTA Executive Director or to use the ISTA-Board-adopted Whistleblower Policy and procedures.

The ISTA Treasurer shall prepare and submit to the ISTA Audit Committee a confidential report concerning any conflict(s) of interest of ISTA Board members, ISTA officers, and ISTA employees.

Nothing in this policy is intended to conflict with collective bargaining agreements, individual employment contracts, or federal and state laws and regulations.

ISTA Report on Conflict(s) of Interest

Name: _____

Position with the Association: _____

Form to be returned annually to Association Treasurer by September 30.

I have reviewed the ISTA Board of Directors Conflict of Interest Policy. I report that during the past fiscal year I, or to the best of my knowledge any member of my family:

_____ have not had any employment, activity, investment, or other interest which competed or conflicted, or appeared to compete or conflict, with ISTA's interests;
OR

_____ have not had any interest or taken any action which would contravene ISTA's policy, except such interest or action fully disclosed below:

Areas in which Conflict of Interest May Arise

Conflicts of interest may arise in the relations of ISTA Board of Directors members, ISTA officers, and ISTA employees with any of the following third parties:

- Persons and firms supplying goods and services to ISTA
- Persons and firms from whom or to whom ISTA leases property or equipment
- Persons and firms with whom ISTA deals or plans to deal in connection with the purchase or sale of real estate, securities, or other property
- Competing or other affiliated organizations
- Members and others supporting ISTA
- Family members, friends, and employees

Conflict may also arise in the use and/or distribution by Board of Directors members, ISTA officers, or ISTA employees of materials, plans, ideas, and information belonging to ISTA. All materials, plans, ideas, and information developed by ISTA are the property of ISTA and should never be given to an outside organization or individual except through normal channels and with appropriate authorization.

Interpretation of this Policy

Since the areas of conflicting interest, and the relations in those areas which may give rise to conflict, are problematic, it is conceivable that conflicts may arise in other areas or through other relations. The policy "assumes" that ISTA Board of Directors members, ISTA officers, and ISTA employees will recognize, by analogy, such areas and relations.

ISTA policy dictates that the description of any actual or potential conflict of interest shall be disclosed before any transaction is consummated; the ISTA Audit Committee and the ISTA Board of Directors shall bear the continuing responsibility for scrutinizing transactions and outside business interests and relationships for potential conflicts and for immediately disclosing them. Any such "interest" described or contemplated by this policy does not necessarily mean that a conflict exists, that the "interest" is material enough to be of practical importance, or that the "interest" is necessarily adverse to the interests of ISTA.