The Regents of the University of California

COMMITTEE ON COMPLIANCE AND AUDIT
January 15, 2013

The Committee on Compliance and Audit met on the above date at UCSF–Mission Bay Conference Center, San Francisco.

Members Present: Regents De La Peña, Kieffer, Makarechian, Mendelson, Ruiz, Stein, and Zettel; Advisory members Feingold and Powell; Staff Advisors Barton and Smith

In attendance: Regent Rubenstein, Regents-designate Flores and Schultz, Faculty Representative Jacob, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Chief Compliance and Audit Officer Vacca, Executive Vice President Brostrom, Chief Financial Officer Taylor, Chancellor Katehi, and Recording Secretary Johns

The meeting convened at 3:30 p.m. with Committee Chair Zettel presiding.

1.   **PUBLIC COMMENT**

     Committee Chair Zettel explained that the public comment period permitted members of the public an opportunity to address University-related matters. The following persons addressed the Committee.

     A.   Mr. Erik Green, a graduate student at UC Santa Cruz and UC Student Association representative, expressed concern that the UC Student Health Insurance Program (SHIP) did not currently qualify as essential minimum coverage under the Patient Protection and Affordable Care Act. He expressed concern about annual and lifetime insurance caps in UC SHIP and their implications for students with medical conditions such as cancer or HIV. He urged UC not to institute such limits, and specifically to remove them for the 2013 plan year.

     B.   Mr. Jonathan Ly, a UC Merced student, thanked the Regents for making sustainability a priority and expressed his hope that it would remain a priority. The University should lead by example in environmental sustainability in its policies and campus building projects.

2.   **APPROVAL OF MINUTES OF PREVIOUS MEETING**

     Upon motion duly made and seconded, the minutes of the meeting of October 31, 2012 were approved.

3.   **PLAN FOR EXTERNAL AUDIT REQUEST FOR PROPOSAL**

[Background material was mailed to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Chief Financial Officer Taylor recalled that the University's last request for proposal (RFP) process for external auditor services had occurred in 1999. He introduced Michael Riley, Director of Corporate Accounting, who would be responsible for the day-to-day management of the RFP process.

The current external audit contract, which would end with the 2013 fiscal year audit in June, includes campus and medical center audits, retirement plan audits, National Collegiate Athletic Association (NCAA) audit procedures, and the A-133 audit of federal grants and contracts. The University would now like to add campus foundations to the external audit; campus foundations have not benefited from the size and scope of the institution in the past.

Mr. Taylor explained that the Committee on Compliance and Audit has the responsibility to approve the selection of the external auditor. He, Mr. Taylor, would serve as the project sponsor. The search committee would be responsible for making a recommendation on selection of the external audit firm. The search committee would include campus, Office of the President, medical center, and campus foundation representatives from a variety of disciplines. The process essentially consists of drafting the RFP, including a needs analysis of what is expected of the audit firm, issuing the RFP, and then selecting the firm that can best meet the University's and foundations' needs.

Mr. Taylor anticipated that the search committee would have over 25 members. He invited members of the Committee on Compliance and Audit to take part in the process. He noted that he had communicated to all firms involved that this would be a fair and honest process.

Mr. Riley outlined key milestone dates in the nine-month process, which would conclude with a recommendation to the Committee on Compliance and Audit in September. He projected that the issuance of the RFP would take place at the beginning of March. The search committee would take two to three months to evaluate the RFP responses. Mr. Taylor stated that the goal was to present a final recommendation in September, when the Committee would have the opportunity to meet key leaders of the winning firm. He noted that Expert Financial Advisor Edrick would be involved in the selection process as well.

Regent Makarechian referred to the significant size and scope of the audit task and asked if the University had considered hiring two or three firms to cover different areas, rather than only a single firm. Mr. Taylor responded that the University was drafting the RFP to provide flexibility, including the flexibility for outside firms to make proposals regarding one or another part of the entire audit scope. Engaging a single firm would make the

process easier to manage; coordination among multiple firms would be a substantial task. The RFP would provide the opportunity to evaluate these options.

