

2022 SCCE Higher Education Compliance Conference

Implementing an Effective Compliance Assessment Framework

June 9, 2022 (3:30-4:30pm)









1

Speaker introductions



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2

Learning objectives

- Determine how to evaluate the effectiveness of the institution's existing compliance and ethics activities
- Understand how to establish an effective compliance assessment process and develop a roadmap to prioritize future assessments
- Discuss how reporting on the outcomes of a compliance assessment can drive continuous improvement and maturity across an institution
- Review leading practices in establishing, implementing and maturing a compliance assessment framework

3

3



A Compliance Assessment Framework –

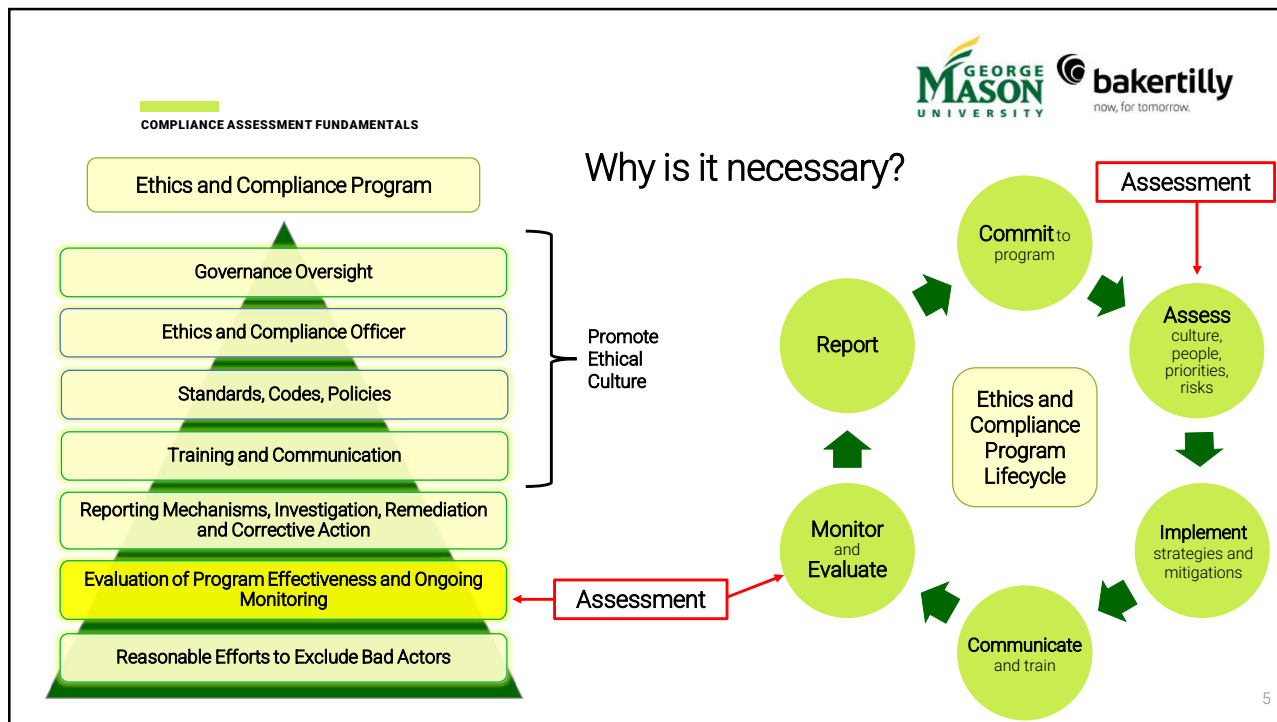
Why is it necessary?

What is it?


Where do I start?

4

4




5




COMPLIANCE ASSESSMENT FUNDAMENTALS

What is it?

