OPERATIONALIZING THE SEVEN ELEMENTS:
WORKSHOP FOR NEW HIGHER EDUCATION COMPLIANCE PROGRAMS AND OFFICERS

SCCE Higher Education Compliance Conference
June 2022

1

INTRODUCTIONS

Kenneth J. Liddle
Chief Compliance Officer and Assistant General Counsel
Northeastern University

Nedra Abbruzzese-Werling
Associate Vice President for Compliance Services
Boston University

Tina Hua
Chief Ethics and Compliance Officer
Stanford University

2

OVERVIEW AND OBJECTIVES

Understand culture, codes, and program structure in higher education

Perform an initial risk assessment, and learn about effective investigations and hotlines

Participate in small group breakout sessions* with the panelists to answer questions

* Breakouts contingent upon logistics – we may modify to group Q&A to accommodate audience size

3

ULTIMATE GOAL FOR TODAY

Provide you with some practical takeaways of how to strengthen your compliance program.

4

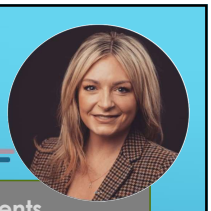
ABOUT OUR INSTITUTIONS

5

BOSTON UNIVERSITY AT A GLANCE

BOSTON UNIVERSITY

Private Urban Research University



Founded in 1839 | **Located in Boston, Massachusetts** | **Enrolling 33, 678 students**

Research	Employees	Academics	Global Impact	Endowment	Student Enrollment	Campus
$564.6 M Research Expenditures $502.6 M Research Awards $110.0 M BMC Clinical Research Grants	10,406 employees 4,107 Faculty	17 schools and colleges (Law & Med), 300+ programs of study, 10:1 Student/Faculty Ratio	300+ Global initiatives 180 Alumni Countries 11,000+ intl. students 70+ Study Abroad Programs	407,000+ living alumni $3.35 billion endowment	16,530 undergrads, 15,932 graduate & professional students, 1,216 non-degree students	2 Boston campus locations (Charles River and Medical), 175 acres, 1,772 labs, 347 buildings, 850 classrooms

MORE BOSTON UNIVERSITY FACTS AVAILABLE AT HTTPS://WWW.BU.EDU/PRESIDENT/BOSTON-UNIVERSITY-FACTS-STATS/

6

STANFORD UNIVERSITY AT A GLANCE

Stanford University

Private Research University

Founded in 1885, Opened 1991 | **Located in Stanford, California** | **Enrolling 16,937 students**

Research
7,900+ externally sponsored projects
$1.69 billion total budget

Employees
2,288 faculty members
20 Nobel laureates are currently members of the Stanford community
5:1 student to faculty ratio

Academics
Eight Schools
Business; Earth, Energy and Environmental Sciences; Education; Engineering; Humanities and Sciences; Law; Medicine; School of Sustainability (fall 2022)

Student Enrollment
7,645 undergraduates
9,292 graduates
16,937 Total Student Body

Endowment
Endowment $37.8 billion
(as of August 31, 2021)

Campus
8,180 contiguous acres
Nearly 700 major buildings

MORE STANFORD UNIVERSITY FACTS AVAILABLE AT HTTPS://FACTS.STANFORD.EDU/

7

NORTHEASTERN UNIVERSITY AT A GLANCE

Northeastern University

Private Urban University – focus on experiential learning

Founded in 1898 | **Located in Boston, Massachusetts** | **Enrolling 41,842 students**

Research
2020–2021
$181.2M in external research awards
$166.4M in research expenditures

Employees
3,359 Faculty
3,036 staff
346 research professionals

Academics
10 schools (law, business, engineering, health sciences); 318 majors; Experiential learning: 7,764 co-op placements 2020-2021

Giving
$194.94M total giving

Alumni
282.143 Alumni, 179 Alumni countries

Campus
73 Acres, 58 Academic and service buildings, 28 residence buildings

Student Enrollment
22,314 undergraduates
19,528 graduates

Global Impact
1,019 undergrads had global experience, in 53 countries; 413 undergraduate students participated in co-op abroad in 65 countries;
135 countries represented in student body

