

**ACTION PLAN TO ENSURE
INSTITUTIONAL COMPLIANCE
UNIVERSITY OF TOLEDO
SEPTEMBER 2020**



**THE UNIVERSITY OF
TOLEDO**

INSTITUTIONAL COMPLIANCE COMMITTEE CHARTER TO BE PRESENTED TO
THE FINANCE AND AUDIT COMMITTEE OF THE BOARD OF TRUSTEES IN
DECEMBER 2020.

INTRODUCTION

In September 2020, the Institutional Compliance department created an Ad Hoc Committee to develop an Action Plan to ensure University of Toledo compliance with applicable laws, regulations, policies, and procedures. The Chief Compliance Officer requested that the Action Plan include an appropriate governance structure and that it designates the appropriate officer who would be responsible to the Board of Trustees for university-wide compliance.

In September 2020, Mr. D. L. Cutri, Executive Director of Internal Audit and Chief Compliance Officer, chaired a university-wide Ad Hoc Committee on Institutional Compliance. The Ad Hoc Committee met at the University of Toledo Main Campus in Toledo on September 1, 20XX. The Ad Hoc Committee discussed the requisite elements of a University of Toledo Action Plan to Ensure Institutional Compliance (Compliance Action Plan). Since the meeting on September 1, the Compliance Action Plan has been circulated to all members of the Ad Hoc Committee for review and comment.

The following pages present the 2020-2021 Action Plan items by "Responsible Party." The Action Plan includes the following key elements:

- Designation of the Executive Director of Internal Audit and Chief Compliance Officer as the University of Toledo compliance liaison.
- The appointment of a compliance liaison in Finance and Administration and in each University Division by December 31, 2020.
- The creation of a University of Toledo Institutional Compliance Committee and parallel Compliance Committees in Finance and Administration and each University Division which meet at least quarterly.
- The mandate for a continuous and proactive compliance function which reports to the compliance liaison in Finance and Administration and each University Division.
- The allocation of enough resources at Finance and Administration and at each University Division to fund compliance activities (including information resources, training, and monitoring activities) that reduce compliance risk to a reasonably low level.
- The requirement that the compliance liaisons and committees in Finance and Administration and the University Divisions report their activities to the University of Toledo compliance liaison at least quarterly.

The Ad Hoc Committee believes that it is important to clearly distinguish responsibility and accountability for compliance with laws, regulations, policies, and procedures as follows:

- The University of Toledo compliance liaison is responsible and will be held accountable for apprising the University President and the Board of Trustees of the institutional compliance functions and activities in Finance and Administration and at each of the University Divisions.
- The compliance liaisons in Finance and Administration and at each University Division are responsible and will be held accountable for a risk-based process that builds compliance consciousness into daily business processes, monitors the effectiveness of those processes and communicates instances of non-compliance to appropriate administrative officers for corrective, restorative and/or disciplinary action
- Responsibility for actual compliance with laws, regulations, policies, and procedures rests with each individual employee. Accountability resides primarily with the department head of each operating unit.
- The President and the lead business manager of each University Division are responsible and will be held accountable for the sufficiency of resources allocated to compliance activities and the appropriateness of corrective and disciplinary action taken in the event of non-compliance.
- Internal Audit is responsible and will be held accountable for independently evaluating the design and effectiveness of the compliance function in Finance and Administration and each University Division on both an annual and an ongoing basis and for making recommendations for improvements to the compliance liaisons in Finance and Administration and at each University Division.

The Ad Hoc Committee believes that the implementation of this Compliance Action Plan will significantly improve University of Toledo compliance. As such, we respectfully submit this Compliance Action Plan to the University President for her review and approval.

Ad Hoc Committee on Institutional Compliance
September 2020

Action Plan - Institutional Compliance

Action Item	Responsible Party	Due Date
<p>1. Adopt a Board of Trustees' resolution on institutional compliance</p> <p><i>Implementation Guidance: Board resolution on institutional compliance.</i></p>	Board of Trustees	December 2020
<p>2. Designate the Executive Director of Internal Audit and Chief Compliance Officers as the University of Toledo compliance liaison.</p> <p><i>Implementation Guidance: The Executive Director of Internal Audit and Chief Compliance Officer shall be responsible to the University President and the Board for the Institutional compliance function.</i></p>	University President	December 2020
<p>3. Designate a Compliance Officer in Finance and Administration and at each University Division.</p> <p><i>Implementation Guidance: In most cases, the compliance liaison should be the Chief Business Officer of a high-ranking administrative official in the University Division.</i></p>	University President Executive Vice President of Finance and Administration/Chief Financial Officer	January 2021
<p>4. Appoint an Institutional Compliance Committee and a committee at Finance and Administration and each University Division.</p> <p><i>Implementation Guidance: At least two approaches may be used to form the Institutional Compliance Committee. 1) Appoint a cross-functional team from operating units with high-risk compliance issues (areas to be considered include accreditation; human resources; student related; research and sponsored programs; advancement; athletics; health and safety; finance; health care billing; privacy office; police department; and other compliance requirements). Under this approach, the compliance liaison should chair the Committee. 2) Expand the role of the Finance and Audit Committee to include Institutional Compliance and change/enhance membership as necessary. Generally, this approach assumes a separate institutional compliance function that reports to the compliance liaison.</i></p>	University President Executive Vice President of Finance and Administration/Chief Financial Officer	January 2021