- Compliance Assessments
 - “Second-line-of-defense”
 - Not “third-line” assurance that processes working
 - More *guided* than an audit
 - Designed to enable risk owners to *self-assess*
- Institutional Compliance
 - Independent of operations, *but...*
 - More direct *support* and *facilitation* of improved mitigations
 - Analogy: Player vs. Coach vs. Referee

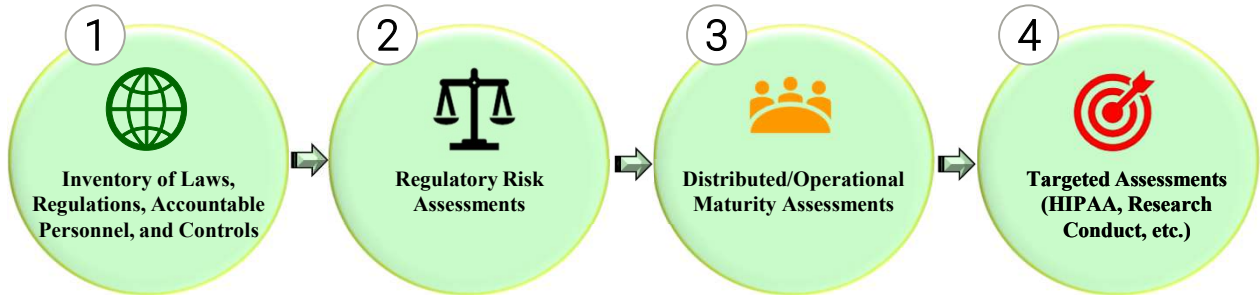


The assessments are not intended to “call out mistakes,” but rather to identify areas for improvement.

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Where do I Start? Overview



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The Compliance Assessment Development Process –

Developing a Roadmap for Success

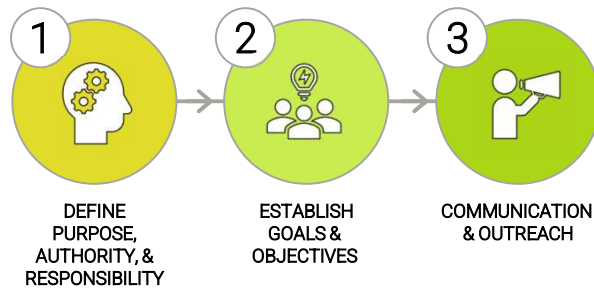
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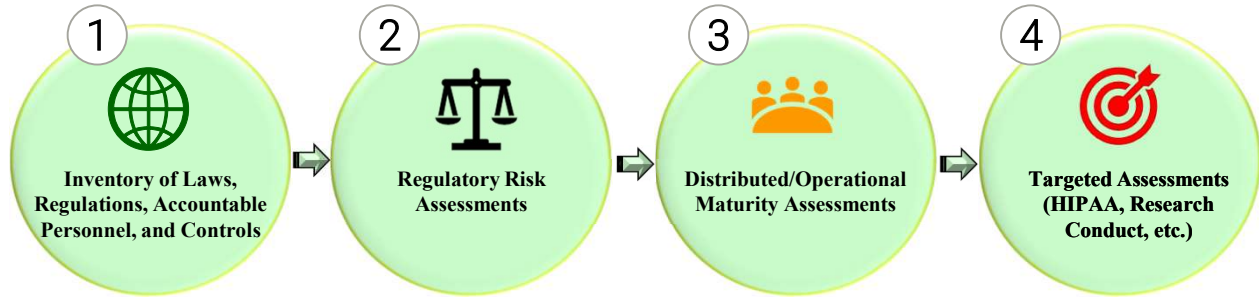
Compliance Assessment Development Process



