

## 2012 Challenge Corporate Compliance Plan

### Introduction

Challenge has established a Corporate Compliance Plan tailored to the agency's principal lines of business. Challenge will transact its business in compliance with the laws of the jurisdiction in which it does business, including local, state and federal jurisdictions. We are dedicated to managing and operating Challenge's service programs and business operations in keeping with the highest of business, ethical and moral principles. Each Employee, Board Member, Contractor and other Affiliates contributes to achieving these principles by conducting business activities with integrity and high ethical standards. Supervisors and Managers also contribute to achieving these principles through supervisory and management practices, by exercising good leadership, and by being a good example in creating and promoting a workplace environment in which compliance and ethical business conduct are expected.

### *Organization Overview*

Challenge, a not-for-profit community rehabilitation agency, was founded in 1968 to offer employment and placement opportunities to individuals who face barriers to employment. Beginning with what used to be known as a sheltered workshop, Challenge has matured to become an agency that serves a very wide range of individuals whose abilities are successfully employed by a large number of businesses, agencies, and institutions in Tompkins County and surrounding counties. Challenge has also used its entrepreneurial spirit to expand and add to its own small businesses that offer integrated employment opportunities. While Challenge has grown, the fundamental mission has remained constant. It is our belief that every individual has the capacity to contribute to the community and as we contribute, we grow. Challenge is in the business of helping individuals to utilize their strengths.

***Our Mission:*** Challenge is dedicated to supporting individuals with disabilities and other employment barriers in developing their skills, interests and talents to meet the ever-changing needs of today's workplace and be productive and contributing members of their community.

***Our Vision:*** To be the leader in building partnerships between people experiencing barriers and the community by creating innovative career options ,workforce solutions, and opportunities for meaningful participation.

### *Service Programs:*

- Direct Placement
- Long Term Sheltered Employment
- Medicaid Service Coordination
- Pre-Vocational/Day Habilitation
- Supported Employment
- Welfare to Work Programs

Challenge also operates a number of small businesses and contracts with local employers that provide employment to workers with disabilities, individuals transitioning from welfare to work, and other individuals with barriers to employment.

### ***Compliance Program Elements***

Our Corporate Compliance Program consists of eight key elements as well as a wide array of policies and procedures that address critical risk areas to guide our best efforts to operate under ethical and legal standards. These key areas are:

1. Leadership and Structure
2. Written Standards
3. Education and Training
4. Supporting Communication and Participation in the Corporate Compliance Program
5. Screening, Auditing and Monitoring
6. Enforcing Standards through Discipline
7. Responding to Detected Problems
8. Evaluation, Monitoring and Updating the Corporate Compliance Program

Each of these elements is described below, including a list of related policies and procedures with links.

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## **1. Leadership and Structure**

Challenge is committed to the operation of an effective compliance program and has assigned compliance oversight responsibilities to staff at the senior management level. The Director of Development and Quality Assurance serves as the Compliance Officer and is charged with the responsibility for developing, operating, and monitoring the compliance program. The Compliance Officer investigates compliance concerns and reports compliance concerns directly to the President and Challenge Board of Directors. The Compliance Officer has the ability to effectuate change within the organization and to exercise independent judgment. The Compliance Officer reports directly to the President of Challenge.

The Compliance Associate will assist the Compliance Officer in carrying out his/her roles and responsibilities. These responsibilities will include providing assistance in developing and reviewing policies, keeping abreast of changes in state and federal regulations and statutes, providing training to staff, developing and implementing internal auditing processes, and serving as a point of contact for reporting allegations of violations in the absence of the Compliance Officer. The Compliance Associate reports to the Compliance Officer.

The Human Resources Associate is responsible for managing personnel matters in conjunction with senior management. Depending on the nature of a corporate compliance issue, either the

Corporate Compliance Officer or Human Resources Department will take a lead role in coordinating the investigation. In instances where the corporate compliance issue involves a personnel matter, the Human Resources Associate, in consultation with the Compliance Officer and other senior management, will be responsible for investigating and carrying out appropriate disciplinary action for violation of Challenge Policies and Procedures. The Human Resources Associate reports directly to the President of Challenge.