Regent Makarechian asked if the University would not require as a criterion for selection that a firm be qualified to take on the entire UC audit. Mr. Taylor responded that, for example, the University would give consideration to a firm that is highly competent in auditing medical centers, but might not have the same skill in campus or campus foundation auditing. The University wishes to give firms with special abilities the opportunity to respond.

Regent Makarechian asked about Regents' participation on the search committee and if they would have the opportunity to hear from the competing firms. Mr. Taylor stated that he intended to bring the winning firm to the Committee. The Regents could participate in the process in a variety of ways. Several Regents could serve on the search committee if they wished, read proposals, and participate in interviews. Under another scenario, Office of the President staff could review the written RFP materials and present two finalists for interviews.

Regent Makarechian asked about the expiration of the current contract in June and the gap between this and the selection of the next firm in September. Mr. Taylor responded that the firm selected in September would be responsible for the fiscal year 2013-14 audit. Planning for an audit usually begins after the completion of the previous audit. The selected firm would be expected to be ready to begin work in November.

Regent Ruiz emphasized the importance of this decision and its long-term impact on the University. He asked if the University would consider smaller firms, rather than only the three large audit firms. Mr. Taylor responded that the RFP was open to all firms, and that he had made efforts to encourage firms to apply who had previously not expressed interest. He recalled that the scope of the UC audit is challenging; a great deal of field work must be accomplished within a short time.

Regent Ruiz asked about the time frame of the engagement; proposals are usually submitted for a three-year period. Mr. Taylor responded that the University envisioned a five-year proposal with the possibility of an extension. The time period would likely be five to seven years, but this point had not yet been finalized.

Regent Ruiz noted the value of a long-term relationship with an audit firm. Mr. Taylor added that the campus workload is considerable. It would not be in the best interest of the campuses to conduct a search for a new external auditor every three years. The University is seeking to achieve a balance between having a long-term relationship and providing an opportunity to other firms to compete for business.

Committee Chair Zettel recalled that the University's health care reporting would become more complex with national health care reform. There might be an audit firm specializing in medical center and health care issues. She called on the Regents to be open-minded about change during this process. She stated that the Regents should have greater

involvement. She stressed that the external auditor answers to the Board of Regents. She asked that a member of the Committee on Compliance and Audit participate in the selection process early on, and that the Committee have the opportunity to interview the final candidates. She stressed that the appointment of an auditor should be an appointment by the Regents. Mr. Taylor responded that the process must be iterative, and that both the Regents and the administration must be in agreement on the choice of the external auditor, and both must be comfortable with that choice. He would ensure that an appropriate process would be carried out.

In response to a remark by Regent Kieffer, Committee Chair Zettel expressed the general agreement of the Committee that it wished to engage in the selection process at an earlier point, rather than being presented with only one candidate. Mr. Taylor noted that the Regents' involvement in the selection process would be a matter for discussion with the Office of the General Counsel and with the procurement team in his own office. Individual Committee members could serve on the search committee or attend interviews.

Committee Chair Zettel observed that when the process had narrowed down candidates to two individual firms, it would be more convenient for Regents to read through background materials and participate in oral interviews.

4.   **CONTINUOUS MONITORING AND CONTINUOUS AUDITING – INTERNAL AUDIT PARTNERING WITH MANAGEMENT**

[Background material was mailed to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Systemwide Audit Director Matthew Hicks began the discussion by noting that the internal audit program is frequently asked how it can achieve coverage of areas outside the annual audit plan. Continuous auditing and continuous monitoring are one way to accomplish this. They provide some comfort regarding transactions in medium- to low-risk areas and allow internal audit to focus on high and emerging risks.