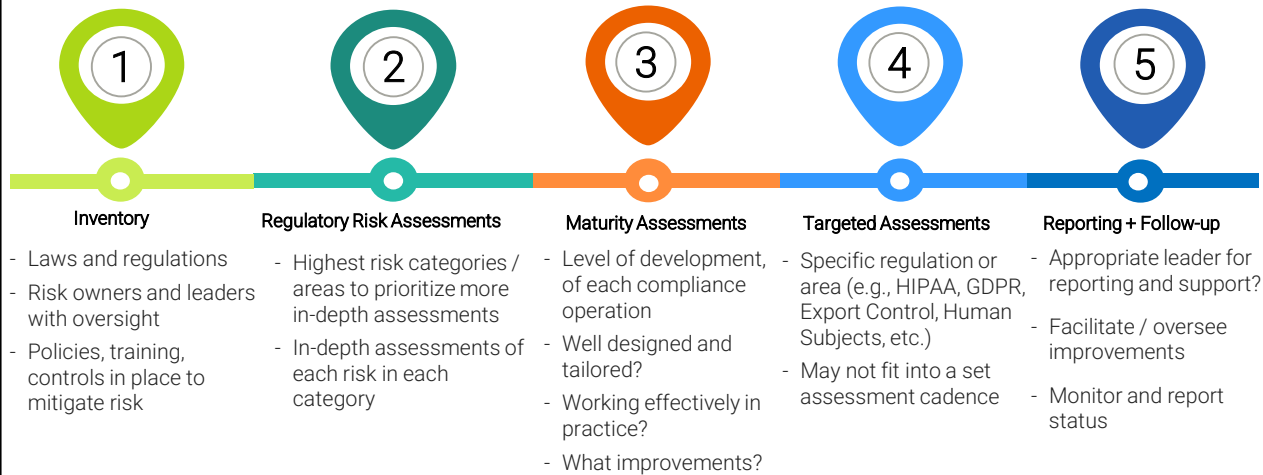
I. Background and Purpose



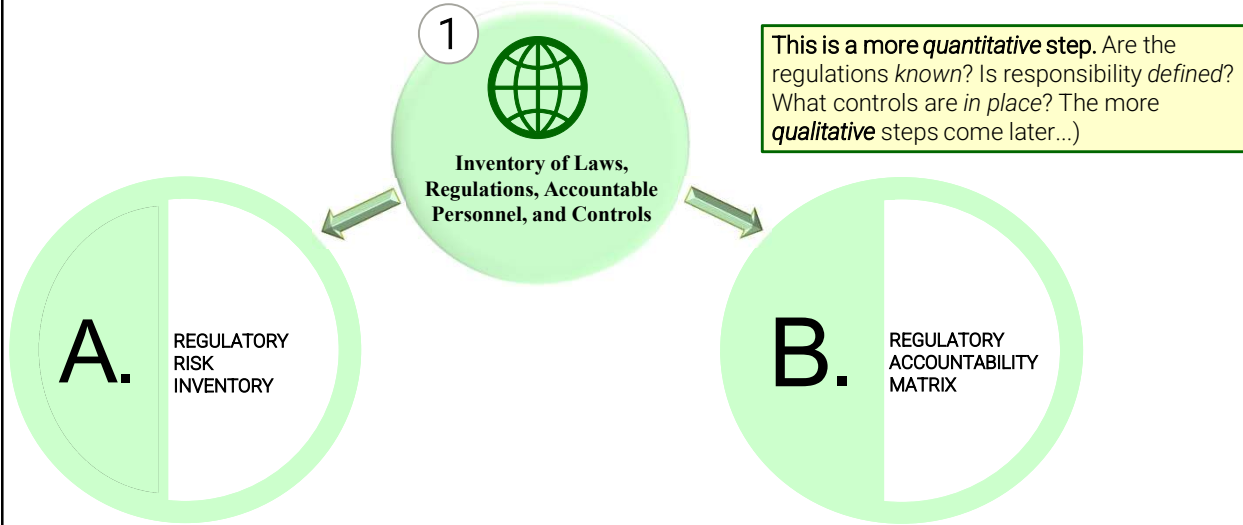
II. Framework and Approach (Process Flow)



