

**Benefiting from and Improving upon UT System Guidance in
Establishing an Institutional Compliance Program**

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Abstract

When The University of Texas - Pan American defined formal processes for its Institutional Compliance Program, it looked to the U. T. System guidance as explained in Effective Compliance Systems: A Practical Guide for Educational Institutions.

However, three specific improvements on these U. T. System recommendations enhanced the quality and effectiveness of the program:

- 1. Asking employees to “raise compliance questions” instead of “report suspected non-compliance” increased the volume, usefulness, and timeliness of issues raised through the anonymous compliance hotline.*

- 2. Highlighting the relatively infrequent situations of*
“management inattention to compliance issues and override of the efforts of others to address them”
further empowered employees to “raise compliance questions” in situations potentially most damaging to the University, and motivated managers to prevent these situations.

- 3. Using a single planning and reporting format for the management of compliance high risk areas reduced the reporting burden and increased the transparency of control of risks in high risk areas.*

Following U. T. System guidance, a formal policy was developed describing the program. A broad cross section of the campus contributed to the development of the policy, and the concerns of faculty and others were addressed early in the process.

Introduction to The University of Texas-Pan American

The University of Texas-Pan American is a general academic component of The University of Texas System and the primary institution of higher learning serving the rapidly growing population of the Rio Grande Valley in the southern tip of Texas. This population is 86 percent Hispanic; 54 percent of the institution's students who earn their undergraduate degrees are from the first generation in their families to reach this level of educational attainment. The institution has a Carnegie classification of Master's I.

The University of Texas-Pan American was founded in 1927 as Edinburg College, a two-year institution created by the Edinburg School District. In the 75 years since its inception, the institution has gone through a number of name and mission changes. The current mission focuses on three overarching goals: 1] To improve student access and success, 2] To be a state leader in the preparation and production of public school teachers, and 3] To become the doctoral/research institution of South Texas.

Enrollment was 12,510 undergraduate and 1,882 graduate students for the Fall 2002 semester. The institution is lead by Dr. Miguel Nevárez, President. The Vice President for Business Affairs and the Institutional Compliance Officer is Mr. James R. Langabeer.

Statement of the Problem/Initiative

In August of 2001 the University's self-assessment of its Institutional Compliance Program showed that its development had not kept up with either the expectations of U. T. System or the progress of its sister University of Texas component institutions. The University had made a good faith effort to implement the *Action Plan to Ensure Institutional Compliance* approved by the Chancellor of U. T. System on April 24, 1998. However, its approach remained largely informal where the accumulated body of knowledge resulting from the efforts around the System showed that specific elements of a formal program were essential.

Perhaps the main lesson learned from the efforts throughout the U. T. System to establish formal compliance programs was that changing institutional culture was the essence of the job. From this perspective The University of Texas - Pan American's challenge in August, 2001 was to find the approach for achieving a change of culture through which the institution would most willingly embrace and implement formal processes for mitigating compliance risks.

Design and Implementation

There was no clear demarcation separating the design of this project from its implementation. The search for the approach for achieving a change of culture that would best support a compliance program was a process of interacting with different constituencies on campus, explaining our thinking to them, and asking for input that

would help us improve this thinking and make it more attractive. Each such interaction was a step forward in the implementation, as well as in the design.

The first step in the project (September, 2001) was to designate a member of management to design and implement the program. Following U. T. System's guidance, the function was titled "Compliance Coordinator." Initially a part-time function, it gradually expanded to a little less than full-time as the program became increasingly operational. It reported to the Vice President for Business Affairs, who had already been designated as the Institutional Compliance Officer.

The Compliance Coordinator started his work by studying the available guidance in search for an approach that the executive management of the University would most willingly embrace. By that time the U. T. System had developed a common body of knowledge about compliance programs born from the experience of University of Texas component institutions, and made it available through a series of in-person and videoconferences. This body of knowledge is now much more accessible in a publication of the Institute of Internal Auditors titled: *Effective Compliance Systems: A Practical Guide for Educational Institutions*. A different perspective was found in NACUBO's *Developing a Strategy to Manage Enterprisewide Risk in Higher Education*. This publication presents the lessons learned from corporate experience with programs to mitigate enterprise risks of all types- compliance risks, operating risks, opportunity risks, etc. It explores how these lessons might be applied within Higher Education. The two publications complement each other well:

<i>Effective Compliance Systems: A Practical Guide for Educational Institutions</i>	<i>Developing a Strategy to Manage Enterprisewide Risk in Higher Education</i>
Focuses on practical steps to be taken in all aspects of the program	Largely theoretical, with practical guidance about how to start a program
Addresses compliance risks only	Discusses an evolution of risk management efforts leading eventually to formal management of all risks
Places greater emphasis on a central compliance function	Aims at eventually embedding risk management into every part of the organization, with ongoing assistance from the centralized risk manager

