**Section 404.9 Composition and Responsibilities of the Governing Body**

a) The governing body of an institution incorporated not-for-profit shall be a Board of Directors composed of at least five persons, at least one of whom shall be an Illinois resident. All board members shall be of reputable and responsible character. The governing body shall be responsible to the Department for maintaining the standards set forth in this Part.

b) If incorporated as a not-for-profit corporation, the governing body shall adopt a conflict of interest policy that requires, at a minimum:

1) that no member of the board of directors may derive any personal profit directly by reason of his or her membership on the board of directors or because of services provided to the board (the restriction of deriving profit from a transaction does not apply as long as the goods or services provided to the center or institution are priced at or below market value, and are documented and accessible for review by the Department or its auditors upon request);

2) that each board member must disclose to the board any personal interest that he or she or any immediate family member may have in any current or potential matter before the board and refrain from participating in any decision on such matters;

3) that no member of the administrator's or the chief financial officer's immediate families shall serve on the board of directors for the child care institution or maternity center and no member or any board member's immediate family may serve as administrator, the chief financial officer, or independent contractor of the institution; and

4) that there shall be no familial relationship between the executive director and the chief financial officer.

c) If incorporated as a for-profit corporation, the board shall adopt a code of conduct.

d) The governing body shall:

1) establish written by-laws;

2) assure that the institution operates at all times with an on-site administrator, who, by official notice, is made known to the Department;

3) hold at least four meetings annually;

4) keep records of minutes of all Board meetings reflecting official actions of the Board;

5) officially notify the Department in writing within two days after a change in the administrator of the institution or within 30 days after any major changes in the corporate structure, including, but not limited to:

A) changes in the articles of incorporation or bylaws;

B) changes in the not-for-profit status or tax exempt status as determined by the Internal Revenue Service (if applicable) or its charitable organization status as determined by the Illinois Attorney General;

C) addition of any principal shareholder owning at least five percent of the stock of the corporation;

D) changes in the governing body or its officers; and

E) other changes in services provided by the institution;

6) establish written policies of the institution which shall be made available to all board members and employees including services to be provided by the institution: admissions, personnel policies, fiscal operations, care of children and other policies as needed to direct the institution, such as family visitation, community contacts with children and the functions of the administrator;

7) provide and maintain physical facilities appropriate for the program and supporting services;

8) maintain and keep all records and documents required by this Part in the State of Illinois where they shall be readily available for licensing review;

9) assure fidelity bonding of fiscally responsible officers and employees, elected or appointed, whether or not compensated by salary, against breach of fiduciary duty or the loss of monies, securities or other property which the institution may sustain through any fraudulent or dishonest act or acts committed by any officer or employee acting alone or in collusion with others; and

10) assure that all persons working with children are of reputable character.

(Source: Amended at 31 Ill. Reg. 4704, effective March 19, 2007)