II. Framework and Approach (Process Flow cont'd)

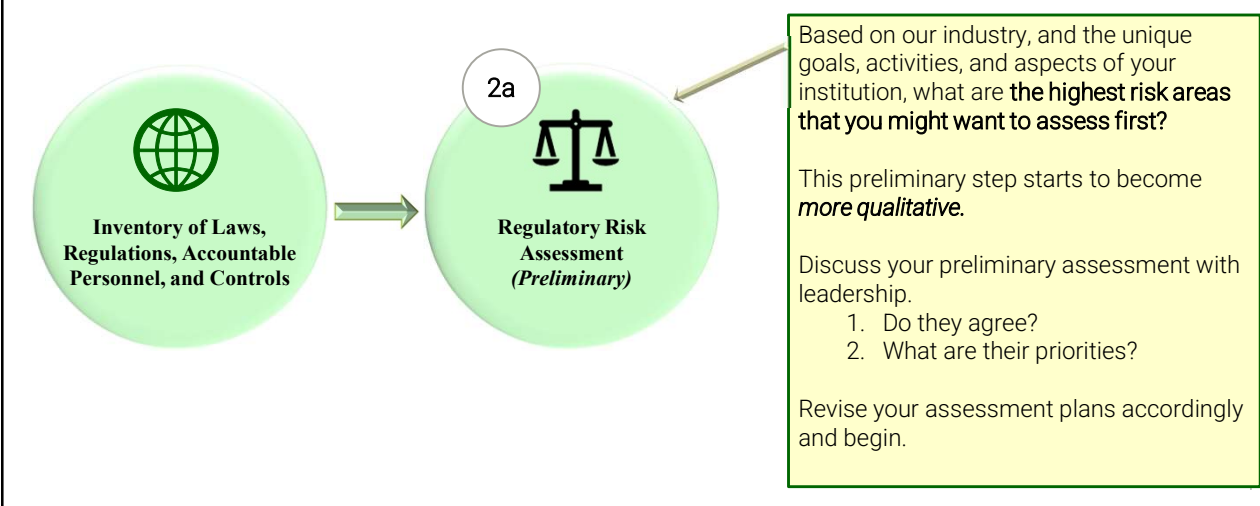


II. Assessment and Prioritization – *Inventory*



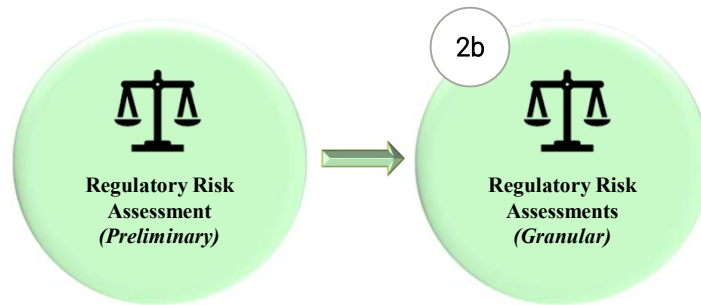
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III. Assessment and Prioritization – *Preliminary Risk Assessment*



14

III. Assessment and Prioritization – Granular Regulatory Risk Assessments



III. Assessment and Prioritization - Granular Regulatory Risk Assessments

In conducting granular risk assessments:

- 1. Are the *right* accountable personnel **identified**?
 - 2. Is ownership of each risk by those personnel **confirmed**?
 - 3. Are controls **present**?
 - 4. Are controls **properly designed** for your operations and level of risk?
 - 5. Are controls **functioning effectively** to mitigate risks?
- Quantitative Assessment
- Qualitative Assessment

What are the risk owners and their instincts telling you?

But what is the methodology for "qualitatively" assessing each risk?...

III. Assessment and Prioritization - *Granular Regulatory Risk Assessments* "Impact"

	Low	Moderate	High
Impact	<ul style="list-style-type: none"> Limited or no regulatory oversight. Limited or no compliance requirements tied to funding from the Commonwealth or federal government. Limited or no penalties from the Commonwealth or federal government. Limited or no loss of revenue. Limited or no impact on continuation of programs or operations. Limited or no adverse publicity or reputational impact. 	<ul style="list-style-type: none"> Moderate regulatory oversight at Mason, demonstrated by periodic external reviews. Moderate compliance requirements tied to funding from the Commonwealth or federal government that could result in more frequent external oversight or review. Moderate penalties. Moderate loss of revenue. Temporary interruption of programs or operations. Moderate adverse publicity or reputational impact. 	<ul style="list-style-type: none"> Actual, significant potential adverse regulatory action at Mason or other peer universities. Significant penalties from the Commonwealth or federal government. Significant revenue loss. Suspension or loss of University or programmatic accreditation or licensure. Suspension or closure of University operations or programs. Loss or significant reduction of external funding. Sustained, adverse national or local publicity causing reputational damage.

17

17

III. Assessment and Prioritization - *Granular Regulatory Risk Assessments* "Likelihood"

	Low	Moderate	High
Likelihood	<ul style="list-style-type: none"> Policies, procedures, and practices are effective to address regulatory areas. Stable regulatory environment is well-understood. 	<ul style="list-style-type: none"> Generally sound practices are in place but may be executed inconsistently or not well documented. Policies, procedures, and practices are lacking, ambiguous, not well-communicated or well-understood. Some level of change or complexity associated with the regulatory environment, leading to some uncertainty of potential impacts. Area at Mason or other peer universities is a focus of regulators but is not a primary interest level. 	<ul style="list-style-type: none"> Policies, procedures, and practices are not in place or are ineffective. Complex and changing regulatory environment leading to significant uncertainty of potential impacts. Area at Mason or other peer universities is a focus of regulators.