Drawing on the ideas and approaches found in the reading, the Compliance Coordinator attempted to define characteristics of an “ideal” program. The objective was to identify guiding principles for designing the program. This effort led to a presentation that solicited input and suggestions from executive management and many of the managers reporting directly to the executive management team. In its final form (November, 2001) this presentation proposed the following characteristics as aspects of an “ideal” program:

1. Maximum probability to see the unforeseen. Risk analysis that is refreshed, not rehashed.
2. Effort flows easily to new issues as they are identified; no build-up of resources dedicated to old issues once resolved.
3. Basis for consistent staff disciplinary measures.
4. Natural evolution from “down-side only” compliance focus to comprehensive focus on opportunity as well as risk.
5. Minimum commitment of permanent staffing (less than one FTE if possible).

6. Focused attention on the root cause of all significant non-compliance of an ongoing nature:
 - Management inattention to compliance concerns, and
 - Management override of the efforts of others to address them.

In its final form the presentation also proposed an approach for a compliance program that would include the following items:

1. Every staff and faculty member would be made a “responsible party” for compliance issues related to his or her job.
2. Compliance training plans would be carried out to identify compliance issues related to each job.
3. A regular compliance assurance statement would be obtained from all faculty and staff.
4. Periodic peer review would provide additional assurance for complex areas.
5. Management inattention to compliance issues and override of the efforts of others to address them would receive direct and prominent attention in general compliance training and the employee standards of conduct guide.
6. Risk assessment would identify “A list” compliance risks. Efforts to mitigate these risks would follow the approach described in *Effective Compliance Systems: A Practical Guide for Educational Institutions*.
7. Program performance measures would include
 - Number of compliance inquiries to Compliance Officer.
 - Average age of issues when reported.

- Average time from report until resolution complete.

The executive management of the institution willingly accepted this approach on a “let’s try it and see” basis. They agreed to set the proper tone at the top in support of the program, thus opening the way to move its development to the next level of detail and to win a broader base of willing support.

Attention turned to the first characteristic of our proposed program- to make every staff and faculty member a “responsible party” for compliance issues related to his or her job. We sought an environment in which all members would willingly take responsibility for compliance. This concept was inspired by the successful efforts of manufacturing companies such as GE and Motorola to achieve quality defect rates of less than one in one million. These efforts rely directly on employees at all levels to recognize and take active steps in solving obstacles to quality. Our focus at the time was to learn how employees could be motivated to report suspected non-compliance and helped to feel comfortable in doing so. We turned to a small number of veteran survivors of non-compliant situations on campus, explained what we were searching for, and asked them to help us understand their experiences (November, 2001). Ultimately we wanted to know what approaches would have made it easy for them to reach out and ask for help. They told us several important things:

1. For the employee who encounters a compliance issue in the course of his or her job, the process does not begin with “suspected non-compliance.” It begins instead with some type of question that has compliance implications. For

example, an employee might ask a supervisor whether it would be good to modify a form in order to collect an additional piece of information possibly called for by regulations. When raising such a question the employees we spoke to were not experiencing a "suspicion of non-compliance." Instead they were focusing on achieving an improvement.

2. Employees readily raise their questions with their supervisors, but in unfortunate cases they succeed only in obtaining answers that they recognize as unsatisfactory, at least in part.
3. Employees who are not satisfied with the answers they receive from their supervisors are prone to enter a period of increasingly miserable self-doubt. It becomes very unpleasant, and they are eventually highly motivated to escape, either physically or psychologically. Physical escape implies changing jobs- and often appears to be the best option. Developing apathy towards their job as they attempt to apply direction they don't find acceptable is usually less attractive. "Reporting suspected non-compliance" is often the least attractive option. Employees fear that this approach will turn out to be highly confrontational and uncertain in its outcome, regardless of any assurances of confidentiality. Employees wait a long time before taking this step, time during which problems often grow larger and more difficult to resolve.

We understood from the considerations described above that asking employees "to raise compliance questions" would be much more successful than asking them "to report suspected non-compliance." Our executive management was much more attracted to

the idea of invoking a culture of curiosity and responsibility with regard to compliance questions than to creating one that nurtured suspicion of non-compliance. From the employee's point of view, raising a question was a step they could take without putting themselves into a confrontational posture, especially if they acted early in their encounter with a compliance issue. It was a step that could eliminate the period of increasingly miserable self-doubt that many experienced. From the University's point of view, having questions raised earlier would afford the opportunity to address them sooner. Hopefully they could be addressed before they became defined in confrontational "win-lose" terms, and before they grew into problems bigger and harder to put right.

