

The Regents of the University of California

COMMITTEE ON COMPLIANCE AND AUDIT

July 17, 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, Feingold, Flores, Makarechian, Ruiz, Schultz, and Zettel; Ex officio members Lansing and Varner; Advisory member Powell; Staff Advisors Barton and Coyne

In attendance: Regents Blum, Gould, Island, Kieffer, Reiss, and Yudof, Regents-designate Engelhorn, Leong Clancy, and Saifuddin, Faculty Representative Jacob, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Chief Compliance and Audit Officer Vacca, Provost Dorr, Executive Vice President Brostrom, Chief Financial Officer Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Lenz, Mara, and Sakaki, Chancellors Block, Blumenthal, Desmond-Hellmann, Dirks, Drake, Katehi, Khosla, and Yang, Acting Chancellor Conoley, and Recording Secretary McCarthy

The meeting convened at 1:00 p.m. with Committee Chair Zettel presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of March 13-14, 2013 were approved.

2. APPROVAL OF INTERNAL AUDIT PLAN 2013-14

The Senior Vice President – Chief Compliance and Audit Officer recommended that the Committee on Compliance and Audit approve the Internal Audit Plan 2013-14, as shown in Attachment 1.

[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 explained that the Internal Audit Plan 2013-14 was the result of an annual audit risk assessment process, interviews and surveys with management, input from other risk assessment activities on campus, and other data analysis. Based on this process, each campus assembled its annual audit plan, which was approved locally and then submitted to the systemwide Office of Ethics, Compliance and Audit Services (ECAS) for consolidation.

Mr. Hicks noted that the proposed audit plan would be subject to change during the year if significant risks arise. Any changes would first be approved by the local audit committee on campus, then by Chief Compliance and Audit Officer Vacca and the Chair of the Committee on Compliance and Audit. The University's internal audit program has specialized subject matter experts for health sciences and information technology. In cases where the University does not have necessary subject matter expertise, it engages outside resources to perform or assist in those reviews.

Ms. Vacca observed that the audits identified by the campuses in the 2013-14 plan represented the areas of highest risk.

Regent Schultz asked if specific areas or topics are audited on a regular basis, for example, every three years. Ms. Vacca responded that campuses do not plan their audits three years into the future, but essential financial and operational controls are examined annually.

Regent Schultz asked about follow-up activities after an audit finding. Ms. Vacca responded that ECAS follow-up may include direction to management to institute a policy. In cases of low risk, there may be an agreement that management will continue to monitor the situation, with periodic checks by ECAS. In cases of significant risk, ECAS will continue monitoring. Even if an issue has been closed, ECAS receives assurance that it remains closed.

Regent De La Peña asked if the Committee on Health Services would be more involved with health sciences audits. He noted that the Committee on Health Services would be carrying out a review of UC student health centers; the internal audit program might wish to review the findings. Ms. Vacca responded that she would welcome further cooperation with the Committee on Health Services. She noted that she was working with Senior Vice President Stobo to determine the appropriate scope of interaction. In developing the audit plans for health sciences, there have not been discussions with the Committee on Health Services, but with Dr. Stobo, who is involved in plan approval and management follow-up. She stated that communication with the Committee on Health Services could be more robust.

Regent De La Peña asked if reports on internal audits would be kept separate by campus and not combined, and emphasized the importance of doing this. Ms. Vacca responded in the affirmative. Only in the case of a systemwide audit would information be combined.

Regent Makarechian suggested that audit information and Management Corrective Action information for specific areas be forwarded to members of the relevant Regents' Committees. Ms. Vacca responded that this information could be shared. She emphasized the important role of chancellors' leadership in responding to audit findings. If a serious matter is not resolved in a timely manner, it is brought to the attention of the highest level on campus, then to the President or Regents.

Committee Chair Zettel noted that the plan included an increased number of advisory hours, and observed that this was in the context of new regulations for federal funding that affect grants for UC research projects.

Upon motion duly made and seconded, the Committee approved the Senior Vice President – Chief Compliance and Audit Officer’s recommendation.

3. **APPROVAL OF ETHICS AND COMPLIANCE PROGRAM PLAN FOR 2013-14**

The Senior Vice President – Chief Compliance and Audit Officer recommended that the Committee on Compliance and Audit approve the Ethics and Compliance Program Plan for 2013-14, as shown in Attachment 2.

[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.]

Deputy Compliance Officer Lynda Hilliard outlined some of the key areas in the Ethics and Compliance Program Plan for 2013-14: research compliance, including conflicts of interest and export controls; government reporting, including regulatory actions by external agencies, such as the National Science Foundation; campus climate; and health sciences, including assurance of accuracy for billing and coding and clinical research billing. The Ethics and Compliance Program was also working with the Office of Risk Services on laboratory safety at UC.

Chief Compliance and Audit Officer Vacca reported that her office was gathering information on UC’s National Collegiate Athletic Association (NCAA) programs. She anticipated that a panel of campus representatives would make a presentation to the Committee in November on their campuses’ NCAA programs.

Regent Ruiz expressed approval of plans for review of UC’s athletics programs, which include some of the University’s most highly paid employees. He encouraged the Ethics and Compliance Program to examine and work to improve campus climate. Ms. Vacca observed that compliance and audit surveys provide indications of campus climate, particularly regarding how employees feel about bringing issues of concern forward, and if they feel that issues can be resolved through the existing chain of command.

Upon motion duly made and seconded, the Committee approved the Senior Vice President – Chief Compliance and Audit Officer’s recommendation.

4. **PRESIDENT’S PRIVACY AND INFORMATION SECURITY INITIATIVE**

[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 stated that the intention of the President's privacy and information security initiative was to ensure that the University is a good steward of information for the UC community.

UCLA Chief Privacy Officer Kent Wada distinguished protection of individuals' privacy and guaranteeing the security of buildings, chemicals, or cash. Privacy and security measures complement each other.

Ms. Vacca described the work of the steering committee and working group charged with this initiative, which extended over two years. The President had requested the development of an overarching privacy framework, governance, implementation, and accountability structures, a formal ongoing process to address technical and societal changes affecting privacy and information security, and specific actions to implement the framework.

The committee developed recommendations for the President. Ms. Vacca acknowledged the work of UC Santa Barbara Executive Vice Chancellor Gene Lucas in this effort.

Mr. Wada outlined two components of the overarching privacy framework: a statement of privacy values for the University and the designation of a privacy official by each campus. Designation of a campus privacy official would not necessarily require the creation of a new position, but would be a way of raising awareness of privacy as distinct from information security.

Ms. Vacca noted that recommendations were modified following feedback from constituents. The committee was awaiting further feedback from the Academic Senate in the coming fall and would then proceed with implementation on the campuses and presentations for a formal adoption by the University of the statement of privacy values.