18

18

III. Assessment and Prioritization - *Granular Regulatory Risk Assessments*

So, *what do I do with this?*

III. Assessment and Prioritization - *Program Maturity Assessments*



III. Assessment and Prioritization - Program Maturity Assessments

Program Element	Criteria	How Criteria is Met	Assessment of Criteria	Assessment of Program element	Action Items
1. Policies	1.1 Meets regulatory requirements, current and complete, consistent with related policies, usable	Policy present and meets requirements, but difficult to use and not current with related procedures	Partially Met	2.5 / 5 (Fragmented)	
	1.2 Available to those with needed access	Not published and requires request from owner	Not Met		
	1.3 Related procedures and contact information for reporting non-compliance present	Procedures linked and current; reporting mechanisms linked	Met		
	1.4 Consequences for non-compliance described and enforced	Consequences clearly set forth but inconsistently applied.	Partially Met		

III. Assessment and Prioritization - Program Maturity Assessments

Program Element	Criteria	How Criteria Met	Assessment of Criteria	Assessment of Program element	Action Items
4. Monitoring / Assessment	4.1 Inventory of laws and controls maintained, revised, and confirmed with Compliance annually	Inventory maintained, reviewed, and revised annually with Compliance	Met	3 / 5 (Defined)	
	4.2 Risk-based approach used to prioritize risks and needed improvements	Risks are evaluated periodically against Institutional/unit goals, but not formal	Partially Met		
	4.3 Risks are periodically re-assessed and trends tracked	Annual reassessment process formalized; metrics on training, trends, and non-compliance reported to leadership quarterly	Met		
	4.4 Modifications and improvements are made based on ongoing assessment(s)	Policies and trainings are revised based on metrics and trend analysis, but not part of a formal process	Partially Met		

III. Assessment and Prioritization - Program Maturity Assessments

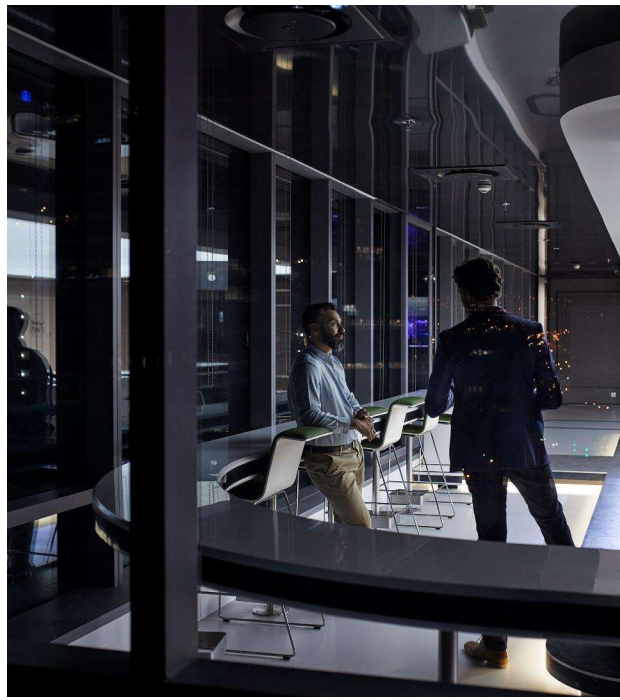
Program Element	Assessment of Program Element*
1. Policies	2.5 / 5 (Fragmented)
2. Oversight/Leadership	3 / 5 (Defined)
3. Training/Communication	4 / 5 (Mature)
4. Monitoring/Assessment	3 / 5 (Defined)
5. Reporting Capability/Remediation	1.5 / 5 (Ad Hoc)
Program Maturity Assessment Ranking	2.8 (Fragmented trending toward Defined)

*Level 1 (Ad hoc) → Level 2 (Fragmented) → Level 3 (Defined) → Level 4 (Mature) → Level 5 (Optimal)

- [Maturity Levels of E&C Programs - Ethics and Compliance Initiative](#)

IV. Reporting and Follow-up

1. **High Priority Risk Areas** – *Regulations* with high risks, and *operational programs* with the least maturity, are reported to the responsible senior leader so that action items to improve risk mitigation can be identified and implemented with appropriate support and resources.
2. **Interim Reporting and Communications** – Interim reports given regarding the status of *action plan implementation* are provided to the appropriate committee of the Board.
3. **Final Reporting / Closeout** – Once all action items have been completed, the assessments are completed for that cycle and can be reported to the senior leadership and the Board.



