



## Program Plan

The Office of Compliance & Ethics (Compliance & Ethics) is responsible for the coordination and management of all compliance and ethics activities at the University of South Florida (USF). Compliance & Ethics provides assurance to the USF Board of Trustees that such activities are reasonably designed, implemented, enforced, and effective in preventing and detecting violations of law, regulations and policies, as well as violations of ethical principles of conduct. Compliance & Ethics provides centralized, coordinated compliance oversight by utilizing risk assessments, compliance gap analyses, education and training, and monitoring and responding to reported issues.

All State University System institutions must develop and implement a compliance and ethics program by November 2018 under Florida Board of Governors Regulation 4.003. This regulation is based on the Federal Sentencing Guidelines (FSG), the Florida Code of Ethics for Public Officers and Employees (the "FCOE") and industry best practices. Organizations with effective compliance and ethics programs, as defined by the FSG, can be spared potential fines, in some cases up to 95% of potential fines, if they can demonstrate their exercise of due diligence in preventing and detecting criminal conduct; and otherwise promoting an organizational culture that encourages ethical conduct and a commitment to compliance with the law.

This program plan summarizes the current status of the Compliance & Ethics program as required under Board of Governors (BOG) Regulation 4.003, organized by prescribed "essential elements" under the Federal Sentencing Guidelines.

### **Element 1: Governance & High-Level Oversight**

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The **governance and high-level oversight** element of an effective compliance and ethics program refers to the board of trustees receiving reports about compliance program activities. Trustees must demonstrate knowledge and oversight of the program. A high-level person (a compliance officer who has proper authority and reporting responsibilities) must be designated to oversee the compliance & ethics program. USF addresses this element through the Board of Trustees Audit and Compliance Committee, Compliance & Ethics program, Chief Compliance Officer, Executive Compliance and Ethics Council, and Compliance Officers Workgroup.

#### A. Board of Trustees Audit and Compliance Committee

*Effective compliance and ethics programs have a **governing authority** knowledgeable about the content and operation of the compliance and ethics program. This governing authority exercises reasonable oversight with respect to*

*the implementation and effectiveness of the compliance and ethics program. [FSG Element 2A] Each board of trustees shall assign responsibility for providing governance oversight of the Program to the committee of the board responsible for audit and compliance. [BOG Regulation 4.003(3)]*

The Audit and Compliance Committee of the USF Board of Trustees serves as USF's governing authority for the Compliance & Ethics program. Members of this committee are appointed by the Chair of the USF Board of Trustees. This committee assists the Board in discharging its oversight responsibilities and oversees the following for USF and its direct support organizations:

- Internal control structure,
- Independence and performance of internal and external audits and corrective action plans,
- Integrity of information technology infrastructure and data governance,
- Independence and effectiveness of the compliance and ethics program,
- Compliance with applicable laws and regulations,
- Standards for ethical conduct,
- Risk mitigation, and
- Internal investigative processes.

## B. Compliance & Ethics Program

*Each board of trustees shall implement a university-wide compliance and ethics program (Program) as a point for coordination of and responsibility for activities that promote ethical conduct and maximize compliance with applicable laws, regulations, rules, policies, and procedures. [BOG 4.003(1)]*

Compliance & Ethics was established in 2007 with the appointment of a Chief Compliance Officer, who was charged by the USF President and Board of Trustees to create and maintain an effective compliance & ethics program based on best-practices to prevent, monitor, detect, and respond to non-compliance and recommend corrective actions to fully meet regulatory requirements. Compliance & Ethics is responsible for the coordination and management of all USF compliance and ethics activities. As such, Compliance & Ethics serves as a central point for coordination of and responsibility for activities promoting ethical conduct and maximizing compliance with applicable laws, regulations, rules, policies, and procedures. Compliance & Ethics provides assurance to the Board that such activities are reasonably designed, implemented, enforced, and effective in preventing and detecting violations of law, regulations, and policies, as well as violations of ethical principles of conduct.

*The mission* of Compliance & Ethics is to create, support, and promote a system-wide culture of compliance, ethics, and accountability as required by Chapter 8, Part B,

Section 2(b) of the FSG and BOG Regulation 4.003. The *vision* is for USF to demonstrate and maintain preeminence—via our institution’s commitment to a culture of compliance and ethics throughout all levels of our organization.