Action Item	Responsible Party	Due Date
<p>5. Require the Institutional Compliance Committee to meet at least quarterly.</p>	<p>University President</p> <p>Executive Vice President of Finance and Administration/Chief Financial Officer</p>	<p>January 2021</p>
<p>6. Organize, fund, and provide oversight to an ongoing and proactive compliance function which meets the criteria of the U.S. Sentencing Guidelines that reports to the compliance liaison in Finance and Administration and each University Division.</p> <p><i>Implementation Guidance: At least two approaches may be used to organize a compliance function in each University Division: (1) If the University Division uses a cross-functional team as its Institutional Compliance Committee, then the responsibility of planning, organizing, directing, and controlling compliance activities rests with the Committee itself. (2) A separately staffed compliance function is responsible for the planning, organizing, directing, and controlling of compliance activities. Under this approach, the activities of the dedicated compliance function are regularly reported to the Institutional Compliance Committee.</i></p>	<p>University President</p> <p>Executive Vice President of Finance and Administration/Chief Financial Officer</p>	<p>June 2021</p>
<p>7. Budget enough resources to fund ongoing and continuous compliance activities (information resources, training, and monitoring activities) that reduce compliance risk to an acceptably low level.</p> <p><i>Implementation Guidance: The amount of funding necessary for compliance activities depends on the size of the University Division and its associated compliance risks. The allocation of the funding depends on the organizational structure of the compliance function (see action items 4 and 6). It is understood that risk cannot be reduced to zero. However, it should be reduced to a reasonably low level. Funding must be provided for: 1) assuring good information resources to keep current on regulatory changes and interpretations; 2) extensive in-house or external-based training programs which provide both general compliance training to all employees on an annual basis, and ongoing specialized training tailored to the needs of each employee who has job responsibilities in areas of significant risk; and 3) ongoing monitoring activities which provide management vital information on the degree to which the University Division complies with laws, regulations, policies, and procedures. (Monitoring should generally be provided at three levels: within daily business processes; through the institutional compliance function; and through internal audits).</i></p>	<p>University President</p> <p>Executive Vice President of Finance and Administration/Chief Financial Officer</p>	<p>June 2021</p>

Action Item	Responsible Party	Due Date
<p>8. Submit an annual risk-based plan of compliance activities to the University of Toledo compliance liaison for review and approval.</p> <p><i>Implementation Guidance: The first step in developing this plan is accumulating a compliance universe document which presents details of laws, regulations, policies, and procedures to which Finance and Administration and the University Divisions are subject (this includes federal, state, local, UToledo and institutional obligations). Next, the compliance group must assess the risk of noncompliance for all elements in the universe. Generally, the risk model should consider both the financial and embarrassment risks of noncompliance and should also candidly self-assess existing skill levels, compliance consciousness and recent histories of alleged or known noncompliant behavior. The annual risk-based plan should summarize this process by providing a listing of all significant compliance requirements and a summary assessment (e.g. high, moderate, low) of the risk of noncompliance. Based on the risk assessment, the plan should describe the institution's compliance activities that will reduce the risks to reasonably low levels.</i></p> <p><i>The effectiveness of the institutional compliance plan may be judged by documented evidence of restorative action (i.e. self-reporting of errors and repayment of monies received in error); and evidence of disciplinary action taken against employees found to have engaged in noncompliant behavior as well as those who improperly failed to detect such behavior.</i></p> <p><i>The annual risk-based plan must present detail of how a combination of employee training and awareness programs, monitoring mechanisms, and changes in policies and procedures will equip all employees to understand their compliance obligations, set clear expectations for appropriate employee behavior, and provide insight into the ramifications of noncompliance.</i></p>	<p>Compliance Liaison</p>	<p>June 2021</p>
<p>9. Establish functional liaisons and develop a support structure enough to ensure accomplishment of the plan for each activity that is deemed to be high risk (e.g. the already established medical billing and record keeping functions at medical components; health and safety; and NCAA, etc.)</p> <p><i>Implementation Guidance: While to a certain extent this may be a matter of coordinating existing resources and enhancing compliance-related activities, each risk area must have a formally established and documented compliance function to: obtain and disseminate information; develop and administer training; and monitor effectiveness. In many cases this may require the establishment of subcommittees each of which will focus on one high-risk area.</i></p>	<p>Executive Vice President of Finance and Administration/Chief Financial Officer with input from the Compliance Liaison and Institutional Compliance Committee</p>	<p>January 2021</p>