As the considerations described above became clear, the Compliance Coordinator became curious about how the University's contracted compliance hotline service handled calls where employees raised compliance questions. The answer was disheartening. The hotline was happy to help employees report suspected non-compliance, but was telling them in no uncertain terms that their questions were not welcome- that only the University could answer questions. This bit of news sent the Compliance Coordinator shopping for a different reporting service (February, 2002). Eventually one was found. The Network, a company based in Norcross, Georgia, agreed to take questions from employees; to provide them with a report number by which they could identify themselves in a follow-up call two weeks later; and to read them the University's response at that time. An email to the University's all-employee listserve announced the new service (March 2002), and immediately a trickle of compliance questions started to come in through the hotline, where essentially none had come in

before. We encouraged this trickle by responding to each question in polite, appreciative terms- regardless of the content of the question raised. We wanted our responses to serve as advertisements for the service in addition to answering the specific questions posed.

Our conversations with the survivors of past non-compliance situations highlighted the significance of directly addressing management inattention to compliance concerns and/or override of the efforts of others to address them. These conversations showed clearly that if employees raised compliance questions to supervisors who responded with inattention and/or override, the question would almost always stop there- unless the University could find a way to reach out to these employees and help them.

The next step in the design and implementation of the program was to integrate what we had learned into an official university policy (first draft December, 2001; President's Council approval April, 2002). The policy-making process at our institution is designed to obtain the widest possible input prior to approval. It represented the perfect opportunity to publicize the program and to discover the most effective words for describing it. Policy approval is widely recognized on campus as painstakingly slow, but in this case we did everything we could to slow it down even further. We listened carefully to every comment and question, whether raised by individual, Department Head, Faculty Senate, Council of Deans, or executive management. Every suggestion was used to improve the evolving draft. The goal was to frame a policy that could

become one of the reasons employees feel proud to work at the University. The full text is shown in Exhibit I. The key provisions accomplish four things:

1. Define the mission of the Compliance Program, as specified by UT System:

UT Pan American endeavors to fulfill all of its responsibilities to the people of Texas in an environment based on ethical behavior and compliance to applicable laws and rules. This statement embodies the mission of the Institutional Compliance Program at UT Pan American.

2. Define compliance responsibilities for all administrators, faculty, and staff:

The commitment to uphold an ethical environment and to obey applicable laws and rules is generally a straightforward responsibility that rests directly upon each University administrative, faculty and staff member. ...

In simplest terms, the Compliance Program is about doing the right thing. A good approach is to ask whether the institution would be proud of a given situation if it became the focus of public attention.

Toward this end, every administrative, faculty, and staff member should:

- *Learn the compliance requirements applicable to their jobs,*
- *Obey these requirements, and*
- *Raise questions and issues related to compliance as soon as they become aware of them. ...*

Supervisors- whether Executives, Deans, Department Chairs, Directors, or others- have additional compliance responsibilities. These include:

- Create a positive compliance atmosphere where management is attentive to compliance questions, and does not override the efforts of others to address them.*
- Address promptly the compliance issues that come to their attention.*
- Formally manage significant compliance risks and report on this management activity.*

3. Directly address management inattention to compliance and/or override

Difficult compliance issues are not common, but they are important to understand. They happen when management is inattentive to compliance questions and/or overrides the efforts of others to address them. These are the issues likely to do most harm to the University. ...

It is vital that administrative, faculty and staff members who face a difficult compliance issue persist and pursue an answer through one of the following channels:

- higher level managers within their chain of command (If this option does not provide a satisfactory resolution, one of the remaining two must be used).*
- the Institutional Compliance Officer.*

- *the confidential compliance hotline.*

Taking this step is obligatory. It is the step that will permit the University to address a difficult compliance issue early, before it grows into a situation more problematic to resolve.

4. Provide for annual compliance assurance statements signed by all employees

The complete text of the annual compliance assurance statement signed by all employees is shown in Exhibit II. It lists the compliance responsibilities applicable to every administration, faculty, and staff member as described in items 2 and 3 above. The statement that is signed reads:

I certify, to the best of my knowledge and belief, that I have fulfilled my responsibilities under the University's Compliance Program that are described above.

The adoption of the formal University policy describing the Compliance Program established key features applicable to all employees on campus and achieved an initial base of support for them. Its focus was broad; it left significant aspects of the program to be defined. Most significant among these areas was the management of high-risk compliance areas. High-risk areas are the areas where non-compliance would be most disastrous to the institution. For example, at academic institutions like ours, student safety issues generally top the list.

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identifies five different processes and related documentation that are integral to the formal management of high-risk areas. The first two are:

1. Quarterly reporting of monitoring and training results to the Compliance Coordinator and Compliance Committee.
2. Developing and implementing action plans to improve training and monitoring activities, if necessary, and associated progress reporting.

These two provide the Compliance Committee with information about the management of each high-risk area. However, they are fully understandable only when considered in the context of preliminary work in three areas, which provide their foundation:

3. Risk analysis, including a description of what's at stake.
4. Monitoring plan, including a description of operating and monitoring controls.
5. Training plan, including the identification of groups who interact with a given risk and what they need to know in order to perform their respective roles in mitigating it.