Regent Ruiz asked how the success of this initiative would be measured, in financial or other terms. Ms. Vacca responded that key goals are to prevent privacy and information security breaches, which are very costly, to increase awareness, and to reduce risk. The initiative would clarify University priorities and expectations. To a large extent the return on investment might be the avoidance of risk and problems.

President Yudof emphasized the importance of this endeavor. He observed that public universities find themselves in a strange legal terrain. Under the threat of serious penalty they cannot disclose certain information but must disclose other information. UC must protect its community and prevent unauthorized access to its information while being as transparent as possible. This initiative and its substantive principles would evolve over time, and it would help UC navigate this difficult legal terrain.

Chairman Varner concurred with the President on the importance of this effort.

Regent Makarechian asked about the reporting structure for campus chief privacy officers. Ms. Vacca responded that reporting might vary by campus. A campus ethics and

compliance officer might also serve as chief privacy officer. There is a debate in industry about whether an information security officer should also serve as a privacy official. Referring to the UC systemwide level, she stated that the functions of a chief information security officer and a chief privacy officer are too extensive for one position.

Regent Makarechian expressed his concern that one and the same entity should not issue and audit a policy. Ms. Vacca responded that these activities would be kept separate and distinct. Policies would be issued by UC management. The initiative was evolving and more specific information would be presented at future meetings.

Faculty Representative Powell noted the significant contributions made by faculty to this initiative.

The meeting adjourned at 1:45 p.m.

Attest:

Secretary and Chief of Staff



The University of California

Attachment 1



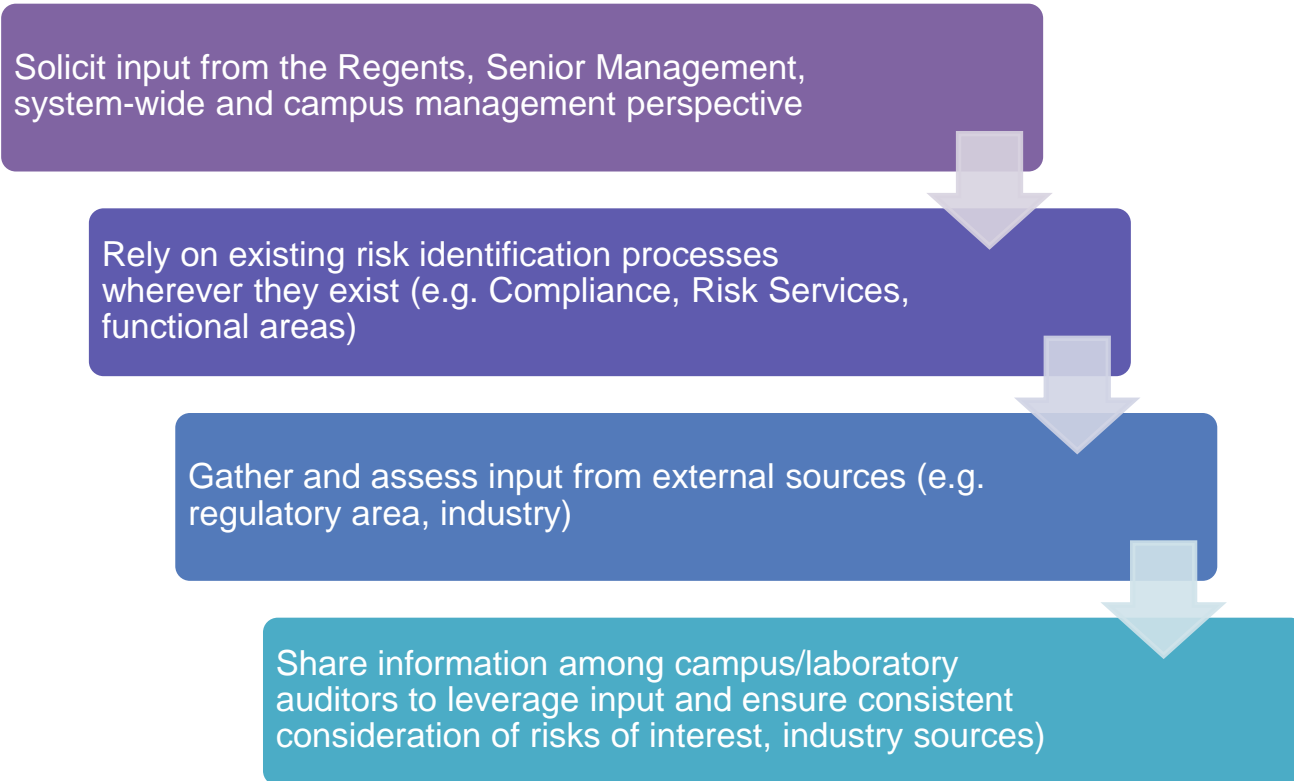
Internal Audit Plan

2013-14

Internal Audit Plan Objectives

- Address the University's significant financial, operational and compliance risks;
- Leverage existing efforts by others to identify, evaluate and mitigate risks;
- Support management's restructuring and budget coping strategies;
- Serve the needs of campus/laboratory leadership while addressing broader issues from a systemwide perspective;
- Support the evolution of the Systemwide Compliance Program; and
- Meet the challenge to enhance the value of the Internal Audit Program.

Audit Plan Development Risk Assessment Process for 2013-14



The result of the risk assessment is an informed perspective on the current risk environment – including a prioritization of risks that are scalable to available resources.

High Level View of Key Audit Risk Areas

Financial

- Construction
- Account Reconciliations
- Extramural Funds Accounting
- Revenue Cycle (Health Sciences)
- Billing and Coding (Health Sciences)
- Investments
- Segregation of Duties
- Cash Handling
- Compensation

Operational

- Business Continuity
- Data Center Operations
- Business Contracts
- Third Party Relationships
- Disaster Recovery Plans
- Contracts & Grant Administration
- International Activities
- Facilities Administration
- Resources

Compliance

- Policy
- Research
- Conflicts of Interest/commitment
- Increased Regulations and Regulatory Enforcement
- Safety
- Laboratory Safety
- Protection of Minors
- Export Control
- Information Privacy
- IT Security
- International Activities

Note: Issues are inter-related across these risk types. The above categorization is not meant to be exclusive.