MORE NORTHEASTERN UNIVERSITY FACTS AVAILABLE AT HTTPS://FACTS.NORTHEASTERN.EDU/

8

COMPLIANCE AND ETHICS STRUCTURE AT OUR INSTITUTIONS

Core Components of Compliance Program	Stanford University	Northeastern University	BOSTON UNIVERSITY
Office Name	Ethics and Compliance	Compliance Department	Compliance Services Office
Standalone Office?	Yes (5 FTE)	Yes (3 FTE)	Yes (2 FTE)
Resource or Oversight Office	Resource	Resource, evolving towards additional oversight	Resource
Reporting Structure	Office of the Chief Risk Officer	Reports to General Counsel (Compliance Officer is also an attorney in OGC)	Reports to General Counsel (Compliance Officer is outside of OGC)
Board Reporting	Yes- Report to Audit Committee	Yes – Report to Audit Committee	Yes – Report to Audit Committee
CORE OFFICE FUNCTIONS			
Policy Management	No	Yes	Yes; partial owner, manage Policies website
Hotline	Yes	Yes (co-manage with Internal Audit)	Yes
Conflicts of Interest	COI investigations	Yes	Yes; non-research conflicts
Training	Yes	No (but being considered)	Yes; part owner and project manager of core U-wide training
Investigations	Yes	Yes	Oversight and provide consultation, conduct limited investigations
Functions we contribute to but are not core owner	COI, ERM, Covid Compliance	Privacy, data security, Export Control	Core team for Minors, Title IX, Privacy, and ERM

9

POLL | GAUGING THE AUDIENCE

QUESTION

How long have you been in your role?

Are you new to higher education?

RESPONSES

1. Less than 1 year
2. 1-3 years
3. 3-5 years
4. 5-10 years
5. Over 10 years

10

POLL | GAUGING THE AUDIENCE

QUESTION

What is your background?

RESPONSES

1. Attorney
2. Compliance
3. Audit
4. Risk/insurance
5. Finance
6. Other

11

POLL | GAUGING THE AUDIENCE

QUESTION

How would you rank your program maturity

What is maturity?

RESPONSES

1. **Infancy -**
   Brand new
2. **Somewhere in the middle -**
   On our way to mature
3. **Fully Mature**
   We got this Compliance thing down

12

WHAT IS A COMPLIANCE PROGRAM

Compliance and Ethics Program:
"a program designed to prevent and detect criminal conduct" that consists of seven key elements

- Elements synonymous with an effective compliance program
- Federal Sentencing Guidelines for Organizations outline minimum requirements for an effective compliance and ethics program (Nov. 1, 2010).
  - Convicted organization may be eligible for a reduced sentence if it has established an effective compliance and ethics program.
- Department of Justice, Evaluation of Corporate Compliance Programs (June 2020)
  - The effectiveness of the compliance program is considered by prosecutors during an investigation, when determining charges, negotiating plea or other agreements, and in federal sentencing

13

GOALS OF A COMPLIANCE PROGRAM

Act as a Compliance Resource for campuses

- Help campus offices comply with the various laws and regulations

Try to create campus-wide guidance, information, and efficiencies

- Avoid redundancy

Improve Communication on Compliance issues and provide clarity

Foster communication within system and across the campuses on issues related to compliance

Operationalize the seven elements

14

MATURITY OF A COMPLIANCE PROGRAM

- **Compliance Program Maturity** is the concept of what stage of development your intuition's Compliance Program is at, on a scale from the beginning stages where the program has just begun to implement the seven elements (infancy) all the way to full maturity of the Program.

There are many models/ways to measure "Maturity."

- Program maturity assessments are meant to inform an institution about where a program stands and what it needs to do in the future to improve and strengthen its program structure, systems, policies, and processes to meet the institution's needs and expectations.

REMEMBER: Building a compliance function will take time, and will not happen overnight. Statistics say full-fledged compliance function will take 3-5 years to build a mature program.

15

WHETHER YOU HAVE A NEW OR REFRESHED PROGRAM – WHERE DO YOU START?