The Senior Management Group consisting of the President, Vice President/Director of Finance, Director of Services, Director of Development, Social Enterprise Director, and Director of Program Development and Quality Assurance/Corporate Compliance Officer) provide the Corporate Compliance Officer with a weekly forum in which to identify and review compliance concerns.

The Audit/Compliance Committee of the Board of Directors comprised of representatives from the for-profit and not-for-profit business sectors also meets quarterly and provides oversight and advisement to the Compliance Officer, Finance Director and the agency on compliance issues that arise from state program and fiscal audits, suspected fraud, and other issues related to compliance with Medicaid, Department of Labor, HIPPA/Confidentiality and other state and federal regulations. The Human Resources Committee also plays a key role in Corporate Compliance in conducting periodic reviews of key policies related to compliance and keeping the agency abreast of changes in personnel related legal and regulatory changes. The minutes from the Audit/Compliance Committee meetings are presented and discussed at Board of Directors meetings. This structure and process ensures that the full Board of Directors is included as an integral part of the Corporate Compliance Plan and will exercise oversight with respect to the implementation and effectiveness of the Corporate Compliance Plan. The committee works with the Compliance Officer to complete an annual review of Challenge's Corporate Compliance Plan, with a report given to the President and Board of Directors for review.

## **2. Written Standards**

Challenge has developed written compliance policies, procedures and practices that guide Challenge and the conduct of our Employees, Contractors, Board of Directors, and other Affiliates. Our compliance philosophy is expressed within this Corporate Compliance Plan and related documents, including our Code of Conduct and our policies and procedures related to service provision, business operations, human resources and fiscal management. These policies and procedures have been developed under the direction and supervision of our Compliance Officer, Human Resources Associate, Challenge Senior Management, Finance/Compliance Committee, Human Resources Committee, and Legal Counsel. Collectively, these documents establish standards and procedures that must be followed by Challenge Employees, Contractors, Board of Directors, and other Affiliates. Understanding and following these standards will reduce the prospect of unethical, illegal and criminal conduct.

*Statement of Ethical Conduct* reflects our tradition of caring and provides guidance to ensure our work is done in an ethical and legal manner. This document establishes the shared common values and culture and guidance for our day to day actions. Challenge provides each Employee, Board Member, Contractor, and Affiliate with a copy of these this document and reviews this as part of orientation. All Employees, Contractors and Affiliates that will have significant unsupervised contact with service participants are provided orientation by Human Resources on specific policies that provide further clarification on expectations for professional and ethical conduct including Code of Conduct Policy, Confidentiality Policy and related policies and are required to sign an acknowledgement that he or she understands and will adhere to these guidelines, along with other Challenge policies and procedures. In addition, Board Members and Senior Management are required to complete a Conflict of Interest/Related Party Questionnaire on an annual basis.

## **Statement of Ethical Conduct**

### **Ethical Attitude**

We are committed to the highest ethical standards. We will exhibit those standards to our customers, the agencies which fund us, and the people we serve.

### **Conflicts of Interest**

We will avoid pursuing personal gain in conflict with the interests of Challenge or the people we serve.

### **Abuse of Position and Harassment**

We will maintain an Environment that fosters respect for the dignity of all people. We will not tolerate using a position of authority to influence others to perform inappropriate acts.

### **Laws, Regulations and Policies**

We will comply with all laws, rules and regulations that apply to us. We will comply with all relevant Challenge policies and procedures.

### **Use of Resources**

We will use all property and other resources of Challenge for their intended purpose, for the good of the organization and the people we serve. We will not tolerate theft or misuse of property for personal purposes.

### **Protection of Confidential Information**

We will respect all confidential information to which we are exposed and use it only for the purposes for which it is intended. We will protect Challenge's proprietary information and access to Challenge's facilities and computer system. We will protect the personal health information of the people we serve.

## **Reporting Violations**

We will report violations of the law, regulation, Challenge policy or procedure to the appropriate party. We will not tolerate retaliation against any staff member who reports a violation.