2013-14 Planned Systemwide Audit Areas

Review	Reason on Plan	Scope	Projected Timing
Laboratory Safety	Risk assessment results	Advisory service – Scope TBD	1 st Quarter
Student Health	Risk assessment results	Scope TBD	2 nd Quarter
Athletics	Regents' request	Collect information on campus athletic programs and identify gaps	2 nd Quarter

Additionally, local audit departments have been advised to include the following reviews in their audit plans:

- Electronic Health Records and HITECH Act “Meaningful Use” Provision (as applicable, regulatory requirement) – Medical Centers only
- Construction projects funded by Proposition 1D (regulatory requirement) – as requested by Department of Finance in 2011 audit of Proposition 1D projects
- Periodic reviews of executive compensation and expenses (Annual Report on Executive Compensation, chancellor’s expenses, executive travel and entertainment expenses, compensated outside professional activities)

Highlights of the Consolidated Audit Plans

Personnel:

	FY14 Plan	Prior Year Plan
Authorized staff level	107 FTE's	104 FTE's
Avg. Staff Level	101 FTE's	100 FTE's

Distribution of Planned Activities:

By Audit Activity Type (hours/%):	FY14 Plan		Prior Year Plan	
<i>Audits</i>	93,139	64%	95,632	66%
<i>Advisory Services</i>	33,905	24%	31,138	22%
<i>Investigations</i>	<u>17,799</u>	<u>12%</u>	<u>17,975</u>	<u>12%</u>
	144,843	100%	144,745	100%

By University area:	FY14 Plan		Prior Year Plan	
<i>Campus/Laboratory*</i>	70%		71%	
<i>Health Sciences</i>	<u>30%</u>		<u>29%</u>	
	100%		100%	

* Includes Lawrence Berkeley National Laboratory (LBNL), Agriculture & Natural Resources (ANR), UCOP and UC Merced

Highlights of the Consolidated Audit Plans

- The Plan provides for nearly 34,000 Advisory Service hours to be able to assist management in addressing internal control issues in a restructured and budget constrained environment;
- The Plan affords flexibility with over 14,000 hours provided for audit topics to be determined based on emerging local or systemwide priorities;
- The Plan contains over 8,000 hours to continue the emphasis on audit follow-up on corrective actions;
- Over 8,000 hours are budgeted for continued professional development for our internal audit staff; and
- While the budgeted hours for investigations increased compared to the current year, there continues to be an emphasis on reducing audit involvement in investigations that are appropriately handled by management.

Available Resources

	FY14 Plan		3/31/13 Annualized	
Weighted Average FTE	101		97	
	<u>Hours</u>	<u>Percent</u>	<u>Hours</u>	<u>Percent</u>
Personnel Hours	210,907	96.7%	200,932	98.1%
Other Resource Hours	<u>7,151</u>	<u>3.3%</u>	<u>3,806</u>	<u>1.9%</u>
Gross Available Hours	218,058	100.0%	204,738	100.0%
Less: Non-Controllable Hours	36,158	16.6%	38,700	18.9%
Less: Admin/Training	<u>23,844</u>	<u>10.9%</u>	<u>27,779</u>	<u>13.6%</u>
Total Direct Hours	<u>158,057</u>	<u>72.5%</u>	<u>138,258</u>	<u>67.5%</u>

Available Resources

The table to the left depicts the staffing level assumed in the Plans and quantifies the human resources available to assign to audit activities. Total hours are reduced for non-controllable hours (vacation, holiday and illness per University policy) and for program administration and training.

Resource Allocation

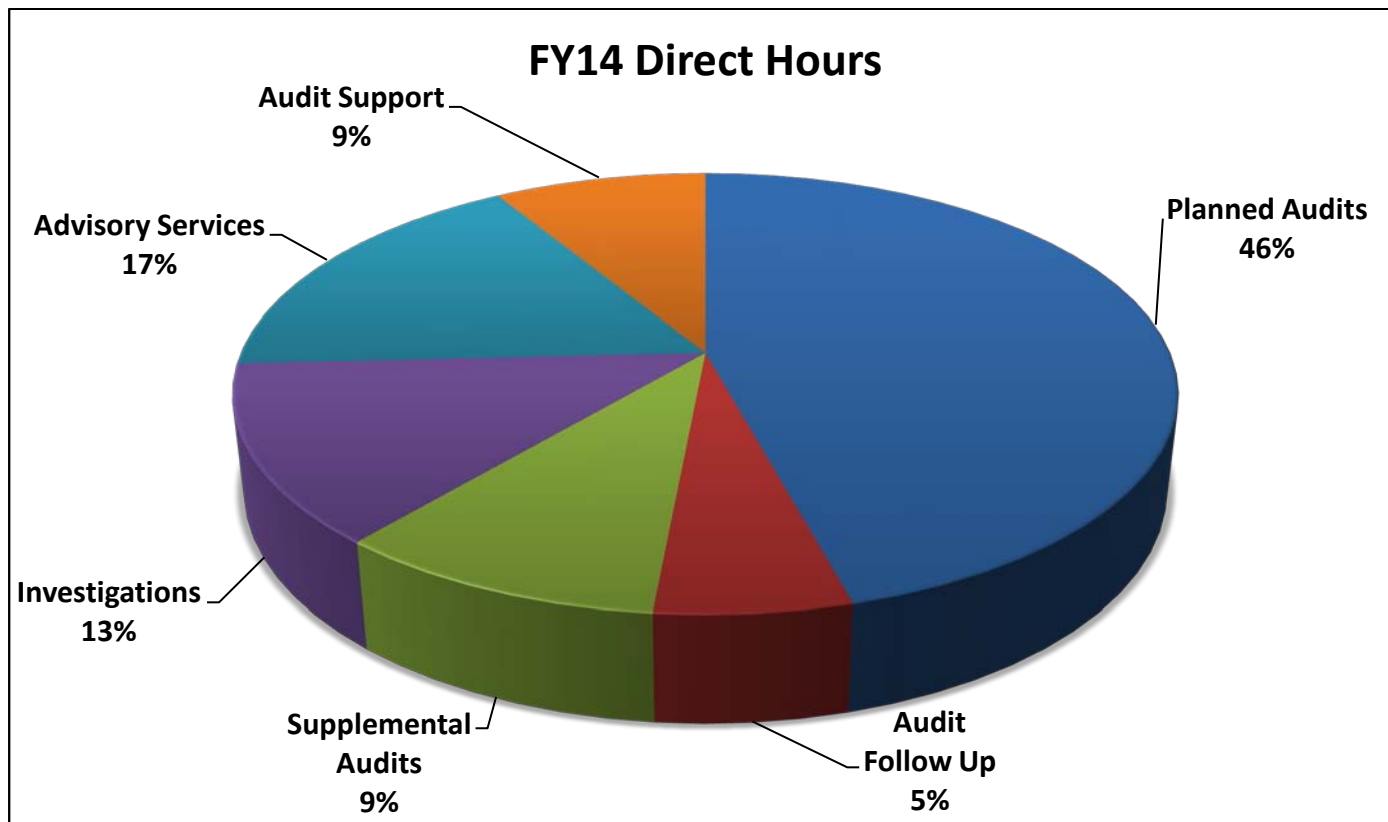
	FY14 Plan		3/31/13 Annualized	
	<u>Hours</u>	<u>Percent</u>	<u>Hours</u>	<u>Percent</u>
Audit Program				
Planned Audits* (249 projects)	70,672	44.7%	66,416	48.0%
Supplemental Audits	13,820	8.7%	8,796	6.4%
Audit Follow Up	<u>8,647</u>	<u>5.5%</u>	<u>9,936</u>	<u>7.2%</u>
Total Audit Program	93,139	58.9%	85,147	61.6%
Advisory Services				
Planned Projects* (84 projects)	13,928	8.8%	N/A	N/A
Supplemental Hours	<u>19,977</u>	<u>12.6%</u>	<u>N/A</u>	<u>N/A</u>
Total Advisory Services	33,905	21.4%	25,812	18.7%
Investigations	17,799	11.3%	15,167	11.0%
Audit Support Activities	13,214	8.4%	12,131	8.8%
Total Direct Audit Hours	158,057	100.0%	138,258	100.0%

Resource Allocation

The table to the left displays the deployment of the Available Resources among our activities by type (audit, advisory services and investigations). While the mix over time tends to shift somewhat between Investigations and Advisory Services, the commitment of the majority of our efforts to a substantial program of regular audits remains evident.