16

STEPS FOR A NEW OR REFRESHED PROGRAM

1. Build a Compliance Structure

- Mission and Scope
- Appropriate oversight, reporting, and leadership support

17

STEPS FOR A NEW OR REFRESHED PROGRAM

2. Assess Your Risks and Create a Compliance Plan

- Identify
  Consider universe of risks – Federal, state, higher education risks of similarly situated peer institutions, risks to your institution (often driven by your institution's strategic initiatives (what is most important to your institution, noteworthy programs/activities)
  - Resources for Identification and Assessment:
    - Higher Education Compliance Alliance Matrix

18

STEPS FOR A NEW OR REFRESHED PROGRAM

3. Prioritize your Risks and Initial Areas of Focus

- Assess Your Risks and Create a Compliance Plan
  - Talk to the risk owners to assess risks
  - Use a standardized criteria for assessment
- What are the biggest priority risks that aren't being sufficiently mitigated?
- What compliance structure will mitigate those compliance risks?
  - Policy / Procedure
  - Additional Staff/more resources (IT solution)
  - Enhanced Training and Communication
  - Stronger Tone at the Top
  - Best Practices document
  - More audits of area
  - Other?

19

STEPS FOR A NEW OR REFRESHED PROGRAM

Considerations as you Prioritize your Risks and Formalize a Plan

- What is your timetable?
- How to build Accountability into your program
- How to evaluate success of your plan after implementation?
  - What data/KPIs/metrics do you use
- How and to whom will you communicate what you have done?

20

SPECIFIC AREAS TO CHAT ABOUT

- Initial Risk Assessment
- Investigations
- Hotlines
- Codes
- Training
- Policy Management

Insights from Compliance Officers who have been there

21

APPENDIX: REFERENCE MATERIAL

22

Higher Education Compliance Resources and Links

General Compliance Resources

- Higher Education Compliance Alliance (mostly free)
- Society for Corporate Compliance (membership required to access resources)
- National Association of College and University Attorneys (membership required to access resources, but most OGC's are members)
- Council on Governmental Relations (institutional membership required to access resources)
- Department of Education Institutional Reporting and Disclosure Requirements (Free, and important!)

Ethics and Compliance Programs

- Roadmap for starting a compliance program (SCCE, free)
- Another Roadmap for Starting a Higher Education Compliance Program (SCCE, free)
- Building an Effective Compliance Program: An Introductory Guide (NACUA, 2015)
- Building a Proactive Compliance Program in Higher Education (URMIA, 2015, free)
- Establishing an Effective Compliance Program: An Overview to Protecting Your Organization (Free, ACC)
- Results of the 2018 Compliance Survey (NACUA, 2018)
- Building Culture through Effective Communication (NACUA, 2017)
- Department of Justice guidance on Evaluation of Corporate Compliance Programs (Free, DOJ, June 2020)

23

Higher Education Compliance Resources and Links continued

Enterprise Risk Management

- Building a Proactive Compliance Program in Higher Education (Free, URIMA, page 35)
- Good Risk Management is Good Governance (Free, AGB)
- Risk Management: An Accountability Guide for University and College Boards ($56, ABG)
- Enterprise Risk Management – Integrated Framework Executive Summary (Free, COSO)

Policy Management

- Association of College and University Policy Administrators (membership required to access resources)
- Policy Writing and Management (NACUA, 2015)
- Best Practices for Developing & Managing Policies (NACUA, 2018)
- Examples (with other resources): Northeastern, Boston University, Stanford, Kansas; Minnesota; Purdue

Compliance Matrix Examples

- Northeastern, Stanford, Boston University

24

Higher Education Compliance Resources and Links continued

Codes of Ethics and/or Conduct Examples

- Northeastern; Boston University, Stanford
- Conducting an Ethical Climate Survey (ACUA, 2017, free)

Reporting Hotlines

- Hot to Build a Compliance Hotline Employees Actually Trust (Law 360)
- Some of the hotline providers have begun to provide analytics on hotline utilization and other significant data (example Navex Global, free by request)

Measuring Effectiveness

- Measuring Compliance Program Effectiveness: A Resource Guide, (Free, HCCA/OIG, 2017)
- Conducting a Self-Evaluation of a Compliance Program (NACUA, 2017)