***Related Policies and Procedures:*** Challenge has established policies and procedures to address a variety of potential risk areas, including the risk of liability under several fraud and abuse statutes and regulations. These policies and procedures are part of a comprehensive framework of compliance controls that exist throughout Challenge. In particular, Challenge has developed and implemented significant policies and procedures to reduce and eliminate the potential risks identified by the New York State Office of Medicaid Inspector General and Office of People with Developmental Disabilities with regards to Medicaid Compliance.

Challenge will review, revise and develop new policies and procedures, as necessary, to ensure that Challenge operations are conducted with “best practices.” These policies and procedures cover billings and payments, medical necessity and quality of care, governance, mandatory reporting, criminal background, credential and other background screening of employees, and other risk areas associated with personnel practices, environmental health and safety and business and fiscal operations. Below are a list of key policies and procedures that together with this document comprise Challenge’s Corporate Compliance Plan. All policies can be accessed through Challenge’s website [www.aboutchallenge.org](http://www.aboutchallenge.org) by clicking on Challenge Policies at the bottom of the home page.

Accounting Policies and Procedures

Attendance and Punctuality Policy

Automobile Usage Policy

Capital Expenditure Policy

Credit Card Use Policy

Code of Conduct Policy

Confidentiality Policy

Conflict of Interest Policy and Form

Criminal Background Check Policy

Disciplinary Policy

Dish Room Day Rate Policy

Document Retention Policy

Emergency and Accident Policy

Fire and Disaster Procedures

Finger Lakes Fresh

- Maintenance & Contractor Requirements
- Paid Time Off Policy
- Visitor Guidelines
- Worker Handbook

Gadabout Contract Agreement

H1N1 Flu Policy

HCBW Services Policies and Procedures

HIPAA Policies:

- Consumer Notice of Privacy Policies
- Implementation of Security Rules
- Privacy Policy
- Staff Notice of Privacy Practices
- Standards for Protecting Information/Staff Offices

Family and Medical Leave Policy

Incident Reporting Policy

Internet, E-mail and Computer Policy

Investment Policy

Mileage Policy

NYS Sales Tax Refund Policy

OPWDD Enrollment Policy

OPWDD Oversight Policy and Procedures

Personnel Policies and Procedures

Resigning Staff Procedures

Resignation, Layoff, Discharge Policy

Services Documentation Procedures 2010/2011

Sexual Harassment Policy

TBSW Policy

Travel Policy

Violence in the Workplace Policy

Whistle Blower Protection Policy

Work Center Dress Code

### **3. Education and Training**

Compliance training is a critical element of Challenge's Corporate Compliance Program. All Employees, Contractors and, as applicable, other Affiliates such as interns and volunteers, take part in mandatory training on Challenge's policies and procedures as part of initial orientation and through ongoing staff development. This training provides individuals with the knowledge and guidance to conduct business in an ethical, legal manner and in conformance with Challenge's mission, standards of conduct and Corporate Compliance Plan. During orientation, New Employees, Contractors, and other Affiliates are provided an overview of key policies and procedures contained in the Staff Policies and Procedures Handbook, Statement of Ethical Conduct, HIPPA and Confidentiality Policies, Conflict of Interest and Internet Use polices. All employees are required to sign an acknowledgement of receipt of the Staff Policies and Procedures Handbook and other previously named policies. Challenge's Compliance Plan and all associated policies are available to all Board Members, staff, contractors and the general public on Challenge's website [www.aboutchallenge.org](http://www.aboutchallenge.org). Additional training is provided through the

individual's supervisor and department, specific to the roles and responsibilities of the position. New Board Members also receive an orientation package and review of key agency policies tailored to their role and responsibilities.

Separate from the orientation by human resources and supervisor/department training, all new Employees, Contractors, Board Members and Affiliates (as appropriate) take part in specific training on Challenge's Corporate Compliance Plan. Training topics include:

- Understanding Medicaid and other State/Federal Reimbursement Principles
- Federal and New York State False Claims Acts
- Federal Deficit Reduction Acts
- NYS Office of Medicaid Inspector General and OWPDD Compliance Programs
- Whistleblower Protections and Non-Retaliation Policy
- Conflict of Interest
- How to Report Suspected Fraud or Other Non-Compliance
- Avoiding Common Documentation and Billing Errors
- Agency Polices and Procedures to Identify, Address and Prevent Fraud and Abuse
- Part 624 Incident Reporting

Challenge requires that all Challenge Employees, Contractors, Board Members and Affiliates (as appropriate) sign an acknowledgement confirming they have been provided with a copy of the Corporate Compliance Plan (or can access the plan on-line), understand that they are required to adhere to the plan and all associated policies and procedures, and must attend annual training as a condition of their employment/involvement with Challenge.