Continuous monitoring includes data analytics, the use of tools like Audit Command Language (ACL) for large-scale data queries or assessment of 100 percent of data, rather than traditional sample testing. One example would be testing 100 percent of procurement card transactions to identify suspicious transactions. Use of this technology can lead to greater accuracy and better quality of review; management can identify issues of concern in a more timely manner.

Jeremiah Maher, Director of Internal Audit Services at UC Davis, recalled that a systemwide fraud risk management assessment carried out in 2011 resulted in recommendations for the use of data mining, data analytics, and continuous monitoring, in addition to the existing portfolio of controls. Mr. Maher stressed that this is an enhancement to UC's control system. There is still a need for separation of duties, reconciliations, and the whistleblower process. Auditors distinguish among preventive, detective, and deterrent controls. Continuous monitoring is both detective and deterrent.

ACL is a powerful tool that allows auditors to find aberrations in data over large numbers of transactions rather than sampling a limited number of transactions. Continuous monitoring requires a grasp of complex data and helps inform the internal audit program about which risks are being managed and how well they are being managed.

Mr. Maher discussed two examples of the use of ACL. In patient billing, there are expected correlations in data sets, for example, a hospital charge for an X-ray and a corresponding charge for a radiologist to read the X-ray. One audit searched for missing physician charges and was able to examine 2,000 patient encounters, or almost 16,000 separate transactions. A traditional sampling method would have examined about 50 patient encounters. The second example of ACL usage was an audit of accounts payable to identify duplicate charges. The data were provided to management and represented approximately $50,000 annually. Mr. Maher concluded that continuous monitoring was accurate and effective in analyzing high-volume transactions subject to error and fraud.

UC Davis Associate Vice Chancellor – Finance and Controller Michael Allred reported that collaboration between campus accounting and the internal audit program had brought about successful continuous monitoring and lowered costs. He presented examples of the use of ACL to search the campus' vendor database for certain patterns or situations: vendor addresses that matched addresses for employees in the payroll personnel system, vendors with a delivery or "remit to" address on the campus, or vendors used by one department who exceed a certain dollar threshold. The campus also uses software that can determine if an address is residential or commercial. If a vendor in the database were found to have a residential address, the campus would want to understand the reason for this situation. The campus also reviews its purchasing card program, which accounts for approximately $40 million of business annually. The database for this program is searched for transactions that might be associated with travel, entertainment, or items for personal use, Paypal purchases, or the use of the same vendor on consecutive days, which might indicate that a single purchase had been split over a number of days. The campus also reviews the roles and responsibilities one individual might have across the organization to ensure that there is a necessary separation of duties.

UC Davis accounting also conducts quarterly reviews of randomly selected transactions to ensure policy compliance and appropriate documentation. Campus employees are aware of these review activities and Mr. Allred expressed the hope that this awareness would discourage fraud. ACL allows the testing of electronic medical records to monitor appropriateness of access to patient records. The campus has implemented other software that allows monitoring of bank reconciliations. These reconciliations are a key control that must occur in a timely manner and be reviewed by someone other than the person who carried out the reconciliation. The campus monitors account reconciliations for all its balance sheet accounts, and would implement the same software at the UC Davis Medical Center for variance analysis on expenditure and revenue accounts.

Chief Compliance and Audit Officer Vacca observed that government and other outside auditors were aware of and interested in the University's continuous monitoring and

auditing activities. Criminal or fraudulent activity can occur simply due to lack of oversight in financial and other areas.

Regent Makarechian expressed concern about past due Management Corrective Actions and the length of time it takes for management to resolve them. He suggested that Regents' committees other than the Committee on Compliance and Audit should be informed about and monitor certain Management Corrective Actions. Ms. Vacca observed that Management Corrective Actions sometimes engender long-term corrective plans that continue after the original incident of concern has been resolved. Mr. Allred added that the standard expectation for Management Corrective Actions is that they will be resolved within 300 days. There are short-term resources available to campuses for resolution, and campuses are eager to resolve these issues.