### C. Chief Compliance Officer

*High-level personnel of the organization ensure that the organization has an effective compliance and ethics program. A specific individual within high-level personnel is assigned overall responsibility for the compliance and ethics program. [FSG Element 2B]*

*Each university, in coordination with its board of trustees, shall designate a senior level administrator as the chief compliance officer. The chief compliance officer is the individual responsible for managing or coordinating the Program. Universities may have multiple compliance officers; however, the highest ranking compliance officer shall be designated the chief compliance officer. [BOG 4.003(4)]*

The USF Chief Compliance Officer (CCO) is ultimately responsible for the Compliance & Ethics program. The CCO reports functionally to the Board of Trustees Audit and Compliance Committee and administratively to the USF President.

To ensure that the program has the capabilities to perform its assigned responsibilities and duties, the CCO is responsible for the following:

- Maintaining a professional staff with sufficient size, knowledge, skills, and experience to ensure an effective program,
- Utilizing approved third-party resources as appropriate to supplement programmatic efforts,
- Communicating routinely with the Board of Trustees and USF President regarding program activities and perform assessments of the program with changes and improvements where necessary, and
- Developing and updating this plan.

### D. Executive Compliance and Ethics Council

The Executive Compliance and Ethics Council (ECEC) serves as the oversight committee for operational issues concerning the Compliance & Ethics program. The Council’s primary role is advising the USF President on appropriate system responses to major cross-jurisdictional compliance gaps, including determination of “risk ownership”, mitigation strategies, and resource implications.

The ECEC is chaired by the Senior Vice President for Business and Financial Strategy. The Council is comprised of the following individuals:

- Senior Vice Provost and Dean, Office of Graduate Studies
- Vice President, Student Success
- Senior Associate Vice President and Chief Financial Officer, USF Health
- Vice President and Chief Operating Officer, USF Foundation
- Vice President, Business & Finance and Chief Financial Officer
- Chief Information Officer
- Chief Compliance Officer
- Executive Director/Chief Internal Auditor
- Associate Vice President, Research & Innovation
- General Counsel

The ECEC meets at the call of the Chair and is provided staff support by the Associate Compliance Officer and the Compliance Officers Workgroup. The CCO is responsible for keeping the Audit and Compliance Committee informed as to the activities of the ECEC.

#### E. Compliance Officers Workgroup

*The Program may designate compliance officers for various program areas throughout the university based on an assessment of risk in any particular program or area. If so designated, the individual shall coordinate and communicate with the chief compliance officer on matters relating to the Program. [BOG 4.003(7)(d)]*

The Compliance Officers workgroup is composed of senior compliance officers in all “high-risk” compliance units within USF. Pursuant to the Compliance & Ethics charter, workgroup members are designated as “Accountable Reports” to the CCO, the terms of which are outlined in memoranda by the USF President. The workgroup is chaired by the CCO and is comprised of the following individuals:

- Senior Director, Research Integrity & Compliance
- Senior Associate Director of Athletics, Compliance
- Chief Human Resources Officer
- Director, Professional Integrity Program, USF Health
- Chief Information Security Officer
- Director, Equal Opportunity and Compliance
- Director, Environmental Health and Safety
- Other compliance officers as designated by the USF President

The Compliance Officers workgroup assists the CCO in maintaining an effective and broad-based program designed to prevent, monitor, and detect areas of non-

compliance and, when necessary to fully meet compliance requirements, recommends corrective actions. The CCO may also include compliance officers from other risk areas as ex-officio members to assist the workgroup in its efforts.