*Total Hours for 333 Planned Projects = 84,600 (see Planned Projects at Appendix 1)

The chart below depicts the direct audit coverage of our FY14 plan. It demonstrates that nearly half of our planned direct hours have been allocated to planned audits, with the remaining time allocated to our other lines of service, advisory services and investigations, as well as audit follow up and audit support activities.
(refer to the next page for the specific detail of the direct areas).



Distribution of Direct Hours

* Audit support activities include audit planning, audit committee support, systemwide audit support, computer support and quality assurance

DISTRIBUTION OF AVAILABLE HOURS

	FY14		3/31/2013 Annualized	
	Plan	Percent	Actual	Percent
INDIRECT HOURS				
Administration	15,005	8.2%	19,197	11.6%
Professional Development	8,182	4.5%	8,582	5.2%
Other	657	0.4%	-	0.0%
Total Indirect Hours	23,844	13.1%	27,779	16.7%
DIRECT HOURS				
Audit Program				
Planned Audits	70,672	38.5%	66,416	40.0%
Supplemental Audits	13,820	7.9%	8,796	5.3%
Audit Follow Up	8,647	4.8%	9,936	6.0%
Total Audit Program Hours	93,139	51.2%	85,147	51.3%
Advisory Services				
Advisory Service Projects	25,005	13.7%	18,152	10.9%
External Audit Coordination	7,240	4.0%	6,422	3.9%
Compliance Support	1,660	0.9%	1,239	0.7%
Total Advisory Services Hours	33,905	18.6%	25,812	15.5%
Investigations Hours, IN	17,799	9.8%	15,167	9.1%
Audit Support Activities				
Audit Planning	3,370	1.9%	2,578	1.6%
Audit Committee Support	1,785	1.0%	1,299	0.8%
Systemwide Audit Support	3,150	1.7%	3,865	2.3%
Computer Support*	3,090	1.7%	3,192	1.9%
Quality Assurance	1,819	1.0%	1,197	0.7%
Total Audit Support Hours	13,214	7.3%	12,131	7.3%
Total Direct Hours	158,057	86.9%	138,258	83.3%
TOTAL NET AVAILABLE HOURS	181,901	100.0%	166,037	100.0%

Distribution of Available Hours

The table to the left provides a more detailed breakdown of planned time as a basis for ongoing accountability. From this detail the continuing commitment to timely audit follow-up is displayed by the plan to invest over 8,000 hours. The category of Compliance Support is intended to facilitate our efforts to integrate the Compliance and Audit Programs into joint efforts such as annual plan development, project coordination and ongoing risk monitoring.

* Includes time spent on TeamMate (Audit Management System) upgrades and functional enhancement

Appendix – List of Audit and Advisory Service Projects

Appendix lists all the planned audit and advisory service projects at each location - the progress and status of these projects are reported quarterly.

Systemwide* (2 FTE UCOP staff plus co-sourced auditors) – Audits	Hours	Est. Completion Qtr
Student Health (Systemwide)	200	2
Laboratory Safety (Systemwide)	200	1
Athletics (Systemwide)	200	2
Senior Management Group (SMG) Market Reference Zones (MRZ) Implementation Review	150	3
Compensated Outside Professional Activities	100	4
External Financing Campus Reimbursement Process	150	2
Medical Centers Clinical Enterprise Management Recognition Plan (CEMRP)	250	2
Office of the Treasurer Annual Incentive Plan (AIP)	200	2
Systemwide* – Advisory Services	Hours	Est. Completion Qtr
Cloud Services	200	2
UC Path Implementation Advisory Assistance (Systemwide)	200	4
Total Planned Hours - Systemwide	1,850	

* Projects performed by UCOP Internal Audit with a system focus

Lawrence Berkeley National Laboratory (5 FTE**) – Audits	Hours	Est. Completion Qtr
FY13 Cost Allowability (Annual)	650	4
Human Resources Services	400	3
PO & Subcontract Awards and Compliance Monitoring	400	2
Intra-University Transactions (IUTs) Awards	300	2
Recharges	350	3
Payroll Processing	400	4
Indirect Expense Budgeting and Monitoring	300	4
Maintenance	350	3
Subcontract Audit (Annual)	400	4
Lawrence Berkeley National Laboratory – Advisory Services	Hours	Est. Completion Qtr
CY13 Annual Report of Executive Compensation (Systemwide)	250	3
Administration of Employee Performance Evaluation	300	1
Compensated Outside Professional Activities	300	2
Post-Doc Classification and Compensation	250	1
Financial Systems Modernization Project (F\$M) Pre-implementation Review	600	4
Total Planned Hours - LBNL	5,250	
UC Berkeley (9 FTE) – Audits	Hours	Est. Completion Qtr
Timekeeping & Leave Accrual	240	3
Shared Services - Business and Financial Services	200	2
Shared Services - Human Resources	200	3
Shared Services - Research Administration	200	4
Cal Student Central	300	2
Human Resources - Compensation and Classification	300	3
Sponsored Projects - Facility and Administrative Cost Pools	300	4
Sponsored Projects - Effort Reporting - Summer Salaries	180	3
Sponsored Projects - Cost Transfers	300	2
Campus Police Department	240	2
Information Technology Governance	240	3

** Plus contracted resources

UC Berkeley – Audits	Hours	Est. Completion Qtr
Cal Planning and Budgeting	300	2
Self-supporting Academic Programs	300	4
Endowed Chairs	240	4
Information Technology - Second Tier Applications	290	2
NCAA Compliance	200	3
Governance – Policy Development, Promulgation, and Maintenance	240	4
Information Security - Mobile/Portable Devices	240	4
Student Health (Systemwide)	200	2
Laboratory Safety (Systemwide)	200	1
Fixed Asset Inventory - Special Collections	240	4
Composite Fringe Benefit Rates	240	3
UC Berkeley – Advisory Services	Hours	Est. Completion Qtr
Richmond Bay Campus	120	4
Annual Review of Executive Compensation (Systemwide)	120	3
Bear Buy - Cost Savings	120	1
Contracts and Grants System Implementation	120	4
Internal Control Documentation Review	120	4
Student Information Systems Implementation	120	4
Self Insurance	120	2
Fraud Risk Management	80	2
Online Education	120	2
Optometry Executive Leadership Transition	120	1
Total Planned Hours - UCB	6,550	
UC Davis (11.5 FTE) – Audits	Hours	Est. Completion Qtr
Donor Restrictions on Gift Expenditures	150	1
Meaningful Use	200	4
G-45 Chancellor's Expenses (Systemwide)	100	3
Student Health (Systemwide)	200	2