In addition, Services Department Employees receive extensive training on service provision and documentation requirements. All Services Department Employees receive and sign a Services Documentation Agreement on a yearly basis that identifies specific timelines and procedures for completion of documentation, and consequences for non-compliance.

Challenge regularly reviews and updates its training programs, and identifies additional areas of training on an "as needed" basis to inform about changing regulations or address specific situations that have taken place at Challenge. Periodic trainings and information sharing are offered through departmental meetings, in-service training, e-mails, and notices attached to paychecks. Annual review training on Challenge's Corporate Compliance Plan is provided to ensure that everyone maintains a solid working knowledge of his or her responsibilities under the plan. All Challenge Employees, Contractors, Board Members, and Affiliates (as appropriate) are required to submit an updated Corporate Compliance Plan acknowledgement and compliance form upon completion of annual training.

Challenge administration and employees regularly attend regional and state forums hosted by funding agencies and hold membership in trade organizations such as New York State Rehabilitation Association, New York State Association of Day Programs and the Financial Management Association to stay abreast of new laws, regulations and activities related to

corporate compliance. Challenge's Audit/ Compliance and Human Resources Committee members are additional sources of information and guidance in analyzing and responding to changing compliance requirements and responsibilities.

#### **4. Supporting Communication and Participation in the Compliance Program**

The effectiveness of our Corporate Compliance Plan depends on the willingness and commitment of Employees, Contractors, Board Members and Affiliates in all parts and all levels of the agency to step forward, in good faith, with questions and concerns. Challenge is committed to fostering dialogue between Management and Employees. Our goal is that all Employees, whether seeking answers to questions or reporting instances of fraud and abuse, will know who to turn to for a meaningful response and should be able to do so without fear of retribution.

##### ***Reporting Allegations of Fraud, Abuse or other Non-Compliance***

Each employee has a responsibility to report through our compliance processes any activity by any Challenge Employee, Contractor, Board Member or Affiliate that appears to violate applicable laws, rules, regulations, accreditation standards, standards of ethical practice, or the Corporate Compliance Plan. This includes, but is not limited to, reporting incidents and allegations of abuse involving service participants, discrimination or creation of a hostile work environment, lack of compliance with Department of Labor, OSHA or other health and safety issues, and suspected Medicaid or other funding fraud or abuse. These reports may be made in person, in writing, or over the phone and can be made anonymously.

It is best practice, when one is comfortable and thinks it appropriate under the circumstances, for concerns to be raised first with one's supervisor. All Challenge Employees, Contractors, Board Members and Affiliates are strongly encouraged to bring any and all concerns to the attention of the Compliance Officer, either immediately upon learning of the potential problem, or upon determining through meeting with their supervisor that their concerns have not been satisfactorily or completely addressed. Concerns can also be raised with other Senior Management or the Human Resources Associate. If the suspected violation is on an organization-wide level or by Senior Management, the report of wrong doing should be made to the Chair of the Board of Directors. Report of suspected fraud or other compliance problems can also be made anonymously to the Compliance Officer or Challenge President by mail or placing a sealed envelope in their respective mailboxes.

An employee need not be absolutely certain that a violation has occurred before making a report; reasonable belief that a violation has occurred is sufficient. Reporting enables Challenge to investigate potential problems quickly and to take prompt action to deal with them.

We are committed to making every effort to maintain, within the limits of the law, that the identity of any individual who reports a concern in good faith will be kept confidential.

