Corporate Compliance Charter

Vision: The Compliance function will operate as an independent and objective service reporting to UNC Health Care’s Board of Directors. Compliance provides guidance and consultative services designed to support and maintain present and future responsibility with regard to participation in federal health care programs and to help foster and maintain the highest ethical standards among all UNC HC employees, Board of Directors, physicians and contractors.

Mission: The Compliance Department will work to bring a systematic, disciplined approach to evaluate and ensure UNC Health Care’s adherence to federal and state regulations and organizational policies.

Scope: Develop and distribute written standards of conduct, policies, and procedures designed to establish a culture of ethical conduct that promotes prevention, detection, and resolution of activities that do not conform to Federal and State law by following guidelines established by the Office of Inspector General (OIG), including:

- Designate a chief compliance officer & Compliance Committee charged with the responsibility of operating and monitoring the compliance program
- Develop and implement regular, effective education and training programs for all employees
- Maintain a process and procedure to receive complaints, protect the anonymity of complainants, and protect whistleblowers from retaliation
- Develop a system to respond promptly to allegations of improper/illegal activities and subsequent enforcement of disciplinary actions when appropriate
- Utilize audits and other evaluation techniques to monitor compliance and assist in the reduction of identified problems.
- Investigate and remediate identified systemic problems and development of policies addressing the non-employment or retention of sanctioned individuals

The Federal Register, OIG Work Plan, CMS regulations, Department of Justice settlements, OIG Advisory Opinions, and PEPPER reports (Program for Evaluating Payment Patterns Electronic Report), along with other industry guidance, will be used to determine organizational risk and develop the annual UNC Health Care Compliance Plan. The Compliance Plan is especially critical as an internal control in the reimbursement and payment areas, which have

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historically been the focus of government regulations, scrutiny, and sanctions. Therefore, the plan will have a strong focus on medical necessity, documentation, coding, charging, and billing practices. Opportunities for improving processes may be identified during audits and shared with applicable organizational management. Additional external consulting services may be arranged to evaluate operational risks and the effectiveness of the Compliance function.

**Accountability:** The Chief Audit and Compliance Officer, in the discharge of his/her duties, shall be accountable to management and the Finance, Audit, & Compliance Committee (FA&C) to:

- Provide adequate and effective coverage of the organization’s processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work
- Report important issues related to the processes for managing risk and controlling the activities of the organization and its affiliates, including potential improvements to those processes. Provide information concerning such issues through resolution. This includes coverage of risk management in the annual compliance plan
- Provide periodic status updates and results of the annual compliance plan and the sufficiency of departmental resources. This includes ensuring the resources are sufficient in the amount and competency, through in-house staff and co-sourcing, to over the risk in the annual compliance plan
- Coordinate with and provide coverage of other control and monitoring functions (risk management, governance, compliance, security, legal, ethics, environmental) and the external audit
- Establish follow-up processes to track and monitor the effective implementation of management actions related to important issues and recommendations.

**Independence and Objectivity:** To provide the organizational independence of the compliance department and the objectivity of its personnel, compliance personnel report to the Chief Audit and Compliance Officer who reports functionally to the FA&C and administratively to the CEO. Compliance will include as part of its reports to the FA&C any unwarranted restrictions on scope, communications, access, and resources, including personnel and externally contracted resources.

Given the importance of the FA&C visibility to compliance to support independence and objectivity of the compliance function, the FA&C will:

- Approve the compliance charter

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• Approve the risk-based compliance plan
• Receive communications from the Chief Audit and Compliance Officer on the compliance department’s performance relative to its plan and other matters
• Affirm decisions regarding the appointment and removal of the Chief Audit and Compliance Officer (with UNC Health Care’s CEO)
• Evaluate Chief Audit and Compliance Officer’s annual performance (with UNC Health Care’s CEO)
• Make appropriate inquiries of management and the Chief Audit and Compliance Officer to determine inappropriate scope or resource limitations

Responsibility: The Chief Audit and Compliance Officer has the responsibility to:
• Develop a flexible annual audit plan using an appropriate risk-based methodology. The plan should include any risk or control concerns identified by management. The CAE will submit the plan and any subsequent changes to senior management and the FA&C for review and approval
• Align compliance coverage with the organization’s strategic, operational, and financial risks, including important areas of emerging risk
• Implement the annual compliance plan, as approved, including, as appropriate, special tasks for projects requested by management and the FA&C.
• Maintain professional compliance resources with compliance staff and, where appropriate, other internal or external resources with sufficient knowledge, skills, experience, and professional certifications to fulfil the requirements of this charter
• Issue periodic reports to the FA&C and management summarizing results of compliance activities
• Keep the FA&C informed of emerging trends and successful practices in compliance
• Provide compliance measurement goals and results to the FA&C
• Assist as appropriate in the investigation of suspected fraudulent activities within the organization and notify management and the FA&C of the results
• Consider the scope of work of external auditors and regulators, as appropriate, for the purpose of providing optimal compliance coverage to the organization
• As appropriate, provide consulting and advisory services to management that add value and improve the organization’s governance, enterprise risk

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management, and control processes without the compliance officer assuming management responsibility

- Execute a quality assurance and improvement program by which the Chief Audit and Compliance Officer assures effective operation of compliance activities

**Authority:**

The Chief Audit and Compliance Officer is authorized to:

- Ensure compliance personnel and contracted resources have unrestricted access to all functions, records, property, and personnel
- Have full and free access to the FA&C.
- Allocate resources, set frequencies, select subjects, determine scope of work, and apply the techniques required to accomplish compliance objectives
- Obtain the necessary assistance of personnel in units of the organizations or those contracting with the organization where they perform audits, as well as other specialized services from within or outside the organization
- Provide consulting services to management as deemed appropriate

The Chief Audit and Compliance Officer and compliance personnel are not authorized to:

- Perform any operational duties for the organization or its affiliates
- Direct the activities of employees not employed by the compliance department, except to the extent such employees have been appropriately assigned to compliance audit teams or to otherwise assist the compliance officer

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Chief Audit and Compliance Officer

Chief Executive Officer

Finance, Audit & Compliance Committee Chair

**Date:** 8-7-15

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