Action Item	Responsible Party	Due Date
<p>10. Ensure that appropriate general compliance training for all employees and specialized compliance training for employees whose job responsibilities involve them in high-compliance-risk activities are being provided on a regular basis and that attendance levels are acceptable.</p> <p><i>Implementation Guidance: Availability and attendance records are key monitoring data that should be provided to and considered by the Compliance Committee at every quarterly meeting.</i></p>	Compliance Liaison	June 2021
<p>11. Submit a quarterly report on compliance activities to the University of Toledo compliance liaison.</p> <p><i>Implementation Guidance: The quarterly report should compare progress to date with the annual risk-based plan and should indicate areas where additional emphasis is required. Instances where initial investigation indicates probable cause to suspect significant noncompliance should be communicated to the University of Toledo compliance liaison and the Office of General Counsel, if appropriate. The report format will be determined by the University of Toledo compliance liaison.</i></p>	Compliance Liaison	First quarterly report (for the quarter ending 6/30/21) is due by June 15, 2021
<p>12. Follow-up to determine that appropriate corrective, restorative and/or disciplinary action has been taken in the event of noncompliance.</p> <p><i>Implementation Guidance: The principal responsibilities of the Institutional Compliance Committee are: to ensure that compliance activities are appropriately risk-based; to continuously assess and assure the effectiveness of the program; to keep the University President and the Executive Vice President of Finance and Administration/Chief Financial Officer aware of compliance risks, activities, and findings; and to ensure that the dissemination of information regarding compliance matters is not restricted. The discharge of these responsibilities includes discussion of potential areas of noncompliance and ensuring that appropriate corrective, restorative, and disciplinary actions are taken in the event of noncompliance. If the compliance liaison believes that the appropriate administratively accountable party has not following relevant policies and procedures regarding corrective, restorative, and/or disciplinary action, then the compliance liaison should report his or her concerns to the Executive Vice President of Finance and Administration/Chief Financial Officer. At that point, the Executive Vice President of Finance and Administration/Chief Financial Officer is responsible for the appropriateness of the actions taken to resolve the compliance issue.</i></p>	<p>Institutional Compliance Committee</p> <p>Executive Vice President of Finance and Administration/Chief Financial Officer</p>	September 2021

Action Item	Responsible Party	Due Date
<p>13. Establish a confidential mechanism that allows employees to obtain information regarding compliance issues and/or report instances of suspected noncompliance outside of the normal chain of command and in a manner that preserves confidentiality and assures non-retaliation.</p> <p><i>Implementation Guidance: the most common and acceptable methods of providing such a mechanism are the establishment of a compliance telephone hotline or post office box in Finance and Administration and each University Division. The key elements of these confidential mechanism programs include written documentation of all notifications received; a prompt cross-functional consultation and triage function (generally involving high ranking representatives from legal affairs, police department, internal audit, and human resources areas) to determine the need for and nature of appropriate investigative action; follow-up to assure timely and appropriate resolution of issues; and documentation of the ultimate disposition of all calls received. It is critical that the Office of Legal Affairs and institutional counsel be initially and continuously involved in both establishing and maintaining this function.</i></p>	Compliance Liaison	January 2021
<p>14. Develop a compliance manual which provides documentation of management’s considerations of compliance, sets forth expectations and standards of conduct, and outlines methodologies to be employed to annually assess the effectiveness of the plan and each compliance liaison.</p> <p><i>Implementation Guidance: A manual should generally document the compliance structure; include copies of relevant documents, charters and policies; show examples of monitoring and reporting activities and forms; and document the process for evaluating Compliance Officers and for the Compliance Committee to annually self-assess its performance.</i></p>	Compliance Liaison Institutional Compliance Committee	January 2021
<p>15. Annually audit the design and the effectiveness of the compliance functions at the Institutional, Finance and Administration and University Divisional levels.</p> <p><i>Implementation Guidance: In its audit plan, Internal Audit should include audit(s) of the design and effectiveness of the compliance function both at the institutional level (Executive Director of Internal Audit and Chief Compliance Officer) and each University Division (Internal Audit staff). Based on the audit(s), recommendations for improvements should be made to the compliance liaison.</i></p>	Executive Director of Internal Audit and Chief Compliance Officer	Initial design audit to be completed by September 2021

Action Item	Responsible Party	Due Date
16. Summary information on hotline or post office box activities should be presented at every Compliance Committee meeting.	Compliance Liaison	First report in Third Quarter of fiscal 2021