## ***Whistleblower Protection Policy***

It is Challenge's policy to protect any Employee, Contractor, Board Member or Affiliate from any kind of retaliation for reporting any wrong-doing. Challenge shall not retaliate in any way, nor tolerate personal retaliation by any of its Employees, Management, Contractors, Board Members or Affiliates. It is Challenge's policy to protect the above individuals from any kind of interference with a report of wrong-doing to the appropriate person. Supervisors may not prevent reporting of wrong-doing nor influence their attempt to report by threat or harassment. Anyone who has been subjected to retaliation for reporting wrong-doing, or interference with an attempt to report it, should make a complaint to the Human Resources Associate or Compliance Officer. For more information, refer to Challenge's Whistleblower's Protection Policy.

## **5. Personnel Screening and Internal Auditing**

### ***Personnel Screening***

All Challenge Employees and Contractors and other Affiliates that have unsupervised contact with Challenge service recipients must undergo Criminal Background Check prior to employment at Challenge. Arrest and/or conviction of a criminal offence may result in suspension and termination if the offense is determined by state funding agencies to constitute a threat to the safety and well being of participants served by Challenge.

All Challenge Board Members and Employees and Contractors who are involved with the provision, management or administration of Medicaid funded services are screened to ensure that they have not been excluded by the Federal or State government from participating in either the Medicare or Medicaid programs. Individuals are screened at initial hire and then again on a monthly basis using both state and federal exclusion list. Providing false information about history of Medicare or Medicaid Exclusion or omitting such information will constitute grounds for termination of the interview process or grounds for dismissal, if employed. In addition, Challenge conducts checks with all Vendor agencies that provide Medicaid Services Coordination to participants served by Challenge to ensure that these agencies are conducting both initial and monthly screening of all personnel that provide referrals or authorize Medicaid funded services. If it is found that an agency does not adequately screen employees or outside medical professions for exclusion from participating in Medicare and Medicaid programs, Challenge will conduct monthly screenings of these individuals. This list is kept updated on an ongoing basis by Quality Assurance staff as all Individual Service Plans (ISP) and Level of Care Determinations (LCED) are reviewed for accuracy and compliance with regulations. A list of all Vendor agencies that provide MSC services to Challenge participants is maintained by Challenge's Compliance Officer.

## ***Internal Auditing***

Challenge has developed and routinely implements a comprehensive set of internal auditing of documentation, billing and other areas that have regulatory or compliance implementations. These auditing procedures have been developed to ensure that billing of third party payers will not occur until specific expectations have been met. Employees in key management positions across the agency are responsible for implementing self-monitoring processes conducted within programs and business operations along with centralized internal auditing by Challenge's Quality Assurance staff. Challenge's Audit/ Compliance Committee works with Challenge's Compliance Officer and Senior Management to review all state, federal and other external audits as well as results of internal audits to spot problems or trends that need to be addressed.

Internal auditing procedures for OWPDD Medicaid and non-Medicaid funded mirrored services are detailed in *Challenge Policy and Procedures on Assuring Provision, Documentation and Billing of OWPDD HCBS Waiver and Mirrored (Non-Waiver) Services*. Regular file reviews are conducted of all other program services and results and follow-up of reviews are noted in the review sheets kept in the file and in a centralized data base maintained by the Quality Assurance Associate (see Services Documentation Procedure). Challenge ensures continuing eligibility for services through regular monitoring of Medicaid Eligibility. Challenge also conducts routine reviews of all time studies, day and piece rates to ensure full compliance with Department of Labor standards governing payment of commensurate wages in Challenge's Work Center and maintains records of these reviews.

### **6. Enforcing Standards through Discipline**

Each Employee, Contractor, Board Member or Affiliate has a responsibility (and is required) to report through our compliance processes suspected Medicaid or other fraud and any other activity that appears to violate applicable laws, rules, regulations, accreditation standards, or the Corporate Compliance Plan. Failure to report suspected problems, assisting or participating in fraud or other non-compliant behavior, and/or encouraging, directing, permitting or facilitating such activities (whether actively or passively) will result in disciplinary action, up to and including termination. Although each situation is considered on a case-by-case basis, Challenge undertakes significant efforts to ensure consistent and appropriate disciplinary action is taken in response to violations. Challenge may impose progressive discipline, as outlined in the Personnel Policies and Procedures. However, Challenge reserves the right to determine in its sole discretion and judgment, the nature and level of discipline, if any, depending on the circumstances. This policy is not a guarantee of progressive discipline, and Challenge reserves the right to terminate an employee at any time, for any lawful reason, with or without notice.

