Compliance Services Charter

Vision: The Compliance function will operate as an independent and objective service of UNC Health Care and report to the UNC Health Care Board of Directors. Compliance Services is comprised of Hospital and Professional Compliance Programs providing guidance and consultative services as well as assuring compliance with statutes, regulatory requirements, and good business practices.

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: To establish and ensure continuance of a culture focused on ethical and legal conduct that promotes prevention, detection, and resolution of activities that do not conform to Federal and State law. This is accomplished by following compliance guidelines established by the Office of Inspector General (OIG). Compliance Services responsibilities include:

- Designating a Chief Compliance Officer and Compliance Committee charged with the responsibility of operating and monitoring the compliance program.
- Developing and implementing regular, effective education and training programs.
- Maintaining processes and procedures for receiving complaints, protecting the anonymity of complainants, and protecting whistleblowers from retaliation.
- Developing a system to respond promptly to allegations of improper or illegal activities and subsequent enforcement of disciplinary actions when appropriate.
- Utilizing audits and other evaluation techniques to monitor compliance and assist in the reduction of risk to the organization.
- Investigating and remediating identified systemic risks.

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 Services Audit Plans. The Compliance Services Audit Plans are developed primarily based upon Revenue Cycle functions which have historically been the focus of government regulations, scrutiny, and

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sanctions. Therefore, the Compliance Services Audit Plans 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.

**Accountability:** The Chief Audit and Compliance Officer, in the discharge of 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, its affiliates and employed providers, including potential improvements to those processes. Provide information concerning such issues through resolution. This includes coverage of risk management in the annual Compliance Services Audit Plans.

- Provide periodic status updates and results of the annual Compliance Services Audit Plans and the sufficiency of departmental resources. This includes ensuring that resources are sufficient in amount and competency, through in-house staff and co-sourcing, to cover risk in the annual Compliance Services Audit Plans.

- Coordinate and provide coverage with other organizational control and monitoring functions 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 Services Department and the objectivity of its personnel, Compliance Services personnel report to the Chief Audit and Compliance Officer who reports functionally to the FA&C and administratively to the CEO. Compliance Services 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 Services to support independence and objectivity of the compliance function, the FA&C will:

- Annually approve the Compliance Services Charter.

- Approve the risk-based Compliance Services Audit Plans.

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• Receive communications from the Chief Audit and Compliance Officer on the Compliance Services Department’s performance relative to its annual audit plans and other matters.

• Affirm decisions regarding the appointment and removal of the Chief Audit and Compliance Officer (with the UNC Health Care CEO).

• Evaluate periodically the Chief Audit and Compliance Officer’s performance (with the UNC Health Care 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 Compliance Services Audit Plan using an appropriate risk-based methodology. The plans should include any risk or control concerns identified by management. The Chief Audit and Compliance Officer will submit the audit plans and any subsequent changes to senior management and the FA&C for review and approval.

• Align Compliance Services coverage with the organization’s strategic, operational, and financial risks, including important areas of emerging risk.

• Implement the annual Compliance Services Audit Plans, as approved, including, as appropriate, special projects requested by management and the FA&C.

• Maintain professional compliance resources with Compliance Services staff and, where appropriate, other internal or external resources with sufficient knowledge, skills, experience, and professional certifications to fulfill the requirements of this charter.

• Issue periodic reports to the FA&C and management summarizing results of Compliance Services activities.

• Keep the FA&C informed of emerging trends and successful practices in compliance.

• Provide Compliance Services 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.

• As appropriate, provide consulting and advisory services to management that add value and improve the organization’s governance, enterprise risk management, and control processes without the compliance officer assuming management responsibility.

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• Execute a Quality Assurance and Improvement Program by which the Chief Audit and Compliance Officer assures effective operation of Compliance Service activities.

Authority: The Chief Audit and Compliance Officer is authorized to:
• Ensure Compliance Services personnel and contracted resources have unrestricted access to all functions, records, property, and personnel.
• Ensure Compliance Services personnel and contracted resources unrestricted 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 departments 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 Services personnel are not authorized to:
• Perform any operational duties for the organization or its network entities.
• Direct the activities of employees not employed by the Compliance Services Department, except to the extent such employees have been appropriately assigned to Compliance Services audit teams or to otherwise assist the Chief Audit and Compliance Officer.

Chief Audit and Compliance Officer

Chief Executive Officer

Finance, Audit & Compliance Committee Chair

Date

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