



Compliance Risk Assessments: It Doesn't Have to Be Risky Business

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THE UNIVERSITY OF ALABAMA®

PART OF THE  University of Alabama System

1

Background

In 2015, the Division of Financial Affairs created the department of Financial Affairs Compliance Activities (FACA). The mission of FACA was to proactively review and assess compliance programs within the Division of Financial Affairs (FA), with the intention of increasing and improving processes and documentation supporting compliance.

In 2016, FACA was charged with the broader role of institutional compliance, beyond just the Division of Financial Affairs, and was renamed the Office of Compliance, Ethics, and Regulatory Affairs. The role of the Office of Compliance, Ethics, and Regulatory Affairs (CERA) is to support all University compliance programs by working with key areas and individuals throughout UA to facilitate collaboration, raise awareness, provide guidance, and address compliance concerns.

In 2018, CERA began a multi-year project designed to address and support the requirements of monitoring and auditing to detect criminal activity or non-compliance, and routinely evaluate the effectiveness of the compliance and ethics programs through periodic risk assessments.

2

Where do we begin?

- What is your institutional compliance universe?
 - Who is responsible?
 - Now what?
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3

How do you define your compliance universe?

What and who should you include?

- Federal laws and regulations
 - NCAA Regulations
 - State Rules and Regulations
 - Research vs Non-research Compliance
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4

The Higher Education Compliance Alliance (HECA) Compliance Matrix

The HECA Compliance Matrix lists almost 300 key laws and regulations that govern most universities.

- ✓ Assigned “risk-owners” using the Compliance Matrix
- ✓ Documented how existing compliance obligations are assigned on campus
- ✓ Allowed us to establish a risk registry for ownership of compliance responsibilities
- ✓ Identified gaps, opportunities for improvement, and guided compliance efforts

5

Gap Analysis



6

Compliance Risk Communication

- ✓ First, we communicated the project to Administration.
 - ✓ We announced the project in our committee meetings.
 - ✓ We then created surveys to aid in assessing compliance obligations.
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7

Compliance Risk Communication

- Abbreviated surveys were sent to Administration.
 - We wanted to address Administration's specific areas of concern that may not be captured in the Gap Analysis.
 - Identified a "compliance champion" in their area.
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8

Compliance Risk Communication

Surveys to Risk Owners

- A detailed survey was distributed to the Risk Owners.
 - Risk Owners were asked to identify present controls, policies, training and education, procedures, disclosures, and enforcement.
 - Risk Owners also assessed the likelihood for occurrence and impact for occurrence.
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9

The Seven Elements

- 1) Standards and Procedures
 - 2) Education and Training
 - 3) Oversight/Operational Controls/Enforcement
 - 4) Monitoring and Auditing
 - 5) Reporting
 - 6) Enforcement and Discipline
 - 7) Response and Prevention
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10

The Seven Elements

Part I of our survey identified policies, education/training, and controls or procedures that are in place currently to ensure compliance with the law, regulation, or policy.

- Training and communication: Who and when and how are people trained? How is it documented? How is it communicated?
 - Operational Controls and Enforcement: What controls are in place? How is it enforced? Who enforces it?
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11

The Seven Elements

Part II of our survey identified other reporting requirements associated with state regulations and/or accreditation standards and/or any other activity that is documented for compliance/auditing purposes.

Part III of the survey determined likelihood and impact of occurrence. This part helps to identify how likely it is UA could have someone violate the requirements of the law, regulation, or policy you are assessing, and what the impact of that violation could be.

Part IV of the survey asked for identification of concerns or compliance risks not previously identified.

12

Compliance Risk Assessment Timeline

We announced the project to Executive Leadership at the end of April.

Leadership received the survey, gap analysis, and the project overview and timeline.

Compliance Risk Assessment Timeline



April 22 – June 30
Community Affairs; Diversity, Equity and Inclusion; Advancement; Legal/System Office



May 1 – July 1
Athletics; Strategic Communications; Academic Affairs



June 1 – August 1
Finance and Operations; Student Life; Research and Economic Development

Analysis and Assessment

- ✓ Compile and review information received
 - ✓ Reporting Requirements
 - ✓ Federal Sentencing Guidelines
 - ✓ Create heat maps based on feedback
 - ✓ Identified top three risks for each Vice President
 - ✓ Identified top three risks for the University
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15

Analysis and Assessment

Higher risks were identified by having (1) a **very high/high likelihood and/or** (2) **a very high/high impact**, as well as (3) regulations that have **no controls in place** regardless of the likelihood or impact of noncompliance in those areas.

The top **three** risks were identified as a priority for deeper assessment and mitigation in 2022 (ongoing).

16

Questions?

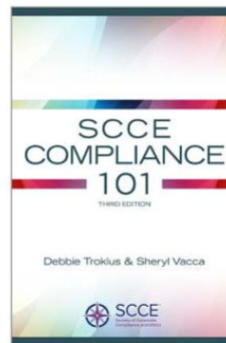


19

Resources



By Judith W. Spain, JD, CCEP



By Debbie Troklus and Sheryl Vacca

20