UC Davis – Audits	Hours	Est. Completion Qtr
Athletics (Systemwide)	200	2
Minor Maintenance and Renovation Management	150	2
Export Controls	300	2
College of Agriculture and Environmental Services Transition Review	300	3
College of Engineering Administrative Review	300	2
College of Letters and Sciences - Social Sciences Administrative Review	300	3
Capitation Revenue Distribution	250	2
Stores and Distribution	350	2
Primary Care Network (PCN) Clinic Review	400	2
School of Nursing Administrative Review	300	1
Graduate School of Management Administrative Review	300	3
Parking Structure III Revenue	250	4
Veterinary Medicine Large Animal Clinic	300	4
Summer Session	350	4
Sales, Use and Unrelated Business Income Tax	300	1
Blood Products Management	300	4
Indirect Cost Recovery	250	3
Dermatology	300	1
Anesthesiology Revenue Cycle	350	1
Cloud Computing	300	3
Critical Infrastructure IT Systems	300	3
Veterinary Medicine Teaching Hospital IT	300	4
Database Security	300	1
Physical Security and Life Safety Systems	300	4
Information and Educational Technology IT Virtualization Service	300	2
UC Davis – Advisory Services	Hours	Est. Completion Qtr
UC Path (Systemwide)	100	4
Vet Med Clinical Trials	150	3
e-Prescribe for Controlled Substances	100	2
Total Planned Hours - UCD	8,350	

UC Irvine (9 FTE) – Audits	Hours	Est. Completion Qtr
Software Licensing	300	1
Obstetrics and Gynaecology (OBGYN)	300	1
Police Department Business Operations	300	1
Facility Management (Medical Center)	300	1
Residency Programs	300	2
Meaningful Use	300	2
The Hill (Campus Bookstore)	400	2
Student Health Center (Systemwide)	200	2
Pathology	350	2
Supervisory Control and Data Acquisition (SCADA) Systems	350	3
Annual Report on Executive Compensation/Chancellor's Expenses (Systemwide)	200	3
Institute for Memory Impairments and Neurological Disorders (UCI Mind)	300	3
Athletics (Systemwide)	200	3
Main Cashiering (Medical Center)	400	3
Financial Conflict of Interest in Research	300	3
Electronic Medical Records	300	4
School of Biological Sciences & Biological Sciences IT	500	4
Center for Educational Partnerships	300	4
Family Medicine	300	4
Human Resources (Medical Center)	300	4
UC Irvine – Advisory Services	Hours	Est. Completion Qtr
Kuali	100	4
UC Path (Systemwide)	100	4
Payroll Certification System	100	4
IT - Self Assessments	100	4
Laboratory Safety (Systemwide)	100	4
University Club	100	4
Total Planned Hours - UCI	6,800	

UC Los Angeles (27 FTE***) – Audits	Hours	Est. Completion Qtr
Associated Students (ASUCLA) Student Union-Events Service and Postal Services	240	3
ASUCLA Store - Health Sciences Store	220	2
ASUCLA Restaurants - Operations Division	240	1
ASUCLA Restaurants - Central Division	260	3
ASUCLA Restaurants - Special Events Division	260	1
Customer Relations	400	4
Fund Management Review	400	1
Tool Crib Review	250	3
Work Order Review	400	2
Project Management	350	4
Capitalization Procedures	350	2
Share Point System Review	300	1
State of California Proposition 1D Construction Project	225	3
Fleet and Transit - Auto Parts Inventory	277	1
Fleet and Transit - Fuel Accountability	277	3
Events and Transportation - Revenue Recognition Audit	477	2
Events and Transportation - Cashiering	337	2
Pay Stations	277	3
Conference Services	368	3
Housing & Hospitality Services - Cashiering	418	1
Lake Arrowhead Conference Center	318	3
Student Technology Center	268	2
University Apartments - Revenue/Leasing/Vacancy	318	2
Vending Cashiering Operations	218	1
Early Care and Education	320	1
Office Insurance and Risk Management - Operational Review	320	3
Equipment Inventory Management	223	1
Enterprise Exchange	273	2
Central Ticket Office - Cashiering	285	2

*** Incorporates recharge model

UC Los Angeles – Audits	Hours	Est. Completion Qtr
Cash Management	425	2
Recharges and Revenue Reconciliation	475	3
Office of Residential Life	350	3
CashNet Process and Reconciliation	400	2
Foundation	400	1
Athletics (Systemwide)	200	TBD
Laboratory Safety (Systemwide)	200	3
Facility Use Agreements	400	4
Departments/Principal Administrative Units	300	TBD
Student Health (Systemwide)	450	4
Meaningful Use - Electronic Health Records (EHR)	500	4
CareConnect 1 (UCLA's Electronic Health Record)	350	2
CareConnect 2 (UCLA's Electronic Health Record)	350	2
Dosimeter Monitoring (employee compliance)	300	3
Clinical Engineering	400	3
Rape Treatment Center	450	4
CareConnect 3 (UCLA's Electronic Health Record)	350	4
Nurse Float Pool (commitments versus actual effort)	300	2
Santa Monica UCLA Medical Center Surgery Center	500	3
Santa Monica UCLA Medical Center – Radiology Services in Orthopaedic Clinic	350	4
Laundry	275	4
Information Technology Governance	375	4
Marketing (financial management)	300	2
Tiverton House	400	3
Disposal of Hazardous Materials	275	3
Employee Recognition and Retention Program (gift card controls)	250	2
Child Life	300	4
Santa Monica UCLA Medical Center - Nutrition Cashiering	250	3
Discounted Drug Pricing	500	4