In addition to the general rules and regulations established by Challenge in the Staff Handbook of Policies and Procedures, the following "zero tolerance policy" applies with respect to the Corporate Compliance Program. This policy amends the general rules and regulations contained in the Staff Handbook of Polices and Procedures.

1. Signing or submitting a report for a service not rendered is fraud and will result in immediate administrative response.
2. Falsifying or altering or destroying agency records without authorization will result in immediate administrative response.
3. Omitting required documentation, including signature, failing to complete service documentation or other agency paperwork will result in immediate administrative response.
4. Refusing to participate in an investigation and/or turn over relevant evidence will result in immediate administrative response.
5. It is the manager or coordinator's responsibility to ensure that employees and contractors complete paperwork in accordance with agency policies, and that excessive errors or omissions in paperwork by supervised employees or contractors may subject the manager to appropriate administrative response.
6. Misapplication of agency or consumer funds or other resources will result in immediate administrative response.
7. Challenge will not tolerate false statements intended to cause personal harm or to denigrate Challenge's reputation.

Any Employee or Contractor who intentionally makes a false accusation intended to cause personal harm or to denigrate Challenge's reputation will be subject to appropriate disciplinary action. The Human Resources Associate in conjunction with senior management will determine the disciplinary action to be taken. Any individual who retaliates or interferes with reporting an allegation of wrong-doing will be subject to disciplinary action. It is Challenge's policy to refer any criminal act of retaliation or interference to the proper law enforcement authority. For more information, refer to Challenge's Whistleblower's Protection Policy.

## **7. Response to Detected Problems**

### ***Investigation of Allegations***

All allegations of violations of the Corporate Compliance Plan will be reported immediately to the President of Challenge by the Compliance Officer, Human Resources Associate or staff involved in implementing the corporate compliance plan. The President of Challenge, in conjunction with senior management, Human Resources Department, the Audit/Corporate Compliance Committee and legal counsel where appropriate, will determine the steps for handling the information, including making a determination whether the alleged wrong-doing violates the Compliance plan, state or federal law, poses a risk to the public or those served by Challenge, or otherwise jeopardizes Challenge in any way. Depending on the nature of the issue, either the Corporate Compliance Officer or Human Resources Department will take a lead role in coordinating the investigation. Allegations may either be on the Compliance Officer's, Human Resource Associate, or other staff's initiative or in response to a complaint. In consultation with

the President of Challenge, other senior administration, and legal counsel as required, a timely and thorough investigation will be conducted following the established protocol utilized by the Human Resources Department in investigating and documenting disciplinary and other personnel matters. Challenge will make a thorough, fair and impartial internal investigation of reported and perceived errors, abuses, and violations. The Compliance Officer or Human Resources Associate will act in consultation with the Audit/ Compliance Committee and/or Human Resources Committee during an investigation as appropriate. Any personnel investigation or disciplinary action related to service provision, documentation or billing of Medicaid funded services and/or reports of intimidation or retaliation in regards to reporting of concerns related to Medicaid Corporate Compliance will be documented in the Human Resources Medicaid Compliance Log with all supporting documentation kept in staff confidential personnel files. All non-personnel compliance issues will be documented in the Corporate Compliance Log or Voided Payment Log.

The first priority is to take all immediate measures to ensure the health and safety of all affected parties. All efforts will be made to secure relevant evidence and documentation including secondary sources of information such as date books, e-mails or informal notes. Investigator(s) will have access to all corporate documents, including e-mails, and the authority to interview any employee. All Challenge employees are required to participate in any investigation and are required to turn over relevant evidence upon the request of the investigator or Challenge management. Failure to do so will result in an immediate administrative response. During an investigation, the investigator or other management staff may search computers, file cabinets, desks, or other areas on Challenge property. If an investigation of an alleged violation is undertaken and the Compliance Officer believes the integrity of the investigation may be at stake because of the presence of Challenge staff under investigation, the Challenge staff allegedly involved in the misconduct may be assigned alternative work duties or placed on a leave of absence until the investigation is completed. All Challenge employees and affiliates must fully cooperate with internal investigations.