The challenge was to win the willing support of the individuals working in the high-risk areas who would inevitably be the main participants in these formal risk mitigation processes. Toward this end we searched for a format to integrate the different elements, focusing attention on a single, if admittedly complex, report- instead of scattering it through a number of different documents. Continuous improvement over several reporting quarters (February 2002 through November 2002) led to the format shown in

Exhibit III. The printed format for most risk areas is bulky, so the information is generally handled electronically. The shaded areas shown in Exhibit III address items 3, 4, and 5 described above. They evolve gradually over time. The unshaded areas are updated each quarter, and address items 1 and 2.

As new high-risk areas are brought within the sphere of formal risk management processes and reporting as described above, the Compliance Coordinator collaborates directly with the individuals working in the area to draft the description of what's at stake, the training plan and the monitoring plan. The initial draft is often incomplete, but even so, it generally demonstrates how the different risk mitigation processes are interrelated. Subsequent versions reflect an ever-improving understanding of a desired set of training and monitoring procedures, and in the process an initial action plan for improving them emerges.

After the Compliance Committee approves the initial action plan, the high-risk area initiates quarterly reporting of progress on action items, monitoring results, and training results. The individuals in the best position to know the status of each item are the ones that complete them, regardless of their level within the organization. Quarterly reporting is thus the gathering of a structured series of assertions from different levels of the organization, all made in the context of well-understood risk definition, training, and monitoring processes. This structured series of assertions is designed to assure the Compliance Committee of the status of risk management activity for the area. The first quarterly reports for an area generally focus on the action items. Formal management of

the risk area matures as these action items are accomplished, and the focus shifts to the results of monitoring and training activity.

Benefits

Of the practices presented in this paper, asking employees to “raise compliance questions” instead of “reporting suspected non-compliance” has had the most measurable benefits. The table below shows the history of questions raised and the length of time between the event that caused each question and the date it was raised.

Questions raised shortly after the announcement of the change of approach dealt mostly with events that had happened more than a month prior to the date the question was raised. Gradually the trend shifted, especially after August, 2002 when employees signed their first annual compliance assurance statements. Now most of the questions relate to events that are either under consideration, but have not yet occurred, or have only recently occurred. We believe that this change reflects employees’ growing trust in the “raising compliance questions” process. Unquestionably the earlier notice the University is receiving of possible compliance issues is allowing it to address many in early stages before they grow into larger problems.

Month	Date question was raised in relation to questioned event							Total
	Prior to	Same day	Next day	Same week	Same month	Long after	Not applic	
Mar 02						2		2
Apr 02			1			2		3
May 02			1		2	5		8
Jun 02		1				1		2
Jul 02		1		1	1			3

Aug 02	4	2			2	1		9
Sep 02	1			1		1	2	5
Oct 02	2	2		1	1		1	7
Total	7	6	2	3	6	12	3	39

Taking the time to develop a formal University policy authorizing the compliance program has had a variety of benefits. Some aspects of the program, such as the definition of every employee's responsibilities for compliance, and the related annual assurance statements that each has fulfilled these responsibilities, could not have been established without this policy. The extensive feedback and suggestions for improvement guided us toward a language for describing the program that helped the campus community understand and embrace it. Through the policy approval process the program emerged as a product of the University as a whole, not merely a Business Division initiative. This campus-wide ownership is reflected in the compliance question statistics: where our sister U.T. System component institutions generally report challenges in achieving support for their programs in academic departments, 48% of the questions raised through our program have originated from faculty and staff in Academic Affairs.

The benefits of directly addressing management inattention to compliance and/or override are undoubtedly positive, but difficult to measure. At a minimum a very significant institutional norm has been communicated, and all employees have been instructed about what to do when they find this norm is not upheld. That they are following these instructions is evident in the compliance questions they raise.

Using a format for high risk areas that reports quarterly compliance activity in the context of the associated 1] description of what's at stake, 2] training plan, 3] monitoring plan, and 4] action plan (if any)- has made it easier to introduce individuals associated with these areas to formal risk management processes. The format itself has been under continuous improvement since the approach was first introduced. As a result, experience has not yet had the chance to prove whether our additional goals for it will be realized. These goals are to have high-risk area quarterly reports that prove easy to prepare and that provide valuable assurance to the Compliance Committee through the structured series of assertions they contain.

Retrospect

Reflection on our institution's sixteen-month effort to establish a formal compliance program shows that the initiative has been one of continuous learning-learning that has proven essential to the program's achievements to date. At this point it is not clear what changes could have been made so that this learning process would have been faster, or of greater benefit. What is clear is that the experience already accumulated in this same endeavor by our sister University of Texas component institutions defined our starting point. We are very grateful for having had the opportunity to incorporate the many aspects proven to be successful which have not been discussed here, but which are fully described in *Effective Compliance Systems: A*

Practical Guide for Educational Institutions. One of the benefits that came with this opportunity was the ability to see the few variations on the theme that we wanted to try differently and that have been the subject of this paper.