UC Los Angeles – Audits	Hours	Est. Completion Qtr
Primary Network Clinic 1	450	2
Primary Network Clinic 2	450	3
Primary Network Clinic 3	450	4
Housestaff Duty Hour Compliance (Work hour limitations)	350	4
Donated Body Program	350	3
Clinical & Translational Science Institute (CTSI)	500	2
UC Los Angeles – Advisory Services	Hours	Est. Completion Qtr
Internal Joint Ventures	400	4
Santa Monica UCLA Medical Center - Gift Funds Allocation Protocols	200	2
Telecommunications Fees	300	3
Lawson (Purchasing & Accounts Payable) System Upgrade	300	2
Santa Monica UCLA Medical Center Auxiliary Gift Shop (Cash Handling Exposures)	225	3
International Programming	200	3
Financial Aid	200	4
UC Path (Systemwide)	320	4
School of Medicine - Research Reorganizations	120	4
J-1 Visas	200	3
Total Planned Hours - UCLA	24,259	
UC Merced (1 FTE**) – Audits	Hours	Est. Completion Qtr
Student Health (Systemwide)	200	2
Purchase Orders and Business Contracts	150	2
Construction Projects - Housing 4 and Student Services Building	200	1
Construction Project - Science and Engineering II Building	150	3
IT Security (IS-3 requirements) and Control over Confidential Information	200	3
Review of Grants (ARRA, Engineering, and others)	150	3
Control over Cash - Cashiering and SubCashiering	150	4

** Plus contracted resources

UC Merced – Advisory Services	Hours	Est. Completion Qtr
Student Accounts - Student Fees and Receivables	75	4
Purchasing Card and T&E Card Reviews - Setting Up Continuous Monitoring	200	1
Development	100	4
Operational Review of Graduate Division	150	1
Review of Campus Receiving	100	2
UC Path (Systemwide)	100	4
Total Planned Hours - UCM	1,925	
UCOP (1 FTE UCOP staff plus co-sourced auditors) – Audits	Hours	Est. Completion Qtr
General Ledger Review and Reconciliation	200	3
Agriculture and Natural Resources (ANR) Firearms Compliance Program	150	1
ANR Research and Extension Center (REC) Review	150	2
ITS Budgeting & Cost Accounting	200	3
Independent Contractors	200	4
Education Partnerships Youth Protection Departmental Policy Implementation	100	3
UCOP Remote Facilities	250	4
UCOP Network Security	200	3
UCOP – Advisory Services	Hours	Est. Completion Qtr
IT Investment Review	200	4
ANR Multi-County Partnerships	250	3
UC Path - ITS Operational Readiness Assessment	300	4
Retirement Administration Services Center (RASC) Payroll Data Validation	100	2
UC Washington Center (UCDC) IT Security and Physical Security	200	2
Office of General Counsel (OGC) eBilling System Procurement Advisory Assistance	100	4
Total Planned Hours - UCOP	2,600	

UC Riverside (5 FTE) – Audits	Hours	Est. Completion Qtr
School of Medicine	175	3
Capital Planning/Architects & Engineers	290	2
Finance Business Operations (FBO) Service Center	295	2
Laboratory Safety (Systemwide)	210	1
Athletics (Systemwide)	260	3
Student Health System (Systemwide)	255	2
IT Governance (IT)	173	2
College of Humanities, Arts, and Social Sciences (CHASS) Dean's Office	215	3
Contracts & Grants Post Award (other than colleges)	215	3
Cash Handling	305	4
Privacy and Confidentiality	161	4
Financial Aid	161	1
Kronos Systems Access	195	2
IT Security (smaller departments)	175	3
University Extension (UNEX)	181	4
Physical Plant - Plant Service's Recharges	215	3
Annual Analytic Review & Fraud Detection	580	4
UC Riverside – Advisory Services	Hours	Est. Completion Qtr
Major Campus Systems: System Information Systems (SIS) Replacement Project	200	4
Major Campus Systems: UNEX System	95	4
Major Campus Systems: New Graduate Student Information Systems (GSIS)	45	4
Major Campus Systems: Human Resources - iRecruit; iReview; Job Description System	45	4
Major Campus Systems: Time and Attendance Reporting System	45	4
Major Campus Systems: Capital Programs	80	4
Major Campus Systems: Academic Personnel System	45	4
Major Campus Systems: Financial System/Enterprise Systems Steering Committee	130	4
School of Medicine	320	4
UC Path (Systemwide)	165	4
Campus Efficiencies	145	4
Total Planned Hours - UCR	5,376	

UC Santa Barbara (5 FTE) – Audits	Hours	Est. Completion Qtr
Succession Planning – Phase 2	300	2
UCTrust Compliance Review	150	1
Orfalea Family Foundation Gift	250	1
IT: UCSB Procurement Gateway Post-Implementation Review	250	1
Integration and Control of Auxiliaries - Phase 1	250	1
University Inventories - Phase 1	250	1
Integration and Control of Auxiliaries - Phase 2	200	2
University Inventories - Phase 2	250	2
Student Health (Systemwide)	200	2
IT: Financial System Implementation Project (FSIP) Progress Review Field Audit Follow-up	250	2
IT: Student Information Systems (SIS) Modernization Progress Review Field Audit Follow-up	150	2
Sponsored Projects - Cost Sharing	250	2
Assessment of Campus Policies and Procedures	250	3
Delegated Procurement	250	3
Intercollegiate Athletics (Systemwide)	200	3
Graduate Financial Aid and Graduate Student Fee Remission	300	4
IT: Third Party IT Services	250	4
UC Santa Barbara – Advisory Services	Hours	Est. Completion Qtr
IT: UC Path Advisory/Support (Systemwide)	125	4
IT: Support Contingency - Other IT	100	4
Total Planned Hours - UCSB	4,255	

UC Santa Cruz (4 FTE) – Audits	Hours	Est. Completion Qtr
Student Health (Systemwide)	200	2
Deferred/Preventative Maintenance	257	2
Financial Aid Compliance	350	2
Sub-Cashier Cash Handling Controls	215	1
PCI Merchant Compliance	200	3
Campus IT Equipment Disposition Practices	225	3
Distributed Computing Logical Security	400	4
Employee Off-Boarding/Termination Procedures	225	3
Cost of Construction Work Orders and Estimates	371	4
Campus Background Checks	284	4
UC Santa Cruz – Advisory Services	Hours	Est. Completion Qtr
Travel/Entertainment Process Streamlining	228	4
UC Path/Shared Initiative (Systemwide)	220	4
NCAA Report Annual Review	65	3
Total Planned Hours - UCSC	3,240	
UC San Diego (16.2 FTE) – Audits	Hours	Est. Completion Qtr
Graduate Program Revenues	300	2
Service Agreements	300	4
Recharge Operations – Central Oversight	300	3
Technology Transfer Office	300	4
Enterprise (Logical) Security – Information Technology (Administrative Computing and Telecommunications)	300	2
Central Colleges Business Office	250	1
Minor Capital Construction – Medical Center Projects	300	3
Human Resources - Background Checks	250	4
Student Health (Systemwide)	200	2
Limited Scope Department/Organized Research Unit Audits	450	1

