

CAROLINA FAMILY HEALTH CENTERS, INC. POLICY

TITLE: HR-305 Fair Credit Reporting Act

EFFECTIVE DATE: February 2016

SECTION: Human Resources

REFERENCE PROCEDURE: HR-305.01 Fair Credit Reporting Act

RESPONSIBLE CHIEF OF STAFF: Chief Operating Officer

RESPONSIBLE COMMITTEE: Employee Investment CIT

REVIEWED: 06/17, 10/17, 05/24/2022, 02/25/2025

I. PURPOSE

The purpose of this policy is to comply with all aspects of the Fair Credit Reporting Act.

II. POLICY

Carolina Family Health Centers, Inc. (CFHC, Inc.) requires a consumer report for the employment of all applicants who receive offers of employment. The consumer report consists of a criminal background check solicited through a third-party vendor. CFHC, Inc. follows Federal Regulations to (a) disclose to the potential employee, in writing, that the company may obtain a consumer report and (b) obtain the applicant's written authorization to request the consumer report. The consumer report is reviewed by the Director of Human Resources and/or his/her designee. Any type of data disclosed on the report that is categorized as criminal is thoroughly reviewed and evaluated by the Director of Human Resources and/or his/her designee and the Chief Executive Officer. The approval of the Chief Executive Officer is required to continue with the applicant in the hiring process.

CFHC, Inc. reserves the right to obtain a consumer report on an employee at any time during employment. By policy, an existing employee who has not completed updated disclosure and authorization requirements pursuant to the Fair Credit Reporting Act is required to do so. Failure or refusal to comply shall result in immediate termination of employment.

As an employer, CFHC, Inc. may take adverse employment action based on information contained in the consumer report related to criminal background. CFHC, Inc. reserves the right to deny employment or to terminate an existing employee based on this information. In such cases, a Pre-Adverse Action Notice with a copy of the consumer report and the Summary of Rights is provided to the affected individual (refer to *HR-305.01 Fair Credit Reporting Act*). The Notice provides the applicant/existing employee with five (5) business days to provide proof that the consumer report is in error.

Existing employees may be placed on Investigatory Suspension during the waiting period (refer to *HR-902 Corrective Action*). The Investigatory Suspension is paid time if the existing employee provides proof that the consumer report is in error. However, the Investigatory Suspension is not paid if an Adverse Action Notice is issued (refer to *HR-305.01 Fair Credit Reporting Act*).

At the end of the waiting period, absent proof that the consumer report is in error, CFHC, Inc. provides the affected individual with an *Adverse Action Notice*. All regulations pertaining to the content of the *Pre-Adverse Action Notice* and the *Adverse Action Notice* are followed. Employees who are convicted of a crime are required to report it to the Director of Human Resources within ten (10) days of conviction. Refer to *HR-202 Drug and Alcohol-Free Workplace* for convictions under criminal drug statutes with violations occurring in the workplace. Reporting a conviction does not automatically result in termination of employment.