Continuous Improvement –
*Driving Change Through
Assessment Outcomes*

25

25

COMPLIANCE ASSESSMENTS – CONTINUOUS IMPROVEMENT



Leading Practices in Performing Compliance Assessments

- Compliance, the “second line of defense,” *facilitates*, as well as monitors and reports.
- *Facilitation* provides the opportunity to *build trust* and *credibility* by adding concrete value to operations and line of site to leadership.
- Facilitated assessment helps tailor the program to be more effective in practice.

26

26

Leading Practices in Performing Compliance Assessments

Establish a culture that fosters communication and provides a mechanism (i.e., a hotline) for timely reporting

Use a centralized incident management system and document/analyze intake data

Develop and leverage compliance-focused tools and communication strategies for employees responsible for investigation activities (consistency)

27

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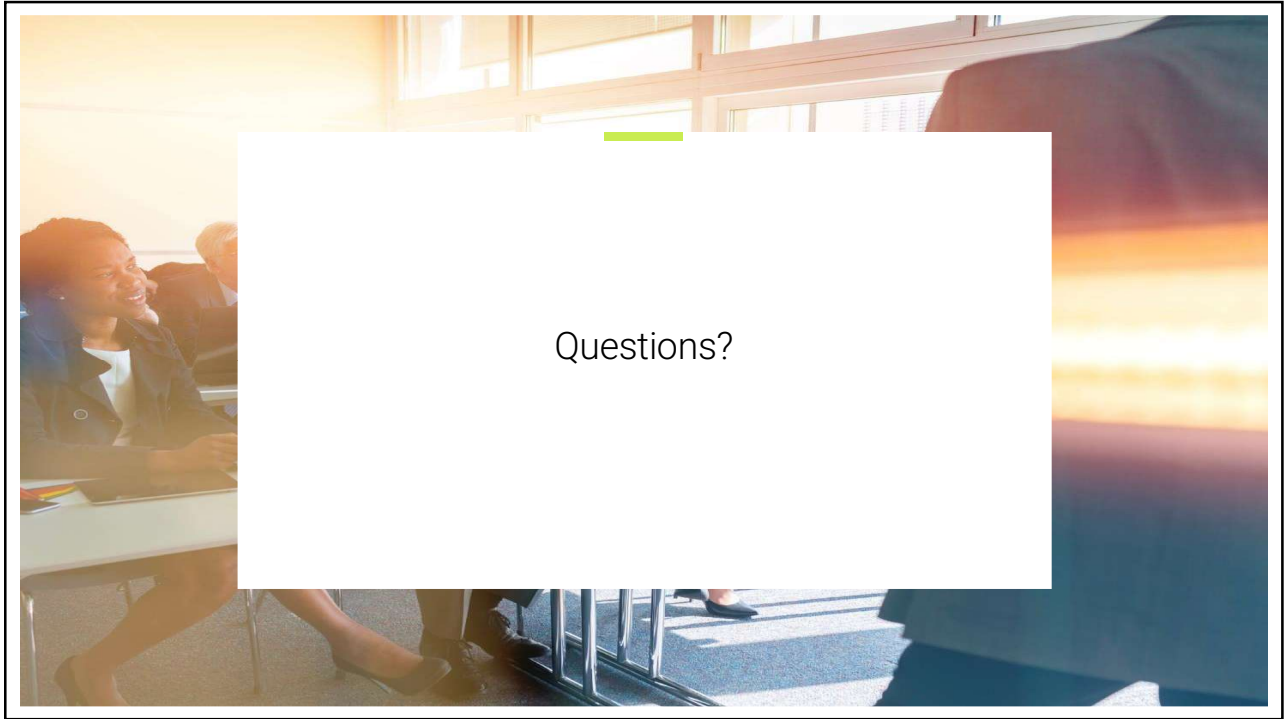


Key takeaways

- Assessment is fundamental to an effective ethics and compliance program
- Start with the sub-regulatory expectations
- Remember the role (*facilitate* as well as *assess* and *report*)
- Don't reinvent the wheel (obtain a template from colleagues, *but tailor it* to your institution)

28

28



29

 
now, for tomorrow.

Contact information



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now, for tomorrow.

30

30