EXHIBIT I – Full Text of UT Pan American Policy Regarding Compliance with Laws, Regulations, Contractual Obligations, and Policies (HOP 2.4.1)

A. Purpose

UT Pan American endeavors to fulfill all of its responsibilities to the people of Texas in an environment based on ethical behavior and compliance to applicable laws and rules. This statement embodies the mission of the Institutional Compliance Program at UT Pan American.

The commitment to uphold an ethical environment and to obey applicable laws and rules is generally a straightforward responsibility that rests directly upon each University administrative, faculty and staff member.

The UT System has called upon each UT component to carry out a proactive compliance program. This program is to be effective within the institution's culture as well as responsive to UT System standards as outlined in:

- the *1998 Action Plan to Ensure Institutional Compliance* approved by the Board of Regents, and
- UT System Business Procedures Memorandum 63- *Institutional Compliance Program*.

The purpose of this policy is to define the processes and responsibilities associated with this program.

B. Compliance Responsibilities Shared by all Administrative, Faculty and Staff Members

In simplest terms, the Compliance Program is about doing the right thing. A good approach is to ask whether the institution would be proud of a given situation if it became the focus of public attention.

Toward this end, every administrative, faculty, and staff member should:

1. Learn the compliance requirements applicable to their jobs,
2. Obey these requirements, and
3. Raise questions and issues related to compliance as soon as they become aware of them.

Raising compliance questions and issues with one's supervisor and his or her chain of command should usually resolve them. However, further steps described below are necessary for the occasional difficult compliance issues that come up from time to time.

C. Understanding Difficult Compliance Issues

Difficult compliance issues are not common, but they are important to understand. They happen when management is inattentive to compliance questions and/or overrides the efforts of others to address them. These are the issues likely to do most harm to the University.

Some examples of management inattention to compliance questions and/or override of efforts to address them include:

1. a supervisor agrees with a compliance question raised by a faculty or staff member, but indicates that the priority at the moment is something else. Over time the question raised never becomes a priority.
2. a supervisor responds to a compliance question in a way that neither validates nor invalidates the issue, but rather leaves it hanging indefinitely.
3. a supervisor listens to the question or issue presented, but does not address it, suggesting instead that the responsibility lies elsewhere, beyond the sphere of his or her control.
4. a supervisor gives a definite response to a compliance question, but one that disagrees with an applicable law or rule.

Public employees who, in good faith, raise concerns about compliance issues or report official wrongdoing are protected from retaliation by their employing agencies by a Texas State Law known as the “Whistleblower Act.”

D. What to Do When Faced With a Difficult Compliance Issue

It is vital that administrative, faculty and staff members who face a difficult compliance issue persist and pursue an answer through one of the following channels:

- higher level managers within their chain of command (If this option does not provide a satisfactory resolution, one of the remaining two must be used).
- the Institutional Compliance Officer.
- the confidential compliance hotline.

Taking this step is obligatory. It is the step that will permit the University to address a difficult compliance issue early, before it grows into a situation more problematic to resolve.

E. Calling the Confidential Compliance Hotline– What to Expect

A company independent of the University, called The Network, operates the confidential compliance hotline. It provides an alternative channel for

administrative, faculty and staff members to raise difficult compliance issues. Callers to the Network 1-800 number can maintain their anonymity. Trained interviewers answer the number 24 hours per day, seven days per week. Calls are taken in either English or Spanish. Issues raised are communicated by the end of the next business day to the Institutional Compliance Officer, who investigates the issues raised.

Callers to the hotline first hear a recording that welcomes their call, and then explains that, as an independent third party, Network interviewers will not be able to answer questions, provide advice, or offer an opinion. The recording directs callers with this type of inquiry to their employing organization, and invites them to stay on the line if they want to make a report.

Callers should make a report for questions and issues they want to raise. Network interviewers will not be able to provide an answer themselves, but they will communicate the question to the Institutional Compliance Officer.

Answers will be provided to callers who wish to remain anonymous through the following procedure:

- The interviewers provide each caller with a reference number for their call.
- Callers who prefer to remain anonymous are requested to call back in approximately two weeks, identifying themselves by the reference number they have been supplied.
- When they call back, anonymous callers can receive short answers (up to 100 words) to questions raised in their initial call. They may also be asked to supply additional information if needed to help the Institutional Compliance Officer investigate the issue.

F. Additional Compliance Responsibilities of Supervisors

Supervisors- whether Executives, Deans, Department Chairs, Directors, or others- have additional compliance responsibilities. These include:

1. Create a positive compliance atmosphere where management is attentive to compliance questions, and does not override the efforts of others to address them.