## Element 2: Establish Standards of Conduct, Policies, & Procedures

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The **establish standards** element of an effective compliance and ethics program refers to maintaining and publishing policies, procedures, and a code of conduct that addresses the risks of doing business and the expectations for the conduct of the workforce. [*Compliance Makes A Difference*, SCCE, 2014]. Under the FSG and BOG regulation, this element is expressed as follows:

*The organization shall establish standards and procedures to prevent and detect criminal conduct. [FSG Element 1]*

*The Program shall be...reasonably designed to optimize its effectiveness in preventing or detecting noncompliance, unethical behavior, and criminal conduct, as appropriate to the institution's mission, size, activities, and unique risk profile. [BOG 4.003(2)(a)]*

USF establishes, maintains, and publishes policies which address the risks of doing business. USF policies and regulations are published in a searchable, online database maintained by Office of the General Counsel. Procedures for core business processes are available via the Online Business Processes Library, available to USF faculty, staff, administration, and temporary employees (“USF employees”) through the *myUSF* portal.

The foundational standard of conduct for USF employees is the FCOE, Section 112.313 of the Florida statutes. Under the FCOE, USF employees are prohibited or restricted from engaging in certain activities that create, or have the potential to create, a conflict of interest or conflict of commitment between their personal interests and the public responsibilities of our university. All USF employees are public employees of the State of Florida and, therefore, are subject to the provisions of the FCOE. Guidance for USF employees regarding compliance with the FCOE and related standards of conduct are provided in USF Policy 0-027. This policy also proscribes employees’ disclosure and acknowledgment requirements concerning matters covered under the FCOE.

These established standards ensure the efficiency and effectiveness of our operations while addressing the intrinsic risks of doing business; and set expectations for USF employee conduct.

## Element 3: Create a Fair and Ethical Culture

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The **create a fair and ethical culture** element of an effective compliance and ethics program involves establishing incentives tied to performance for the workforce, including leadership, to help create a tone where “doing the right thing” is evaluated and rewarded. Under the FSG and BOG regulation, this element is expressed as follows:

*The organization’s compliance and ethics program shall be promoted and enforced consistently throughout the organization through (A) appropriate incentives to perform in accordance with the compliance and ethics program; and (B) appropriate disciplinary measures for engaging in criminal conduct and for failing to take reasonable steps to prevent or detect criminal conduct.*

*[FSG Element 6]*

*The Chief Compliance Officer shall...promote and enforce the Program, in consultation with the president and board of trustees, consistently through appropriate incentives and disciplinary measures to encourage a culture of compliance and ethics. Failures in compliance or ethics shall be addressed through appropriate measures, including education or disciplinary action.*

*[BOG 4.003 (7)(g)9]*

Institutions must ensure that their workforce adhere to the institution’s policies and procedures with respect to internal controls and compliance, including adherence to high ethical standards. As a starting point, our institutions’ compliance and internal controls infrastructure must be strong enough to underpin these incentives. Compliance “happens” when employees *understand* their obligations, are *able* to meet their obligations, and are *willing* to comply. Incentives impact risk. Institutions can better incentivize employee compliance via their risk and compliance controls in several ways:

- Be clear about expectations.
- Reward managers who achieve compliance.
- Reward managers who cultivate a culture of compliance.
- Make strong compliance an advertised goal.

All USF and related-entity employees are responsible for detecting and reporting known or suspected waste, fraud, or financial mismanagement. This responsibility also extends to business entities conducting business with USF. Our institution strives to identify and promptly investigate any possibility of wasteful, fraudulent, or related dishonest activities against USF or its students and employees; and to take appropriate disciplinary or legal action. Anyone found to have engaged in wasteful or fraudulent conduct, including financial mismanagement, are subject to disciplinary action up to and including dismissal or expulsion and civil or criminal prosecution under USF Regulation USF5.001. USF employees who deliberately, willfully, and knowingly make false accusations are subject to disciplinary action up to and including dismissal.

## Element 4: Open Lines of Communication

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The **open lines of communication** element of an effective compliance and ethics program refers to establishing an anonymous or confidential reporting line/hotline for misconduct and surveying the workforce for feedback. Under the FSG and BOG regulation, this element is expressed as follows:

*The organization shall take reasonable steps to have and publicize a system, which may include mechanisms that allow for anonymity or confidentiality, whereby the organization's employees and agents may report or seek guidance regarding potential or actual criminal conduct without fear of retaliation. [FSG Element 5C]*

*The Program shall require the university, in a manner which promotes visibility, to publicize a mechanism for individuals to report potential or actual misconduct and violations of university policy, regulations, or law, and to ensure that no individual faces retaliation for reporting a potential or actual violation when such report is made in good faith. If the chief compliance officer determines the reporting process is being abused by an individual, he or she may recommend actions to prevent such abuse. [BOG 4.003(7)(e)]*

