How to Take an Integrated Approach to Compliance in a World of Uncertainty

Jody Gonzalez, Sheryl Ireland, Steven Minsky

Learning Objectives

1. Dive into the challenges of managing compliance in a world where institutions are held to more than 265 federal statutes that change every year.

2. Demonstrate how to take an integrated approach and communicate across the organization when identifying necessary resources, engaging subject matter experts, and closing potential gaps.

3. Examine the benefits of a consolidated reporting structure, as well as some key metrics universities and colleges should collect to prove compliance and garner support.
Michigan State University

2014 - A recent MSU graduate complains Larry Nassar sexually assaulted her during a medical examination. Three months later, Nassar is cleared of any wrongdoing by MSU.

August 2016 - The Indianapolis Star publishes an investigation into USA Gymnastics and its handling of sexual abuse complaints.

September 2016 - MSU removes Nassar from his athletic training duties and fires him from associate professor position.

July 2018 - MSU creates a new Office of Enterprise Risk Management and hires a Chief Compliance Officer.

Survivors slam MSU for response to complaints about Larry Nassar

https://www.usatoday.com/pages/interactives/larry-nassar-timeline/

University of California


2007 – UC Office of the President creates role of Senior Vice President and Chief Compliance and Audit Officer for UC system.

2008 – Each UC campus identified a Campus Ethics and Compliance Officer (CECO).

Auditor blasts UC’s pay practices / University routinely violates own policies for compensating highest-paid employees

What Do These Scandals Have In Common?

Survivors slam MSU for response to complaints about Larry Nassar

San Francisco Chronicle
Auditor blasts UC’s pay practices / University routinely violates own policies for compensating highest-paid employees

How to Implement Risk-Based Compliance
Compliance Professional

**Goal:** Protect your organization’s reputation and ensure compliance at your university.

**Challenge:** Managing regulatory change in the See-Through Economy.

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**How to Implement Risk-Based Compliance**

1. Identify Risks Across the Organization
2. Connect Risks to Root Causes
3. Link Regulations & Requirements to Controls
4. Structure Reporting for Flexibility & Efficiency
5. Develop a Process for Managing Change Over Time
Traditional, Siloed Approach

Compliance
- Requirement Repository
- Applicability & Adherence Review
- Policies & Controls
- Reporting
- Incidents of Non-Compliance

Information Security
- Application/Asset Inventories
- Vulnerability Analysis
- Controls
- Testing/Scans
- Security Breaches

Incident Management
- Incident Forms and Policies
- Prioritization
- Prevention
- Testing
- Incident Response

Risk-Based Language

Compliance
- Requirement Repository = Governance
- Applicability & Adherence Review = Assess
- Policies & Controls = Mitigate
- Reporting = Monitor
- Incidents of Non-Compliance = Events

Information Security
- Application/Asset Inventories = Governance
- Vulnerability Analysis = Assess
- Controls = Mitigate
- Testing/Scans = Monitor
- Security Breaches = Events

Incident Management
- Incident Forms and Policies = Governance
- Prioritization = Assess
- Prevention = Mitigate
- Testing = Monitor
- Incident Response = Events
The Way It Was at UC Merced

- Multiple strategic plans
- Various risk lists
- Visibility issues
- Inefficient/redundant processes
- Leadership blindsided

The Way It Is at UC Merced

<table>
<thead>
<tr>
<th>UC Merced Ethics and Compliance Program (ECP) – Areas/Functions</th>
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<tbody>
<tr>
<td><strong>ECP Executive Committee/Audit Committee (Meets Quarterly)</strong></td>
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<tr>
<td>Chancellor</td>
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<td><strong>ECP Management Council (Meets Monthly)</strong></td>
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<td>Chair: CECO</td>
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<td>Campus Ethics and Compliance Officer (CECO)</td>
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<td>Information Technology</td>
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<td>Risk Management</td>
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<td><strong>Standing Sub-Committees</strong></td>
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<td>Information Privacy and Security Committee (IPSC)</td>
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Ad-Hoc Committees - As Needed for Emerging Risks and Work Plan Projects

- Strategic Risk
- Compliance Risk
- Reputation Risk
- Financial and Operational Risk
2020 Plan - Project Goals

- Increase student enrollment to 10,000
- Attract talented and diverse faculty and staff
- Rapidly and cost-effectively add significant amounts of new teaching, research, housing and student life facilities

5 Root-Cause Categories

- External
- People
- Process
- Relationships
- Systems
Standardize Assessments

Adopt a uniform numerical scale to objectively prioritize risks.

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Risk and Opportunity Assessment at UC Merced

Joint risk assessment (Audit, Compliance, Risk)

- Capture/analyze data from monitoring and ERMIS tracking systems
- Audit findings internal and external
- Changing regulations, policies, environment
- Workshops, surveys, discussions, forums, events
- Opportunities for improvement and savings/cost avoidance
- Workforce planning – What can we stop doing?
Ethics and Compliance Week 2018

Surveying the ethical pulse of our campus

If a person in a leadership/authority role directed me to do something I feel is unethical, I would:

- Faculty: 72% Follow Orders, 28% Refuse, 0% Report
- Staff: 57% Follow Orders, 26% Refuse, 17% Report
- Student: 74% Follow Orders, 24% Refuse, 2% Report

People who are willing to lie, cheat or break the rules are more likely to succeed than those who do not:

- Student: 84% Agree, 16% Disagree
- Staff: 73% Agree, 27% Disagree
- Faculty: 71% Agree, 29% Disagree