In this atmosphere all should feel encouraged to raise compliance questions as outlined in this policy, and supervisors at all levels should take comfort in realizing that their staff takes the initiative in pursuing answers to these questions.

Any form of retaliation against those who raise compliance questions is prohibited.

2. Address promptly the compliance issues that come to their attention.
3. Formally manage significant compliance risks and report on this management activity using the University Compliance Risk Quarterly Report, as described below in section G.2.

G. Additional Aspects of the Institutional Compliance Program

The compliance responsibilities outlined above for individual members of the administration, faculty, and staff represent the heart of the Institutional Compliance Program at UT Pan American.

Additional aspects of this program include:

1. The Annual Individual Compliance Assurance Report

The Annual Individual Compliance Assurance Report will be integrated into the memorandums of employment signed annually by all administrative, faculty and staff members and turned in to Personnel Services. It provides assurance to the Institutional Compliance Officer and to the University Community as a whole, of the ongoing responsibility for compliance undertaken by every University employee.

2. Compliance Risk Quarterly Report

Executives, Deans, Department Chairs, Directors and other supervisors are responsible for submitting drafts of their Compliance Risk Quarterly Report to the Institutional Compliance Officer for his or her approval. At his or her discretion the Institutional Compliance Officer may put specific report drafts on the agenda of the Institutional Compliance Committee for discussion and approval.

The Compliance Risk Quarterly Report is required for “A List” compliance risks that could have a significant impact on the University as a whole. It may also be used for less significant items. The report format combines the following aspects of reporting in direct support of the Compliance Program:

- a. Risk identification, assignment of responsible parties, and assessment of risk before and after controls
- b. Training plan, quarterly training activities, and assessment of their results
- c. Operating controls, how they are to be monitored, quarterly monitoring activities and assessment of their results
- d. Reporting plan, quarterly reporting activities and assessment of their results
- e. Action items and reasons for assessments given
- f. Significant achievements and lessons learned during the quarter

Templates for this report, together with instructions and completed examples are available from the Institutional Compliance Officer and the Compliance Coordinator. The Compliance Coordinator is available to provide training in the completion and use of this form.

3. Computerized Training Program

The computerized training program is a flexible, cost-effective channel for compliance training that offers both training of a general nature, required on a periodic basis for all administrative, faculty and staff members; and training that is specific to functions or job categories.

4. Training Coordinator at the Personnel Services Office

The Training Coordinator serves as a resource to departments in helping them define their compliance training needs and how best to meet them. The compliance risk assessments completed as part of the Compliance Risk Quarterly Reports are the basis for prioritizing compliance training needs.

5. Institutional Compliance Officer and the Compliance Coordinator

At UT-Pan American the Institutional Compliance Officer is the Vice President for Business Affairs. In addition to investigating and responding to questions raised as described in sections D and E above, the Institutional Compliance Officer is responsible to The U. T. System for a risk-based process that builds compliance consciousness into daily business processes, monitors the effectiveness of those processes, and communicates compliance issues to appropriate administrative officers for corrective, restorative, and/or disciplinary action.

The Compliance Coordinator reports to the Institutional Compliance Officer and supports the Compliance Program administratively, through provision of training in the completion and use of the Compliance Risk Quarterly Report, and through support of compliance monitoring activities.

6. The Institutional Compliance Committee

The voting members of the Institutional Compliance Committee are the President and each of the Vice Presidents (including the Institutional Compliance Officer). The Assistant to the President, the Director of Internal Auditing, and the Compliance Coordinator serve the committee as non-voting staff members. The President serves as the Chair of the Committee. The Vice Presidents are the responsible parties at the Executive level for compliance in their respective divisions.

The Committee has two main duties: First, it provides guidance and direction for the program. Second, it follows up to ensure appropriate actions are taken where improvements are needed to reduce to acceptable levels the potential impact and probability of occurrence of non-compliance. Thus it is a policy and disciplinary action committee that provides oversight and assists the Compliance Officer in carrying out those duties that the Compliance Officer cannot perform alone because they require line management authority.

H. Implementation of New Laws and Regulations

1. New laws and regulations are often subject to an initial period of rule making and clarification by which the legislative intent becomes fully understood and approaches for best complying are identified. Careful attention, including that of Executive Management, of the initial implementation of new requirements with these characteristics is essential for ensuring that the choice and timing of actions taken and resources expended are in the best interest of the public.
2. Executives, Deans, Department Chairs, Directors, and other supervisors are responsible for identifying compliance obligations arising from new laws and regulations. Where these obligations are straightforward and their implementation requires no significant additional resources they should be treated the same as existing laws and regulations.
3. Where compliance obligations arising from new laws and regulations appear to be subject to an initial period of rule making and clarification of the legislative intent, Executives, Deans, Department Chairs, Directors and other supervisors should explore options for the initial implementation and propose a plan to accomplish it for approval by their Division Vice President.
4. The Vice Presidents should keep the Institutional Compliance Officer and the Institutional Compliance Committee apprised of new compliance obligations in the process of their initial implementation.