USF Regulation USF5.001 assigns responsibility to all levels of USF management, their employees, and related-entity employees to prevent, detect, and report waste, fraud, financial mismanagement, or other violations of USF policy or regulation. These responsibilities are assigned as described below:

**USF management** must be familiar with the types of improprieties that may occur in their areas of responsibility and must be alert for any indication of wasteful, fraudulent, or dishonest acts. "Risk ownership" for such activities resides with each USF vice president or chancellor; therefore, each is responsible for ensuring a system of internal controls is established and maintained which provides reasonable assurance that improprieties are prevented within their respective area. USF management is also required to establish and follow internal controls necessary for their operations.

**USF and related-entity employees** are required to immediately report suspected wasteful, fraudulent, or dishonest acts which are suspected, observed, or made known to them. USF and related-entity employees must either anonymously report the acts in EthicsPoint, our anonymous reporting hotline, or to their supervisor. When there is a known or suspected conflict of interest with the entity to whom the regulation directs the employee to report, then the regulation provides alternative individuals or units to whom the employee must report.

EthicsPoint—a third party hosted hotline—enables USF employees to safely, securely, and anonymously report activities which may involve misconduct, fraud, abuse, and other violations of USF policies. EthicsPoint may be accessed online or by contacting the hotline by telephone. The CCO is responsible for the management of EthicsPoint. In addition to

anonymous reporting in EthicsPoint, USF provides its employees with a confidential resource via ombuds with whom they can discuss concerns regarding their experience at our institution and explore alternatives for how to best address those concerns. Our ombuds provide independent, impartial, informal, and confidential professional resources to our employees.

The USF Ombuds Office provides ombuds services to all USF employees. The Ombuds Office at USF St. Petersburg (USFSP) provides ombuds services to faculty, staff, administration, and temporary employees at USFSP.

USF publicizes EthicsPoint and employee ombuds services via the following mechanisms:

- Including EthicsPoint, Ombuds Office, Regulation USF5.001, and USF Policy 0-027 education and training in the Compliance & Ethics portion of New Employee Orientation,
- Displaying EthicsPoint posters prominently throughout our campuses, and
- Including EthicsPoint information as part of the training component of the FCOE disclosure form, completed annually by the following USF employee position types: all faculty; all administration employees; and any staff or temporary employees issued a procurement card or role in FAST, our financial system.

## **Element 5: Education and Training**

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The **education and training** element of an effective compliance and ethics program refers to conducting training programs that cover regulatory requirements, the roles of the workforce, and areas of risk. Under the FSG and BOG regulation, this element is expressed as follows:

*The organization shall take reasonable steps to communicate periodically and in a practical manner its standards and procedures, and other aspects of the compliance and ethics program, to members of the governing authority, high-level personnel, substantial authority personnel, the organization's employees, and, as appropriate, the organization's agents by conducting effective training programs and otherwise disseminating information appropriate to such individuals' respective roles and responsibilities. [FSG Element 4]*

*University employees and board of trustees' members shall receive training regarding their responsibility and accountability for ethical conduct and compliance with applicable laws, regulations, rules, policies, and procedures. The Program plan shall specify when and how often this training shall occur. [BOG 4.003(7)(b)]*

USF employees receive training regarding their responsibility and accountability for ethical conduct and compliance with applicable laws, regulations, rules, policies, and procedures. This training occurs as described below.



## A. Compliance and Ethics Training for New Employees

Compliance & Ethics delivers compliance and ethics training to new USF employees as part of employee onboarding programs administered by the Division of Human Resources. All new administration and staff employees are encouraged to attend orientation, called “Welcome to USF”. At USF Tampa, these sessions are held every two weeks and coincide with USF Tampa’s new administration and staff employee hiring cycles. At USF St. Petersburg, these trainings are held periodically throughout the year, the frequency of which is based on the volume of new hires. At USF Sarasota-Manatee, this information is provided as part of new employees’ one-on-one orientation with their HR department, due to the low volume of new hires relative to the Tampa and St. Petersburg campuses.