25

AN EXAMPLE OF IMPACTFUL

HOTLINE REPORTING

26

TURNING THE HOTLINE INFORMATION INTO REPORTABLE DATA FOR THE BOARD

- Board needs enough information for oversight and assurance, not "in the weeds" operational data
- We report number of cases year over year, and account for repeat reports of the same underlying issue

We added the amount of COVID-19 reports made to the hotline because we knew the Board would be interested in this statistic

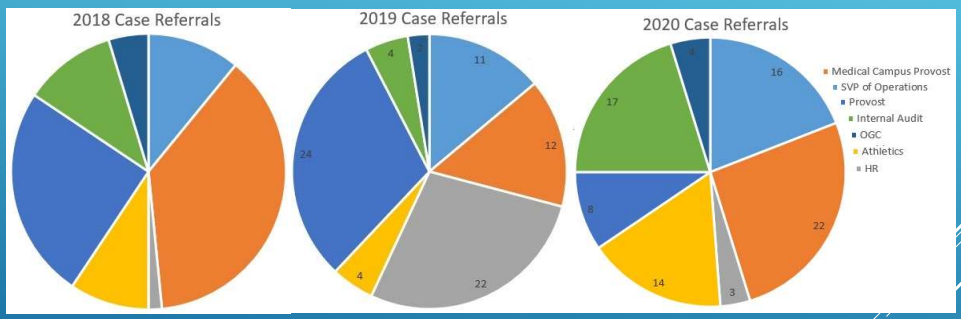
- We developed case closure criteria so we could understand the outcomes of each Hotline case

Disclaimer: These charts to not reflect Boston University's Hotline data. While the presentation of the data is how it is presented to the Board, the underlying data has been altered for purposes of this presentation.

27

TURNING THE HOTLINE INFORMATION INTO REPORTABLE DATA FOR THE BOARD

- We show referral year over year so the Board understands the main departments that are the genesis for the issue (i.e. Provost = academic or faculty issues)



Disclaimer: These charts to not reflect Boston University's Hotline data. While the presentation of the data is how it is presented to the Board, the underlying data has been altered for purposes of this presentation.

28

TURNING THE HOTLINE INFORMATION INTO REPORTABLE DATA FOR THE BOARD

- **These are our case outcome dispositions:**

Substantiated	There is truth to the allegation(s). Evidence collected supported/proved the allegations to be true, and that the findings constitute a BU Policy violation, law, or other wrongdoing.
Partially substantiated	There is truth to the allegation, but the supported/proved facts *do not* constitute a BU Policy violation, law, or other wrongdoing.
Not substantiated	Evidence collected did not support the allegations.
Expedited Closure	Used when it is clear from the report that the allegations, even if true, would not constitute a violation of any university policy and it is clear that no further University action is necessary. As a general rule, reports that include allegations of misconduct by a named individual are not appropriate for expedited closure
Pending	Case outcome has not yet been determined.
Administrative Routing and Closure	Used for issues that that have not otherwise been brought to the attention of the University, but can be addressed by existing processes, and when the reporter, if identified, is not concerned with confidentiality or retaliation. The reporter is informed at the time of closure that the case has been referred to the particular office and provided with specific contact information as appropriate.
Administrative Routing for Routine COVID-19 Reports	Direct referral to the appropriate department and not through the Compliance Committee – for COVID concerns that are routine in nature and do not involve violations of other University Policies. These reports are routed (1) department chairs for faculty; (2) Dean of Students for students; and (3) Managers for staff; then closed.

Keep your data consistent by adhering to the criteria you've established. This will help maintain the data integrity.

29

TURNING THE HOTLINE INFORMATION INTO REPORTABLE DATA FOR THE BOARD

- **We developed case closure criteria so we could understand the outcomes of each Hotline case and report on the outcome numbers.**

Case Outcomes	2018	2019	2020
Not substantiated	30	27	22
Partially Substantiated	28	18	14
Substantiated	4	4	10
Expedited Closure	2	16	13
Pending	0	14	0
Administrative Routing	n/a	n/a	13
Administrative Routing for Routine COVID-19 Reports	n/a	n/a	12
TOTAL CASES	**64**	**79**	**84**

Disclaimer: These charts to not reflect Boston University's Hotline data. While the presentation of the data is how it is presented to the Board, the underlying data has been altered for purposes of this presentation.

30