I. Laws, Regulations, and Policies That Appear to Have Outlived Their Initial Usefulness

1. Executives, Deans, Department Chairs, Directors, and other supervisors are responsible for identifying laws, regulations, and policies that appear to have outlived some of their initial usefulness and represent opportunities to improve the value of the institution's service to the public. When they identify such an opportunity, they should propose a change and the reasons for it through normal administrative channels to their Division Vice President, who will be responsible for evaluating it, and deciding whether to submit it for consideration by the Compliance Committee.

2. Upon approval by the Compliance Committee, the University will submit proposals for the modification and/or elimination of laws, regulations, and policies to the UT System Office of Governmental Relations.
3. While laws, regulations, and policies are under consideration for modification and/or elimination, the University will continue to obey them, as described in the rest of this policy.

**EXHIBIT II – Full Text of UT Pan American
Annual Individual Compliance Assurance Statement**

The following is the text of the annual individual compliance assurance statements to be signed annually as described in HOP 2.4.1 section G1:

The University of Texas - Pan American endeavors to fulfill all of its responsibilities to the people of Texas in an environment based on ethical behavior and compliance to applicable laws and rules. To this end, the University's Compliance Program (HOP 2.4.1 sections B, C, and D) defines certain responsibilities that apply alike to all administration, faculty, and staff members, regardless of rank or function. These responsibilities are:

1. To learn the compliance requirements applicable to one's job,
2. To obey these requirements, and
3. To raise questions and issues related to compliance as soon as one becomes aware of them.

In the relatively rare situations that one's supervisor and/or higher level managers do not satisfactorily resolve a compliance question or issue raised, each employee is responsible for pursuing such a resolution through [1] the Institutional Compliance Officer, or [2] the confidential compliance hotline.

Certification

I certify, to the best of my knowledge and belief, that I have fulfilled my responsibilities under the University's Compliance Program (HOP 2.4.1) that are described above.

Signature

Date

NOTE: Public employees who, in good faith, raise concerns about compliance issues or report official wrongdoing are protected from retaliation by their employing agencies by a Texas State Law known as the "Whistleblower Act."

EXHIBIT III – Example Format for UT Pan American High Risk Area Reporting

1. Risk – Lab Safety

<u>A. Risk Assessment</u>	Date of Last Review and Update: 11/07/02 (Applies to Risk, Risk Description, Exposure, Assessment Before Controls, Mitigation Strategy, Training Plan and Monitoring Plan – items to be updated at least yearly)		Responsible Party - Director, Environmental Health and Safety							
Plan for the quarter		Achievements for the quarter		Plan for next quarter						
1.Submit initial action plan 2.-		1.Quarterly reporting initiated 2.-		1.- 2. Develop hazard communication training follow-up for Chemistry and Biology lab students above the freshman level on the Training Post.						
Additional comments by Responsible Party- None										
Description of What’s at Stake				x	Exposure	Risk Assessment	Without Controls	W/ Current Controls		
<p>An ineffective laboratory safety program involves non-compliance with:</p> <ul style="list-style-type: none"> Occupational safety regulations (OSHA Laboratory Standard, Texas Hazard Communication Act); Environmental regulations (EPA regulations enforced by the Texas Commission for Environmental Quality); Anti-terrorism regulations controlling biological select agents (Federal Patriot Act); Regulation of precursor chemicals and laboratory equipment potentially usable to manufacture illicit drugs (Texas Department of Public Safety) <p>Consequences can include:</p> <ul style="list-style-type: none"> Injuries, diseases or death affecting students, faculty, or staff that work in laboratories Civil and criminal liability Associated negative publicity 				X	Health/Safety	Potential Impact: (Enter High, Medium, or Low)	High			
				X	Legal			Probability of Occurring: (Enter High, Medium, or Low)	High	
				X	Financial	Mitigation Strategy (Enter Avoid, Transfer, Control, and/or Accept)	Control			
				X	Public Image					Other:

1. Risk – Lab Safety

1B. Training Plan Groups interacting with risk	Training needs of group – topics, frequency, depth, procedures in event of non-compliance, etc.	No. of indiv.	No. trained	Training activity of current quarter, and assessment of training achieved
Biology and Chemistry students in freshman level lab courses	<p>Topics-</p> <ul style="list-style-type: none"> • Hazard Communication • Laboratory Practices • Hazardous Waste Disposal <p>Frequency- freshman level Biology and Chemistry classes students</p> <p>Methods-</p> <ul style="list-style-type: none"> • Identify students by FOCUS run against SIS data with automatic upload to Training Post • Environmental Health and Safety staff conduct in person training in the labs during the second week each semester • Students receiving training sign in on an attendance roster. Attendance input to Training Post. 	986	926	<p>Director, Environmental Health and Safety</p> <p>Missed two classes (30 students apiece) because of failure of class to organize into one classroom.</p>