UC San Diego – Audits	Hours	Est. Completion Qtr
Pharmacy – 340B Drug Pricing Program	300	4
Transplant Program Operations	300	3
Email and Mobile Device Encryption	300	2
Health System Clinical Cashiering Operations – Phase II (Training & Background Checks)	300	1
Clinical Research Billing Systems	300	3
Department of Pharmacology	300	2
Department of Cellular and Molecular Medicine	300	1
Clinical Research Compliance – Investigational New Drug Program and Protocol Registration System	300	4
Anatomical Materials Program (Body Donation Program)	300	4
UC San Diego – Advisory Services	Hours	Est. Completion Qtr
Chancellor’s Expenses (Systemwide)	200	3
Review of Annual Report on Executive Compensation (Systemwide)	100	3
Appointment Watch Lists	200	2
UC Path – Data and Reporting (Systemwide)	200	4
Business Officer On-line Tools	200	2
Internal Medicine Practice Acquisition	200	1
Physician Relationships with Industry – Conflict of Interest/Conflict of Commitment	200	2
School of Medicine Core Services – Human Resources	200	2
ICD-10 Readiness (International Statistical Classification of Diseases and Related Health Problems)	200	4
Epic Revenue Cycle Implementation (Go-Live and Charge Interfaces)	200	3
Epic Module Post Implementation Reviews (ASAP and OpTime)	200	3
Meaningful Use Standards and Certification (Systemwide)	200	1
Total Planned Hours - UCSD	7,950	

UC San Francisco (11 FTE) – Audits	Hours	Est. Completion Qtr
Physician Billing - San Francisco General Hospital	300	2
Contracts and Grants - End of Award Expenditures	350	4
Cash Operations	150	3
School of Dentistry - Dental Record Security	350	4
Chancellor's Administrative & Housing Expenses (Systemwide)	125	2
Student Health Center (Systemwide)	275	2
Clinical and Translational Science Institute (CTSI) - Financial Management	300	2
California Institute for Quantitative Biosciences (QB3) - Intellectual Property	250	3
Professional Services Agreement Management	250	2
Center for Health Professions - Contracting	200	3
Willed Body Program	350	2
Hospital Billing - Pharmacy Services	300	3
Clinic Operations	200	3
Electronic Health Records (HER) - Monitoring Access to Patient Records	300	4
Service Contract Review	300	2
Network Security - Firewalls	350	2
HIPAA Privacy and Security	350	4
Hospital Patient Accounts - Denial Management	300	3
APeX Disaster Recovery and Continuity Planning	200	4
UC San Francisco – Advisory Services	Hours	Est. Completion Qtr
Annual Report on Executive Compensation (Systemwide)	125	3
Department Assessment Tool	300	4
Hospital Nursing - Float Pool Payroll	100	1
Enterprise Content Management	75	4
Enterprise Data Warehouse	75	4
Finance3 Project Implementation	250	4
Capital Projects Management System	75	4
Identity and Access Management	25	4
Total Planned Hours - UCSF	6,225	
All Campuses and Laboratory Total Planned Hours	84,600	

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
OFFICE OF ETHICS, COMPLIANCE AND AUDIT SERVICES



ETHICS AND COMPLIANCE PROGRAM PLAN
2013 – 14

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I. Executive Summary

Background and Overview

The Office of Ethics, Compliance and Audit Services (ECAS) is a Regental Office of the University of California (University) that provides direction, guidance and resource references on how to optimize ethical and compliant behavior through effective ethics and compliance programs. Our goal is to help the University fulfill its responsibilities to the people of California in an ethical environment that is compliant with applicable laws, rules and regulations, and in which the public trust is maintained. Consistent with the Ethics and Compliance Program charter, the Ethics and Compliance Services (ECS) program develops an annual work plan to help mitigate non-compliance in high risk areas and assure the Regents that compliance controls supporting the University's strategic goals are in place, and evaluated on a regular basis.

This ECS Annual Compliance Workplan (Plan) for FY2013-2014 (FY14) has been developed in collaboration with the ten campuses, Lawrence Berkeley National Laboratory, Office of the President, Division of Agriculture and Natural Resources and the five medical centers, and strives to address key risks facing the University system as a whole. The Plan has been developed using prioritized risk assessment observations and work plan activities from each of the locations' campus ethics and compliance risk committee function (CECRC). ECS and campus compliance staff, including the CECRC members and the Campus Ethics and Compliance Officers (CECOs) worked collaboratively with the internal audit function and the risk management functions at each location to more fully capture identified compliance risks for inclusion in the campus work plan, and then prioritized for this system-wide Plan.

Key Compliance Areas

The key systemwide compliance risk areas to be focused on in FY14 include, in no order of importance, the following:

1. **Research Compliance** –*complexities of research in areas of government enforcement actions, e.g. documentation, conflicts of interest and export controls.*
2. **Government Reporting** –*external regulatory agency activities, e.g., agency audits, and key risk areas where supporting documentation is needed for federal and/or state funding.*
3. **Culture of Ethics and Compliance** –*cultural tone of accountability and “doing the right thing”.*
4. **Data Privacy and Information Security** –*protection of data across the University landscape.*
5. **Health Sciences** –*regulatory complexities associated with the Affordable Care Act, clinical research and related billing, and other regulatory enforcement areas.*
6. **General Compliance** – *international activities, complex business system initiatives such as UC Path, policy and procedure management, investigations and overall tracking of emerging themes.*

These key risk areas are discussed in more detail in Section III of this Plan.

II. Plan Background and Development

Higher Education Ethics and Compliance Program – State of the Industry

These are challenging times. Evolving burdens are being placed on higher education institutions that require a need for well-defined governance structures, clear and well-articulated policies and procedures, targeted training addressing ‘top risks’, real transparency and optimal communication practices. Our higher education compliance environment is also faced with increased regulatory focus on myriad rules and regulations that govern our work and emerging, but often unpredictable issues, such as youth activities and violence on campus.

Legal and regulatory requirements affecting higher education are constantly in flux, and colleges and universities need to have reliable and consistent processes in place for identifying and complying with applicable laws and regulations. In addition to regulatory burdens, budget constraints often increase compliance risks as we continue to increase efficiencies and strive to meet expectations to become more cost effective. Areas such as social media, online education, international activities, conflict of interest and the need to improve governance and accountability remain a high priority for colleges and universities. For example, universities are being challenged by the need to globalize the student experience and internationalize faculty and student bodies. While many colleges and universities have worked to establish compliance governance structures and communication frameworks, high regulatory risk areas remain, and there is often a gap between policy and behavior.

Compliance Program Self Assessment

As promulgated by regulatory guidelines, ‘effectiveness’ is one of the key criteria of a strong ethics and compliance program. Regulators consider the level of effectiveness of an organization’s ethics and compliance program in assessing penalties for noncompliance. As an industry best practice the effectiveness of a program should be assessed on a regular basis. While the ECS program continuously benchmarks itself to a number of ethics and compliance programs across the nation and is widely regarded as one of the leaders in the higher education industry, ECS also formally initiated a program self-assessment during this fiscal year to identify opportunities for improvement. In FY14, ECS will assess the results of this review and incorporate applicable actions into the Plan.