## B. Compliance and Ethics Training for Current Employees

Certain USF employees are required to complete an annual FCOE disclosure in eDisclose, our online disclosure and review system. This annual disclosure includes FCOE, nepotism, and outside activity training as well as a mechanism for the disclosure, review, and, when warranted, implementation of mitigation strategies for potential and actual conflicts of interest under the FCOE or USF Policy 0-027. An annual FCOE disclosure is required of the following employee position types, which equates to approximately 6,700 employees each year:

- All current Faculty
- All current Administration employees
- All current Staff employees issued a procurement card (PCard) or FAST role.
- All current temporary employees issued a PCard or FAST role.

Compliance & Ethics does not provide compliance and ethics training to new staff or temporary employees who do not have a financial role for USF; that is, they have not been issued a PCard or FAST role.

## C. Compliance and Ethics Training for Board of Trustees

Members of the Board of Trustees receive compliance training regarding their responsibility and accountability for ethical conduct and compliance on an annual basis or at the request of the Chair.

## **Element 6: Detection, Remediation, and Enforcement**

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The **detection, remediation, and enforcement** element of an effective compliance and ethics program refers to screening employees to ensure they have not been involved in criminal activity, establishing sanctions for non-compliance with organizational standards and the law, taking immediate action to address misconduct, and making corrective actions to prevent recurrence. Under the FSG and BOG regulation, this element is expressed as follows:

*The organization shall use reasonable efforts not to include within the substantial authority personnel of the organization any individual whom the organization knew, or should have known through the exercise of due diligence, has engaged in illegal activities or other conduct inconsistent with an effective compliance and ethics program. [FSG Element 3]*

*After criminal conduct has been detected, the organization shall take reasonable steps to respond appropriately to the criminal conduct and to prevent further similar criminal conduct, including making any necessary modifications to the organization's compliance and ethics program. [FSG Element 7]*

*The university shall use reasonable efforts not to include within the university and its affiliated organizations individuals whom it knew, or should have known (through the exercise of due diligence), to have engaged in conduct not consistent with an effective Program. [BOG 4.003(8)]*

As part of its efforts to create a safe work and study environment, USF requires a criminal history background check be conducted on prospective employees as a condition of employment under USF Policy 0-615 as follows:

**Level 1 background checks** are performed on all prospective employees as a condition of employment. A “Level 1 background check” is a background check that includes an employment history check, a nationwide criminal history background check through validated national database sources, and a check of the National Sex Offenders Public Website. It may also include a local criminal record check through local law enforcement agencies.

**Level 2 background checks** are performed on prospective employees where required by law or internal procedure. A “Level 2 background check” is a background check that includes a state or national fingerprint-based check in addition to the requirements of a Level 1 background check.

Current employees must report any conviction which occurs during their employment with USF to Human Resources. Human Resources may authorize a criminal history background check on current employees if required by law or if there is a reasonable belief that the employee has been convicted of a crime without reporting it to Human Resources. Where

required by law, administrative rule, internal procedure, or administrative requirement or mandate, periodic Level 2 background check rescreens may be performed. If a criminal history background check on a current employee reveals any conviction of a felony or first degree misdemeanor, the individual will be separated from employment, unless the individual shows that the report is in error.

## **Element 7: Risk Assessment, Audit, & Monitoring**

The **risk assessment, audit, and monitoring** element of an effective compliance and ethics program refers to finding and evaluating operational and organizational risks and taking steps to minimize those risk areas. This element includes ongoing testing of controls established to minimize risks and ensure controls are working. Under the FSG, this element is expressed as follows:

*The organization shall take reasonable steps—to ensure that the organization's compliance and ethics program is followed, including monitoring and auditing to detect criminal conduct. [FSG Element 5(A)]*

### **A. Enterprise-Wide Risk Assessments**

Every three years since 2011, Compliance & Ethics has coordinated and facilitated an enterprise-wide risk assessment for USF as part of the Enterprise Risk Management (ERM) program. ERM is an institution-wide or holistic approach to risk management. “Risk Management” is a process that defines how our organization does the following:

- Identifies risks to the achievement of goals and objectives,
- Measures the significance of each identified risk,
- Determines the most appropriate business response to each risk, and
- Evaluates and reports on how well the chosen responses are carried out.