How UC Merced Manages Risks

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<tr>
<th>Key Risk</th>
<th>Risk Description</th>
<th>Effectiveness of Current Controls</th>
<th>Planned FY20 Mitigation/Control Activities</th>
<th>Mitigation/Control Activity Metrics</th>
<th>Responsible Organization Area</th>
</tr>
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<tr>
<td>Sexual Violence and Sexual Harassment (SVSH): Title IX UC SVSH Policy</td>
<td>Risk of non-compliance due to ongoing changes to law, policy, process, requirements, and growing campus population.</td>
<td>Not sure of new requirements but keeping track of changes and developments.</td>
<td>• Major changes expected. • Downstream effects on campus, especially adjudication procedures.</td>
<td>• Track new guidance and requirements expected. • Follow CA Court of Appeals and pending Dept. of Education rule changes.</td>
<td>Title VII/IX Office, Legal, Compliance Office</td>
</tr>
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High Risk - Risks are emerging, rapidly changing, and/or not yet well understood. Needed mitigations are not known or not yet implemented.

Medium Risk - Risks are understood. Needed mitigations are partially implemented and/or preliminary stages of mitigation.

Low Risk - Risks well understood. Mitigations and improvements implemented and further improvements in progress.

Remove from List - Low risk. Risks well understood. Mitigations implemented and improvements embedded in operations and routinely monitored.
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<td>CLERY Clery Act UC Policy</td>
<td>Growing campus, potential for not identifying CSAs and misreporting.</td>
<td>Procedures and training in place but need update.</td>
<td>Identify new CSAs and roll out new training.</td>
<td>Track number of CSAs and reports.</td>
<td>Police and Public Safety</td>
<td>High Risk Needs Improvement</td>
</tr>
<tr>
<td>Lab Safety Cal/EPA, Cal/OSHA UC Policy</td>
<td>Growing campus and lab space, potential for Lab noncompliance.</td>
<td>Procedures and escalation process working.</td>
<td>Implement new system, increase self-inspections, more online trainings.</td>
<td>Dash board key metrics, track escalations and self inspections.</td>
<td>EH&amp;S and Compliance Office</td>
<td>Medium Risk In Progress</td>
</tr>
<tr>
<td>Child Abuse and Neglect Reporting Act CA CANRA UC Policy</td>
<td>Growing campus, potential for noncompliance with law and policy.</td>
<td>Campus procedures working well, requires annual certifications.</td>
<td>Review/update procedures, implement monitoring and new training options.</td>
<td>Track and report mandated reporter metrics and personnel file compliance.</td>
<td>APO/SA/CFO Offices and Compliance Office</td>
<td>Low Risk Controlled</td>
</tr>
<tr>
<td>Emergency Planning and Business Continuity Cal/OSHA, NFPA UC Policies</td>
<td>Increased risk of delayed response with new facilities and people.</td>
<td>Plans in place, campus is preparing for new space and people.</td>
<td>Coordinate with building managers to assess readiness. Update emergency plans, hold table-top and other exercises to increase readiness.</td>
<td>Track update and exercise of plans, hold site trainings and track attendance.</td>
<td>Risk Services and Emergency Management</td>
<td>Medium Risk In Progress</td>
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Link Regulations & Requirements to Controls
Structure Reporting for Flexibility & Efficiency

Issues by Status
- Not Started
- In Progress
- Completed

Critical Priority Issues Outstanding
- 4
- 2
- 5
- 1

High Priority Issues Outstanding
- 3
- 2
- 4
- 4

Medium/Low Priority Issues Outstanding
- 1
- 3
- 4
- 3

UC Merced Monitoring/Reporting

Policy/Procedure

DMV Pull Program
- Formalized procedures
- 98% drivers low to no MVR score
- Compliance Office/FORC to implement BUS 46 and Campus Vehicle Safety Committee

Abusive Conduct Policy published
- Only campus with a policy that covers all staff and faculty
- Comprehensive roll-out and received positively from campus
- Started tracking climate issues in complaints

CANRA Procedure
- 2,396 Mandated Reporters
- Met with POCs to discuss requirements, process, procedure changes and monitoring plans
- Compliance Office to implement random testing
UC Merced Monitoring/Reporting

**Reporting/Investigations**

**Title VII/IX Complaints**
- FY 18-19 23.9% increase in reports from FY17-18
- Associated outreach was 99% of all incoming students
- Increase in reporting due to increased outreach and awareness of programs

**LDO/Whistleblower Complaints**
- 50% of reports are Human Resources related
- 38% of reports are Fraud/Misconduct
- Compliance Office tracking policy issues in complaints/cases

**Communication/Outreach**
- Ethics and Compliance Forum – 130 Attendees
- Ethics and Compliance Week – 425 Attendees
- Student Integrity Week – 240 Attendees
- Risk Workshop – 55 Attendees
- Created and delivered approximately 800 hours of ethics and compliance training and case study material

**Training**

**Laboratory Safety Training Compliance**
- Lab Safety Fundamentals 94% (+8%)
- Other Lab Safety Training 86% (+3%)
- Compliance working with EH&S to add other online trainings

**Employee Mandatory Training Completion**
- General Compliance Briefing 90% (-7%)
- SVSH Prevention for Supervisors and Faculty 95% (+3%)
- SVSH Prevention for Staff 95% (No Change)
- New Employee Orientation 100%
- Departments to identify Training Liaisons

**Manage Change Over Time**
Questions and Answers