Regent Makarechian reiterated his concern, particularly with regard to actions which must be taken to ensure federal funding of programs or which can influence the University's credit rating. These actions should be prioritized and perhaps brought to the Committee's attention. Ms. Vacca responded that her office would work with the offices of the Secretary and Chief of Staff and the Chief Financial Officer to determine the most appropriate reporting for Management Corrective Actions.

Regent Ruiz asked if and how the continuous monitoring and auditing processes would be integrated systemwide in the future, across all the campuses. Mr. Hicks responded that tools like ACL are most effective with a single data set. As an example, when the UCPath payroll system is fully implemented, it would provide a single systemwide data set and allow this kind of data analytics. ACL can bring together disparate data sets and perform consolidated queries, but its performance is enhanced in the case of shared systems and consolidated data. ACL would be used on systemwide data when those data are consolidated. Ms. Vacca added that tools are leveraged and made available to campuses. Mr. Allred noted that UC campus controllers have been discussing query standardization and software pricing and licensing issues. The discussion is still in an early stage, but campuses are eager to support each other.

Committee Chair Zettel asked if all campuses have access to ACL software. Mr. Hicks responded that internal audit personnel on the campuses are trained to use ACL. Not all campuses are using ACL; some use IDEA, another common software for data analytics. ACL training is being provided to campus management as well.

Committee Chair Zettel asked if ACL and IDEA are compatible. Mr. Hicks responded that the two tools are very similar, with slight differences in coding and developing queries.

Committee Chair Zettel asked if it was likely that in the future, federal grantors or regulators would require this kind of data analysis of all their grantees. Ms. Vacca responded that she did not anticipate that this would become a requirement, but that federal entities are themselves training employees to use these tools and methods.

Committee Chair Zettel asked if more fraudulent activity had been detected, and if more definite disciplinary processes were being developed to address such activity. Ms. Vacca responded that management has acted appropriately when these situations arise.

Regent De La Peña strongly recommended that all campuses use the same software. Ms. Vacca responded that this was the case in the past. The IDEA software was developed more recently and is more user-friendly, while ACL is more comprehensive. The campuses have not been forced to choose one or the other. ACL is used in systemwide audits.

Regent De La Peña stated that maintaining two different platforms would make training more difficult and lead to higher costs. He recommended consistency and centralization. Ms. Vacca responded that all the locations have ACL, but that UC Berkeley has taken on IDEA in addition. The Berkeley campus experienced significant transition of audit staff, and there was not sufficient continuity of expertise to use ACL. UCLA may also be considering IDEA. The National Science Foundation uses IDEA for auditing. IDEA is much easier to learn. She concurred with Regent De La Peña that standardization would be desirable, but individual audit programs on the campuses might have reasons for selecting the newer software.

5.   **INFORMATION TECHNOLOGY EXPERTISE FOR INTERNAL AUDIT**

[Background material was mailed to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Chief Compliance and Audit Officer Vacca briefly reported on efforts to leverage campus information technology expertise throughout the system.

Regent De La Peña asked about the possibility of outsourcing for the sake of consistency. Ms. Vacca responded that the University has been co-sourcing, a situation in which UC is in charge of an audit and makes use of an external expert, in particular for information technology audits. In other cases UC relies on internal expertise.

6.   **INFORMATION TECHNOLOGY MODEL AND INTERIM LEADERSHIP**

[Background material was mailed to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Executive Vice President Brostrom recalled that Information Technology Services (ITS) at the Office of the President provides services for the entire UC system. As the University seeks to reduce costs and achieve operational efficiencies, ITS has initiated an internal transformation to ensure that it delivers value as a customer-focused, process-driven, and services-based organization. Existing and new services would be clearly defined and presented in a service catalogue, regularly assessed for effectiveness with key stakeholders, and periodically updated as requirements evolve or service level changes are negotiated. Chief Information Officer Ernst retired at the end of 2012.