<p>Biology and Chemistry students in higher-than-freshman level lab courses</p>	<p>Topics-</p> <ul style="list-style-type: none"> • Hazard Communication • Laboratory Practices • Hazardous Waste Disposal <p>Frequency- refresher training for all students of higher-than-freshman level Biology and Chemistry classes every semester.</p> <p>Methods-</p> <ul style="list-style-type: none"> • Identify students by FOCUS run against SIS data with automatic upload to Training Post • Provide Training via Training Post 	<p>NA</p>	<p>0</p>	<p>Director, Environmental Health and Safety</p> <p>Data not available at this time. Will visit in upcoming spring semester(2003)</p>
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Faculty and support staff for Chemistry and Biology Teaching and Research labs	Topics- <ul style="list-style-type: none"> • Purchasing procedures • Hazard Communication • Laboratory Safety Frequency- <ul style="list-style-type: none"> • Prior to working with chemical or biological hazardous materials • Annual renewal of Hazard Communication for faculty and staff exposed to blood borne pathogens Methods- <ul style="list-style-type: none"> • New hires are identified for training through coordination with Human Resources. • Environmental Health and Safety staff conduct the training • Individuals receiving training sign an attendance roster 	188	132	Director, Environmental Health and Safety Currently seeking out documentation of other 56 employees. May have been trained, however, documentation doesn't exist.
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<p>University Police Officers and guards</p>	<p>Topics-</p> <ul style="list-style-type: none"> • Hazardous Communication <p>Frequency</p> <ul style="list-style-type: none"> • Upon commission as an officer with subsequent annual update (since they have the potential to be exposed to blood borne pathogens) <p>Methods-</p> <ul style="list-style-type: none"> • State training required for commissioning University police officers includes hazard communications • Environmental Health and Safety staff conduct training for guards and the annual update training. Individuals receiving training sign an attendance roster 	<p>32</p>	<p>16</p>	<p>Assistant Chief of Police</p> <p>All 16 Commissioned Officers are trained.</p> <p>The annual update training is anticipated for November 2002</p>
<p>Department of Environmental Health and Safety Staff</p>	<p>Topics-</p> <ul style="list-style-type: none"> • Purchasing procedures • Hazard Communication • Laboratory Safety • DEHS procedures for <ol style="list-style-type: none"> 1] hazardous waste collection and disposal, 2] laboratory safety inspections, 3] annual inventory of chemicals 4] conducting and recording training <p>Frequency-</p> <ul style="list-style-type: none"> • Prior to offering services in these areas 	<p>5</p>	<p>5</p>	<p>Director, Environmental Health and Safety</p>

1. Risk – Lab Safety

1C. Monitoring/Reporting Plan Operating controls that mitigate this risk, and evidence of their use	How these operating controls are monitored and how monitoring is documented	Monitoring activity of current quarter, and assessment of monitoring results
<p>In order to purchase a chemical substance, a review notice signed by the DEHS Director needs to be attached to the small purchase orders (Page #6 of protocol review) and the same process is followed for regular orders.</p> <p>Faculty teaching in Chemistry and Biology labs require laboratory safety procedures are observed by their students.</p> <p>Efficient and customer service oriented hazardous waste collection and disposal by DEHS makes it easy for departments to dispose of waste on a timely basis.</p>	<p>The procurement supervisor reviews all SPOs for violations and keeps a log of them, she also notifies account managers in writing of such violations. She audits all purchases of more than \$5000 for compliance. Buyers III monitor purchases from \$2000 to \$5000.</p> <p>DEHS conducts an annual inventory of hazardous material in teaching and research labs. This checks to ensure</p> <ul style="list-style-type: none"> • Purchasing procedures have been followed • Hazardous waste has not accumulated <p>DEHS conducts audits for lab safety to ensure safety procedures are followed and hazardous material has not accumulated.</p> <ul style="list-style-type: none"> • 9 teaching labs selected haphazardly each semester • All research labs 2 times per year 	<p>Procurement Supervisor (Purchasing procedures)</p> <p>Described controls remain in force and were in force over the quarter</p> <p>Director, Environmental Health and Safety (Lab Safety Audit Results, Annual inventory)</p> <p>Yearly inventory completed during the fall. Minor issues identified were resolved.</p> <p>Inspected 9 teaching labs. Identified one teaching assistant who had failed to control drinking in the lab and failed to ensure use of safety clothing. Informed Biology Chairperson by email 11/7/02.</p> <p>Inspected 24 of 78 research labs. Minor issues identified were resolved.</p>