

# ***Baptist Health South Florida Audit and Compliance Department Charter***

(As reviewed November 6, 2019)

## **Mission**

Our mission is to assist the Board of Trustees of Baptist Health South Florida in the discharge of their responsibilities by providing independent analysis, advice and recommendations concerning the activities reviewed and to promote compliance with the standards established in the Code of Ethics, including all applicable laws, rules and regulations.

## **Purpose**

We will direct a broad, comprehensive program of internal auditing and regulatory compliance oversight within Baptist Health South Florida and its affiliates. This program is intended to provide independent, objective assurance and consulting activities designed to add value and improve operations and compliance, and to otherwise help Baptist Health South Florida accomplish its objectives by bringing a disciplined approach to evaluating and improving the effectiveness of risk management, governance, control processes, and regulatory compliance.

Specifically, we will assess risks relative to the achievement of objectives in the following categories:

- Compliance with applicable laws and regulations, policies, procedures, and contracts;
- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programs (including safeguarding of assets); and
- Achievement of the organization's strategic objectives

## **Accountability**

The Corporate Vice President and Chief Compliance Officer (VP) will report to the Audit and Compliance Committee of the Board of Trustees of Baptist Health South Florida (the Committee). To facilitate day-to-day operations of the Department and the flow of communication, the VP will have a dotted-line (i.e., indirect) reporting relationship to BHSF management relating solely to administrative activities of the Department. This reporting structure demonstrates the organization's commitment to an independent audit and compliance function and ensures that audit findings and recommendations receive adequate consideration and effective action.

The Committee will review the performance and determine the compensation of the VP and has full authority to appoint, replace, reassign or dismiss the VP.

The VP will:

- Have full and free access to the Committee
- Meet at least quarterly with the Committee
- Report significant issues and material findings to the Committee and provide information concerning such issues through resolution. This includes reporting on a timely basis any suspected fraud involving management or employees who are significantly involved in the internal controls of the organization or significant regulatory non-compliance within the organization.
- Periodically provide information on the status and results of the annual audit and compliance workplan, and the sufficiency of resources.

### **Independence**

In order to permit the rendering of impartial and unbiased judgment essential to the proper conduct of audits and to comply with guidance promulgated by the United States Federal Sentencing Commission, the Office of the Inspector General of the Department of Health and Human Services (the OIG) General Compliance Program Guidance, and the International Professional Practices Framework for Internal Auditors, the Department will:

- Conduct all audits and investigations independent of management
- Engage outside counsel and other consultants as deemed necessary to fulfill its responsibilities and to appropriately inform the Committee of the issue and related risks.

In the event an audit or investigation involving an area under the direct responsibility of the VP is deemed necessary, the services of an independent third party will be engaged.

The Department will **not**:

- Have direct or indirect responsibility for, nor authority over, any of the activities reviewed
- Perform day-to-day operational duties (including routine approval of transactions), other than the management of the Department

- Be responsible for implementing remedial measures deemed necessary in the course of an audit, investigation or special project.

This does not preclude the Department from serving as a knowledgeable resource, providing consulting and educational services and advice that meet the organization's values and helps the organization comply with any existing, new or changing regulation, or participating proactively with management in the planning process or any other role as deemed appropriate by the VP.

The nature of consulting services may include:

- Responding to credible allegations of fraud or regulatory non-compliance
- Assessing new or changing services, and the processes, operations and controls coincident with their development, implementation and/or expansion, including changes required as the result of new or changed regulations.

### **Authority**

With stringent regard for safekeeping and confidentiality, the Department will have full, free and unrestricted access to all activities, records (both paper and electronic), property and personnel necessary to accomplish the stated purpose.

The Department will:

- Allocate resources, set frequencies, select subjects, determine scopes of work and apply the techniques required to accomplish audit objectives. This includes the engagement of any consultant, expert or counsel which may be required
- Restrict access to and distribution of departmental workpapers, including audit plans, programs and reports, except as outlined in departmental policy or as authorized by the VP.

The VP will report to the Committee any unresolved scope limitations.

### **Responsibility**

Responsibilities of the Department include the following:

- Ensure the compliance program meets the standards of an effective compliance program, as established in the Federal Sentencing Guidelines and the OIG General Compliance Program Guidance, including:
  - Compliance policies and a code of conduct
  - Compliance training

- An anonymous and confidential reporting mechanism, i.e. a compliance hotline
  - Controls to prevent the employment or retention of sanctioned individuals or organizations
  - Risk assessment including, but not limited to, assessing risks related to the submission of claims
  - Auditing and monitoring activities based upon the outcome of the risk assessment
  - Systematic response to allegations of improper or illegal activities, including the enforcement of appropriate disciplinary action against employees who have violated established policies, laws, rules or regulations
- Provide guidance pursuant to compliance obligations prescribed by Federal or State agencies
  - Identify and assess risks to the organization which may impair the achievement of its strategic objectives
  - Report significant risk exposures and control issues, including fraud risks, governance issues and other matters requested by senior management to the Committee for evaluation
  - Develop and execute a flexible Audit and Compliance Plan using an appropriate risk-based methodology. Submit that plan, and any adjustments to the plan as necessary in response to changes in business, risks, regulations, operations, programs, systems or controls, to the Committee for review and approval
  - Provide management with a draft written report of the results and related recommendations for each audit performed. Final reports will contain management's response to recommendations (if received within the stipulated time frame) and be distributed in accordance with departmental policy
  - Disclose conformance with the Code of Ethics and Standards as promulgated by the Institute of Internal Auditors, and any unresolved interference in determining the scope of internal auditing, performing work, and communicating results to the Committee
  - Follow up on any corrective action plan to ensure implementation
  - Issue periodic communications to the Committee summarizing significant findings of audit activities, and communicating any unacceptable, unresolved levels of risk as determined by the VP

- Maintain a professional staff with sufficient knowledge, skills, experience and professional certifications to meet the requirements of this charter
- Respond to credible allegations of fraud or regulatory non-compliance
- Periodically review compliance with the policies and procedures applicable to senior management's expense accounts and perquisites, including their use of corporate assets
- Act as a liaison between the external auditors and the Committee with recognition that the external auditors report directly to, and serve at the pleasure of, the Committee.

### **Standards for Activities**

Our program will conform to the Core Principles for the Professional Practice of Internal Auditing, and the Code of Ethics, and our activities will meet, or exceed, the Standards, and the Definition of Internal Auditing as promulgated by the Institute of Internal Auditors.

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Audit and Compliance Committee

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Corporate Vice President and  
Chief Compliance Officer