Mr. Brostrom explained that he had appointed two individuals to serve as interim co-chief information officers, Chief Strategy Officer Mark Cianca and former Associate Vice President and Chief Information Officer Kris Hafner. They would serve in this role until August or until the position is filled.

Mr. Cianca noted that UCPath is the first and potentially largest of the common administrative system initiatives to be undertaken at UC, the development of a common payroll and human resources system. While the Regents have directed the President to identify and implement common administrative systems, the University must now identify the best method for ongoing management and governance of those systems. Historically, UC campuses have made independent decisions concerning management of their systems. UCPath and other common systems would present a new challenge for the campuses and for campus leadership.

The Office of the President has developed a proposed governance structure for the University's common administrative systems, acknowledging the need for a common executive function. Mr. Cianca discussed a chart showing the proposed governance structure, with a common executive committee and one or more operational steering committees, and a cross-functional workgroup. This structure would be deployed in summer 2013. The next steps would be to merge the governance structure for the existing payroll system with UCPath effectively. For a certain period, both systems would be operating simultaneously as the campuses transition from one to the other.

Mr. Cianca outlined basic strategic ITS objectives: transformation into a customer-facing organization, a cultural change for an information technology organization; creation of a service catalogue, which would regularize and rationalize services; and repeatable outcomes for customers. ITS is partnering with business leadership across the UC system to develop outlines for future projects such as a common chart of accounts, as a precursor to any future common financial system. ITS and the Office of Ethics, Compliance and Audit Services have collaborated in development and hiring for a new position, a systemwide chief information security and privacy officer. ITS is also focused on strengthening the delivery of services to the Office of the President, to support business functions. Finally, Mr. Cianca noted that discussions are ongoing about new approaches for more effective management of the budgeting and accounting for information technology services.

Regent Makarechian asked about the timetable for implementation of UCPath. Mr. Brostrom responded that there would be three stages of implementation. The first stage was planned for July 2013, but might be delayed. He anticipated that a new timeline for implementation would be presented at the next meeting.

Regent Makarechian asked about the cost of delays. Mr. Brostrom responded that this question is being evaluated. The initial budget for UCPath was approximately $175 million. There have been some additional costs due to delays. A new budget, as well as the financial benefits of UCPath implementation, would be presented at a future meeting.

Regent Makarechian asked if the University would be creating its own software for UCPath or using licensed software. Mr. Cianca responded that the University would be working with a blended model, using Oracle's Peoplesoft software for delivery of payroll and human resources functionality. Some functions – hosting of the environments, management of the hardware, and the data center component of the project – would be moved to cloud computing. A cost-benefit analysis showed that an external vendor would prove far less expensive. UC is using commercial software and a cloud hosting environment, but UC staff are carrying out implementation and configuration of the system itself.

Regent Makarechian asked if the University had decided on a cloud hosting environment from the outset. Mr. Cianca responded that the University had invited vendors to propose various solutions. Under some of the proposals, UC would host, under others UC would move completely to cloud hosting; the University chose a hybrid model.

Regent Makarechian asked about the original plans for a single UCPath location. Mr. Brostrom responded that the one service center would be located at UC Riverside. The University has a building and has begun to hire staff. The University would offer online services, a call center, and a very few personnel on each campus.

In response to another question by Regent Makarechian, Mr. Brostrom confirmed that the service center in Riverside would not be a data center; data would be hosted by Oracle.

Regent Ruiz noted that the governance role of the Regents might change as UC develops common systems like UCPath. Mr. Cianca observed that campuses are facing this challenge. The existing system of information technology governance on the campuses must be scaled effectively to the UC system. UC has engaged in discussions with other higher education institutions to learn about their common administrative systems and the governance of these systems.

