

INSTITUTIONAL COMPLIANCE AND INTEGRITY PROGRAM

Effective: 2019.04.01

I. Purpose

The Mission of the Universidad del Sagrado Corazón (hereinafter, “Sagrado” or “University”) is to educate people in intellectual freedom and moral conscience willing to participate in the construction of a more authentically Christian Puerto Rican society, a community of solidarity in justice and peace.

The performance of this Mission requires that the members of the university community - faculty, students, employees, trustees, contractors and other collaborators - act in accordance with the highest ethical principles in all areas of University activity. One of these ethical principles is the faithful compliance with (a) the applicable laws and regulations; (b) institutional policies and regulations; and (c) the professional criteria applicable to the University’s different teaching and non-teaching activities.

In view of the diversity of operations at the University, it is necessary to establish an institutional framework to ensure compliance with this ethical principle in all operations. Therefore, the Compliance and Integrity Program (hereinafter, the Program) is established with the purpose of providing an institutional framework and thus ensuring that the University fully and responsibly fulfills all of its compliance obligations. In particular, the Program pursues the following objectives:

1. Ensure that compliance risks are identified, prioritized and properly managed;
2. Establish a control environment, levels of responsibilities and integrity framework that furtherance commitment to the highest standards of compliance and integrity by promoting compliance with applicable federal and state laws, as well as standards, policies and regulations, among others;
3. Provide general compliance training to the University community that includes the trustees, officers, administrative and teaching employees, students, collaborators and contractors;
4. Develop effective policies and procedures to promote compliance and institutional integrity;

5. Offer advisory services to the University community on issues of compliance and integrity; and
6. Provide support to internal and external audits, including regulatory agencies.

This Program will provide reasonable assurance of a reduction in regulatory risks through the continued development of effective policies and procedures, education and training for the University community, monitoring, communication, risk assessment and response to identified problems.

II. Structure

The Compliance and Integrity Officer will be the main responsible officer for the execution of the Program and will report directly to the General Counsel, who in turn reports to the President of the University. If there were a matter related to the President of the University or the General Counsel, the Compliance and Integrity Officer will report directly to the Chairman of the Audit Committee.

All the activities of the Compliance and Integrity Officer must be free of influence by any element, so that he/she can comply with his/her responsibilities objectively in the performance of his/her duties.

III. Authority

The Compliance and Integrity Officer is granted the authority to conduct periodic evaluations of internal policies, procedures and processes for the purpose of corroborating compliance with laws, regulations, standards and procedures, among others, in all areas of the University. These evaluations should not be restricted or limited by unit leaders. For this reason, the Compliance and Integrity Officer will have free and unrestricted access to all relevant documents of the process under evaluation.

IV. Scope

The following principles are the essential elements for the effectiveness of the Program (but it is not limited to):

1. Manage, in a centralized manner, activities to encourage and promote a culture of integrity and a compliance environment in the University.
2. Identify and evaluate compliance risks faced by the University and ensure that these risks are reasonably controlled.
3. Provide leadership, supervision and advice to ensure the development, interpretation and appropriate implementation of the University's policies and regulations.

4. Administer and coordinate an annual training program for employees, students, contractors, employees and trustees on integrity and compliance with laws, regulations, policies, rules and regulations.
5. Ensure that the University has the necessary policies, as required by law, sound administration regulations and professional criteria.
6. Carry out continuous evaluations to monitor the University's compliance with laws, rules, regulations and policies.
7. Keep the University community informed on issues of interest and relevance to promote compliance with policies, procedures and institutional integrity.
8. Establish, in conjunction with the University administration, corrective action plans to address situations of non-compliance and provide adequate follow-up until their implementation.
9. Advise the University community on issues related to compliance and institutional integrity.

V. Duties and Responsibilities

The duties and responsibilities of the Compliance and Integrity Officer include the execution of projects and activities in the development of the Program. The Compliance and Integrity Officer will be responsible for:

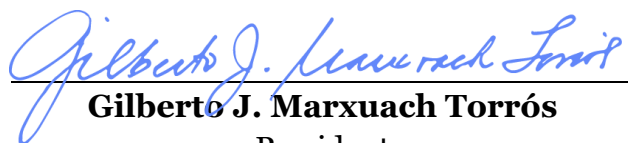
1. Developing an Annual Compliance Plan based on the requirements that an effective program must have.
2. Addressing the concerns and doubts of the University community related to the issues of compliance and integrity; helping them to understand the requirements established in the laws, policies, and regulations.
3. Establishing or review policies and procedures to ensure that the University complies with applicable laws and regulations.
4. Participating in monitoring activities or risk assessments to prevent and detect misconduct or violations of institutional policies or applicable laws and regulations.
5. Disclosing to the University community information about the laws, rules, regulations and policies applicable to the University and the best compliance practices.
6. Working closely with Internal Auditor to evaluate and prioritize which areas of compliance represent the greatest risk and require the most attention.
7. Providing training to the University community including administrative and teaching employees, students, officers, trustees, collaborators and contractors on issues of relevance and interest in compliance with applicable laws, regulations, rules, policies

and procedures. The Annual Compliance Plan will specify when and how often this training will take place.

8. Initiating, conducting, coordinating or referring periodic evaluations to monitor institutional compliance with laws, regulations, standards or policies.
9. Establishing an itinerary of periodic reviews of the policies based on predefined criteria in the Annual Compliance Plan. Ensure that they are reviewed by the administrative or academic unit responsible for the policy or designated employees, in a time not exceeding three (3) years.
10. Maintaining the inventory of University policies accessible to the University community including administrative and teaching employees, students, collaborators, trustees and contractors.
11. Supporting unit leaders in internal and external audits, including from regulatory agencies.
12. Supervising and coordinating external consultations on compliance with federal and state laws and identify corrective actions to be implemented in case of non-compliance.
13. Periodically communicate to the President the activities carried out. Prepare an annual report on the results of the Annual Compliance Plan.
14. Participating, as a consultant, in the processes of evaluation, design, development of procedures, products or services offered or offered by the University.
15. Presenting the proposed changes to internal policies to the Administrative Board, Academic Board and/or Board of Trustees to obtain their recommendations and/or approval.
16. Disclosing to the Audit Committee, semiannually or as frequently as the Committee deems it necessary, the findings identified in the periodic monitoring assessments of institutional compliance or any other significant violation of laws, regulations, norms or policies.

VI. Periodic Evaluations

The Office of Internal Audit will make appraisals to the Program, at least every three (3) years to corroborate its effectiveness and make the corresponding modifications.


Gilberto J. Marxuach Torrós
President