Internal Investigations will be conducted in such a way as to maintain confidentiality to the extent practicable under the circumstances. However, Challenge cannot promise confidentiality to an Employee providing information because it is always a possibility that Challenge may be compelled to report the Employee's information to the authorities, thus disclosing the employee's name. However, to the extent possible, the employee's identity will be kept confidential. The confidentiality of all reports and investigations shall be safeguarded, and assurance that agency policies are followed that prohibit any form of retaliation against any person who makes a report. The Compliance Officer will make sure that all records relating to reports of wrongdoing are secured and preserved. When Challenge completes an internal investigation, Challenge will, to the extent appropriate, inform the person reporting the alleged violation of the results of the investigation and of the determination by Challenge.

It is Challenge's policy to cooperate with any government investigation. Because Challenge should act only with the advice of its legal counsel in these matters, all cooperation with the

Reviewed 10/26/2011

government must be coordinated by Challenge's President, with prior consultation with Challenge's legal representative and the Challenge Board of Directors.

Results of the investigation and recommendations for corrective action, notifications and other follow up will be presented to the President of Challenge. The Compliance Officer or Human Resources Associate will make reports, on a regular basis, of all allegations of wrongdoing to the Audit/ Compliance Committee/Human Resources Committee and the Board of Directors, including the results of investigations and remedial action taken.

### ***Responding to Substantiated Allegations***

If an internal investigation substantiates an allegation of fraud, non-compliance or other misconduct, it is our policy to engage in a two-fold process: (1) to initiate timely corrective action, including, as appropriate, restitution of any overpayment amounts, notifying the appropriate government agency (ies), instituting whatever disciplinary action is necessary; and (2) analyzing and implementing necessary systematic changes to prevent a similar violation from occurring in the future. A written report of any occurrences, investigations and responses to allegations of fraud or other non-compliance will be a regular agenda item at Challenge Audit/ Compliance Committee meetings and reviewed at full Board of Directors meetings.

### ***Self-Reporting to Government Agencies***

Under certain specific circumstances, Challenge may voluntary disclosure potential errors or abuses to governmental agencies. The President, the Compliance Officer, Senior Management and the Board of Directors will review all self reporting issues with legal counsel prior to any voluntary disclosures.

## **8. Evaluation, Monitoring and Updating the Corporate/Medicaid Compliance Program**

The Corporate/Medicaid Compliance Program is intended to establish a framework for effective regulatory compliance and is intended to be flexible and readily adaptable to changes in regulatory requirements. This plan shall be regularly reviewed and modified as necessary. The Compliance Officer shall annually assess Challenge's compliance with the Plan and associated policies and procedures. This process will start by reviewing results of all internal and external audits, any allegations, non-compliance or misconduct that has occurred over the past year, and any changes in regulations, population served, staffing, agency administration, fiscal management, physical plant, or other areas that may create risk/liability for Challenge. These actions will be done in consultation with Challenge's Finance/Corporate Compliance Committee. The Compliance Officer may recommend that Challenge retain external consultants or auditors as may be necessary. At the conclusion of this assessment, the Compliance Officer will submit a report to the President and make appropriate recommendations for improvement. Results of the assessment and proposed changes to the Corporate Compliance Plan and/or related policies will

be presented to and reviewed for approval by Challenge's Board of Directors, as part of the Board's annual review of the Corporate Compliance Plan.

**Declaration of Compliance: October 26, 2011 – January 31, 2013**

To the best of our knowledge, as of October 26<sup>th</sup>, Challenge continues to be in compliance with its Corporate Compliance Program. It is Challenge's expectation that all Board Members, employees and contractors comply with the Corporate/Medicaid Compliance Program and all policies that support the program. Challenge is committed to assessing ongoing compliance with the Corporate/Medicaid Compliance Program which is designed to prevent, detect and address potential and actual instances of fraud, abuse and other non-compliance.