Regent De La Peña expressed concern about the delay in UCPath implementation. He asked what the major obstacles were and how the Regents might help address them. Mr. Brostrom responded that the project was proceeding quickly relative to similar projects in the public and private sector. The complexity of the project was far greater than anyone contemplated. The complexity lies not as much in technology as in the campus interfaces. The University had anticipated that UCPath would have approximately 150 to 200 interfaces or "plugs" into the system, but an initial survey revealed that there are more than 1,000 such interfaces. The implementation team is working on reducing the number of interfaces. Mr. Brostrom noted that 95 percent of the UCPath design had been completed by the December 15, 2012 deadline. A date for implementation has not yet been set; it would be the earliest possible date when UCPath services can be delivered effectively. Chief Financial Officer Taylor added that one of the positive results of this project was a forced reexamination of UC business practices. The University is performing an exhaustive review of its payroll and human resources processes, and through this review had already standardized 200 processes. This would lead to greater efficiency and more flexible career paths for staff, whose skill sets would

allow them to transfer more easily to another campus. An important aspect of the implementation is that UC would carry out parallel testing; when UCPath is ready to be implemented, the old system would continue to be run simultaneously for six months. Results would be tested for consistency to ensure that UCPath performs accurately. Other higher education institutions and State entities that have switched to new payroll systems without parallel testing have encountered major problems. The effort to avoid problems of this kind has contributed to the delay. Mr. Taylor acknowledged that the project was six percent over budget, but within the ten percent contingency amount originally planned for.

Regent De La Peña asked how the Regents could assist in expediting this effort. Mr. Brostrom responded that the administration should make regular presentations to the Regents and receive feedback. Campuses are aware of the urgency of this effort but are struggling with resource constraints. Hiring qualified employees in the technology sector is challenging for the University, because it cannot offer the incentives that its private sector competitors can. Mr. Taylor stated that he remained optimistic that the final deadline would not be delayed as much as the first stage. He expressed his own strong wish to finish the project as soon as possible. The current payroll system was no longer functioning as it should; two to three times a month the University experiences a "payroll emergency."

Committee Chair Zettel referred to the need to hire personnel with expertise to manage UCPath. She suggested that the University could secure the necessary expertise through co-sourcing in order to minimize expenses to the campuses. The University is under pressure to raise tuition and to compete for State support. UC must ensure that projects are completed on budget and on time, and that they function. The University should not build a company in house when outsourcing or co-sourcing might prove to be more economical. Mr. Brostrom responded that most positions overseen by Mr. Cianca were contract positions with a limited duration, and anticipated that the compensation for these positions would remain within the projected budget. UC has also effectively made use of its partners at Oracle.

Regent Makarechian asked what would happen with current payroll staff when new staff are hired for the Riverside location. Mr. Brostrom responded that there is a preference for internal UC hires at the Riverside center. There has been a large number of applications for those positions. Some payroll positions would cease to exist; those units would be disbanded and the work outsourced. There are also employees who perform payroll functions as only a portion of their job. Those functions would migrate to self-service or the Riverside service center, and campuses would gain efficiency and savings.

7.   **INTERNAL AUDIT ACTIVITIES REPORT**

[Background material was mailed to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Chief Compliance and Audit Officer Vacca briefly presented the Internal Audit Activities Report. Committee Chair Zettel praised the successful reduction of the number of Management Corrective Actions. Ms. Vacca stated that the credit for this success was due to the campus management teams.

8.   **ETHICS AND COMPLIANCE ACTIVITIES REPORT**

[Background material was mailed to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Chief Compliance and Audit Officer Vacca briefly presented the Ethics and Compliance Activities Report.

Committee Chair Zettel asked if University policies on conflict of interest correspond to U.S. Public Health Service regulations. Ms. Vacca responded that UC had developed new policies regarding disclosure for researchers receiving Public Health Service funding. This area might be included in an audit in the next fiscal year.

Committee Chair Zettel asked about UC policies on international activities. Ms. Vacca responded that the Office of Ethics, Compliance and Audit Services and other units within the Office of the President were working to produce a consolidated policy document.