A USF-level risk assessment is performed by upper-level management and their teams via the following actions:

- Define the major activities their area performs to achieve goals and objectives,
- Identify the essential processes used in each major activity, and
- Rank each process with respect to its impact on the achievement of goals and objectives and the probability the process will fail to contribute to that achievement.

### **B. Auditing and Monitoring Risks**

The Office of Internal Audit (Internal Audit) is available to consult with USF management to assist in establishing effective internal controls and recognizing improper conduct. As part of their annual work plan, Internal Audit performs audits

which test internal controls established by USF management. When deficiencies through such testing are found, Internal Audit collaborates with USF management in developing actionable steps to implement effective internal controls which are consistent with applicable federal or state law, USF policies and procedures, and industry best practices. Internal Audit then follows up with management to verify the corrective and preventative measures are implemented in a timely fashion. Compliance & Ethics is available to perform compliance reviews, risk assessments, and other consulting projects when compliance gaps are known or suspected. Compliance gaps can arise when USF has no known internal controls or the existing controls are not consistent with the law or industry best practices. Such reviews, assessments, and projects performed by Compliance & Ethics aim to bring the process or unit into compliance and, thereby, mitigate risk to the institution.

All USF employees with compliance responsibilities, particularly those in high-risk areas, are responsible for monitoring their unit's internal controls. Monitoring involves pointing out errors, omissions, exceptions, and inconsistencies in procedures, and working with their team members to implement corrective and preventative measures. In this way, unit compliance officers assist the CCO in maintaining an effective and broad-based program designed to prevent, monitor, and detect areas of non-compliance and, when necessary to fully meet compliance requirements, implement corrective action.

## **Element 8: Assessment of Effectiveness**

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The **assessment of effectiveness** element of an effective compliance and ethics program refers to evaluating the compliance program elements and how well they are being met. Under the FSG and BOG regulation, this element is expressed as follows:

*The organization shall take reasonable steps—to evaluate periodically the effectiveness of the organization's compliance and ethics program. [FSG Element 5B]*

*The Program shall address the following components... The president and board of trustees shall be knowledgeable about the Program and shall exercise oversight with respect to its implementation and effectiveness. The board of trustees shall approve a Program plan and any subsequent changes. A copy of the approved plan shall be provided to the Board of Governors. [BOG 4.003 (7)(a)]*

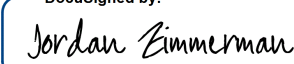
*The Chief Compliance Officer shall... report at least annually on the effectiveness of the Program. Any Program plan revisions, based on the chief compliance officer's report shall be approved by the board of trustees. A copy of the report and revised plan shall be provided to the Board of Governors. [BOG 4.003 (7)(g)8.]*

Under BOG Regulation 4.003, the CCO is required to provide an annual USF Compliance & Ethics program report (Annual Report) on the effectiveness of the program to the Board of Trustees. Any program plan revisions, based on the CCO's Annual Report, must be approved by the Board of Trustees. Copies of the Annual Report and revised program plan are provided to the Board of Governors.

## **Program Plan: Preparation, Review, & Approval**

The Board of Trustees shall approve a program plan and any subsequent changes. A copy of the approved plan shall be provided to the Board of Governors. [BOG 4.003(7)(a)]

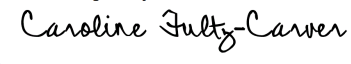
The CCO and Compliance & Ethics staff are responsible for developing and implementing the Compliance & Ethics program plan. The CCO is responsible for routinely communicating to the Board of Trustees and USF President regarding program activities and providing an annual report on the effectiveness of the program. Any program plan revisions, based on the CCO's routine or annual reporting, shall be reviewed and approved by the Board of Trustees. A copy of the approved program plan and any subsequent changes shall be provided to the Florida Board of Governors.

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Jordan B. Zimmerman, Chair, USF Board of Trustees

Approved on: 10/15/2020

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Steven C. Currall, USF President

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Caroline B. Fultz-Carver, Chief Compliance Officer

Approved on: 9/25/2020