9.   **UPDATE ON RESPONSE TO RECENT HIGHER EDUCATION EVENTS**

[Background material was mailed to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Director of General Liability Cheryl Lloyd, of the Office of Risk Services at the Office of the President, recalled that her office has been providing training to the campuses on programs for minors and child abuse prevention. There have been visits to all ten locations. An outside vendor gave presentations about the issue of predators on campus and provided guidance on screening in hiring and best practices for programs involving children and youth. The Office of Risk Services was now following up with targeted programs for each location. Each campus was asked to identify which of its divisions or departments would need immediate training or safety assessments. For example, the following week the Berkeley campus would be hosting a training session for all human resources personnel who perform hiring for programs that involve youth. The Office of Risk Services was also offering training regarding best practices for specific programs, and working with the Office of Ethics, Compliance and Audit Services to develop online training for mandated reporters.

Regent Mendelson asked about current anonymous whistleblower policies. Chief Compliance and Audit Officer Vacca responded that the existing whistleblower hotline is available for any type of reporting. Training would include information about the hotline.

Regent Mendelson asked about the reporting process and how it might include oversight by the President, the General Counsel, or the Regents, to ensure that incidents are not ignored or that an employee committing abuse is not transferred to another location. Ms. Vacca responded that her office is working to ensure that a mechanism is in place requiring employees to report such incidents both internally and externally. Cases of this nature are brought to the attention of the Office of the General Counsel and the President. President Yudof has made it clear that UC policy must address this issue appropriately, and that proper training and resources are made available.

General Counsel Robinson stated that he had sent a directive to all employees in the Office of the General Counsel and legal offices systemwide to remind them that they must report incidents of this nature directly to the police.

Regent Ruiz asked about student concerns expressed earlier during the public comment period about coverage under the UC Student Health Insurance Program (SHIP). Ms. Vacca responded that the topic of UC SHIP rates and caps could be discussed at a future meeting.

Regent-designate Feingold asked if there is a formal procedure regarding under what conditions a serious whistleblower charge would be disclosed to the Chair of the Committee on Compliance and Audit or to the Chairman of the Board. Ms. Vacca responded that the Chair of the Committee is briefed, and there are other individuals who would be immediately notified in the case of a crisis or high-risk incident.

Regent-designate Feingold asked if this was a written policy. Ms. Vacca responded that she believed it was not a written policy, but a practice.

Regent-designate Feingold asked if the University should consider a written policy. Ms. Vacca responded that she would discuss this matter with the Office of the Secretary and Chief of Staff.

Regent Stein noted that UC Berkeley had recently hired a new football coach. The new coach might in turn bring many assistant coaches and staff to the program. Thus there is probably a large influx of new employees in UC's athletic programs systemwide each year. He asked if the University carries out background checks on every new hire and provides training to all new employees in athletic programs on reporting abuse. Ms. Lloyd responded that the UC Berkeley athletics program was the first UC unit to request a thorough assessment and training by an outside vendor. Proper hiring procedures would be covered in that training. Ms. Vacca added that the Berkeley campus generally carries out background checks on most new hires. The University is mindful of the importance of this issue. In addition to training by the outside vendor, the Office of the President is working with individual campuses and athletic directors to integrate efforts and facilitate communication.

Staff Advisor Barton asked if there are mechanisms in place to identify all employees who require training for mandatory reporting, whether in athletic or other programs and

departments. Ms. Vacca responded that the relevant policy was currently being reviewed; she anticipated that it would be in place by February. The previous October, the University made a concerted effort to ensure that mandated reporters on campus fill out an acknowledgment form. She observed that the identification of mandated reporters is clear in some but not all cases. It has been left to the campuses to identify all their mandated reporters.

The meeting adjourned at 5:15 p.m.

Attest:

Secretary and Chief of Staff