Risk Assessment and Plan Development

Risk intelligence is an organization’s ability to think holistically about risk by utilizing a common framework to help senior leadership make better decisions to achieve strategic goals. Mature risk programs promote coordination between areas and/or departments that are more actively involved in risk assessments, including compliance, internal audit and risk management. ECS has worked at both the system and campus levels to move the University towards a model of risk intelligence. During FY14, ECS will continue to work with the CECRCs and the campus mid-management compliance risk committees to help implement a more comprehensive risk intelligent approach. This approach will use system and campus strategic goals to identify and prioritize related compliance risks with the objective of developing a manageable risk mitigation plan. As the University ethics and compliance program moves towards a more mature risk intelligent model, cross functional risk owners will more likely

coordinate their efforts to share different perspectives, reduce duplication of effort, and conserve scarce resources.

The following Plan is based upon the nationally accepted compliance plan structure: the United States Sentencing Commission's (USSC) seven elements of an effective compliance program as outlined in Section 8 of the Federal Sentencing Guidelines. Key compliance risks were identified at each campus and then aggregated across the system and prioritized by the CECOs (*Appendix A: Compilation of Common Compliance Risk Areas*). The list reflects a quantifiable prioritization of the aggregated campus regulatory risks which established the systemwide compliance risk pool for the FY14 Plan. The methodology for scoring is noted on the Appendix A legend, but generally the scoring determination for risk *likelihood* and *severity* was 1-4, with 1 reflecting a low risk to 4 reflecting a strong likelihood and high severity of that risk. The *level of control* score, also 1-4, valued 1 as having no control, to 4 reflecting a high level of control, which would mitigate the seriousness of the first two categories. The resulting *residual risk exposure* score provides a basis for prioritizing and acting upon those risks.

For the purpose of this Plan, all risks with scores greater than 3.5 will be addressed. Section III will outline key goals and related activities that will be undertaken by ECS to assist the locations in mitigating their specific risks as identified in Appendix A, related to the systemwide prioritized risk areas.¹

III. Key Compliance Risk Focus Areas

1. Safety

Laboratory Safety

This potential risk continues to be ranked as a compliance focus area for the campuses due to relevant CalOSHA laboratory safety requirements; as well as the Regents/Los Angeles District Attorney's Office agreement and its related requirements which went into effect during the past fiscal year. Due to the comprehensive operational oversight and follow-up by the Risk Services department, this risk will not be addressed directly by ECS, other than to monitor progress towards compliance with the agreement in collaboration with Risk Services and Internal Audit.

2. Research Compliance Risk

Export Controls

Compliance with the evolving export control regulatory and operational landscape remains a key compliance risk for University in FY14 as evidenced by its systemwide, residual risk exposure score of 3.84. During President Barack Obama's 2013 State of the Union Address the President noted that, "we cannot look back years from now and wonder why we did nothing in the face of real threats to our security and our economy". Immediately following that address was the release of the "White House Strategy on Mitigating the Theft of Trade Secrets" which demonstrated a blurring of "cybercrime," "theft of trade secrets" and "export control violations", all reflecting academic institution involvement.

¹ Due to the dynamic nature of risks, the goals may be revised during the fiscal year to meet additional priority or other business risks identified by the organization.

As export control reform continues to evolve in unexpected ways, both opportunities and challenges are created for academia. Recent enforcement actions shed light on the need to remain vigilant, especially in the realm of international collaborations involving foreign travel and the shipping of tangible research materials as well as traditional UC concerns regarding fundamental research and academic freedom.

Goal

Systemwide open access principles are reviewed with location leadership and revised accordingly to develop formal systemwide policy. Training and education related to federal export control laws delivered in-person and online, with focus on in-person training for researchers.

3. Government Reporting

Regulatory Activities

The onsite audit focus of government agencies, such as the National Sciences Foundation (NSF), the Center for Medicare/Medicaid Services (CMS) Office of Inspector General (OIG), and the Office of Federal Contract Compliance Programs (OFCCP), across a number of campuses and medical centers has increased the resource burden on the locations as evidenced by the increase in the residual risk exposure ranking of this risk to 4.00. Locations are tasked with assisting these agencies in their audit efforts to ensure the accuracy of the audited information, as well as assure that appropriate controls are in place and well communicated to administrative staff and faculty. Cost disallowances, paybacks and fines can be a result of negative audit observations which may negatively impact the system's financial resources and national reputation.

Goal

ECS will monitor external agency audit activities and facilitate systemwide response, as appropriate, to external agency audit activities and responses. Summary reports of trended observations and/or recommendations will be shared with campus leadership to enhance local controls on high risk reporting requirements. ECS will also conduct audits in the health sciences and/or research compliance risk areas.

4. Culture of Ethics and Compliance

Managing Youth Activities

Even though the residual risk exposure ranking of this ongoing risk area has improved to 3.33 during this past year, ECS continues to focus on activities related to maintaining compliance with relevant state laws and regulations as well as University policy on this important area.

Goal

The new University Policy on Reporting Child Abuse and Neglect to assure system-wide compliance with the revised California Child Abuse and Neglect Reporting Act (CANRA) as referenced in California Penal Code Section 11164-11174.3 will be disseminated to campuses.

- ECS will facilitate delivery of online training for mandatory reporters and work with the campuses to identify current compliance activities related to managing youth activities.
- ECS will monitor compliance to policy on a quarterly.

5. Data Privacy and Security

Privacy and Information Security Steering Committee Recommendations

Even though data privacy and information security residual risk rankings reflected improved scores of 2.38 and 2.22 respectively, the publication of the University of California Privacy and Information Security Steering Committee (Committee) recommendations has brought data privacy and information security to the forefront for this next fiscal year. The information technology conversions that campuses are undertaking to update or replace aging business systems entail significant risk to privacy and information security management. With the recommendations of the Committee delivered in late FY13, a focus for ECS in FY14 will be to support the approved recommendations and enhance privacy and security of personal financial and/or health information across the system.

Goal

The goal of this risk mitigation includes several areas:

- Collaboration occurs with respective functions to review and revise policies as appropriate.
- Privacy training will be provided in collaboration to all campus locations.
- Assistance with development and dissemination of Information Security training, as requested.
- Assistance to campus locations on assuring leadership that privacy and information security risks are being addressed.
- Collaboration will occur with the Chief Information Officer (CIO) to report to the President and the Regents on the overall status of Privacy and Information Security

6. Health Sciences Compliance

Clinical Research Billing

Accurate and timely submission of billing and coding data to government reimbursement agencies continues to be a key compliance program risk that requires continual and focused vigilance. Due to a change in the Medicare payer for the health sciences, many requirements must be addressed and put into place by the end of the year. The consequences of non-compliance with clinical research billing rules may be disastrous in terms of negative publicity for the University and resultant lack of sponsorship, increased paybacks of inaccurately billed services to insurers, potential monetary (civil) fines for billing errors to the CMS, undercharging or overcharging study accounts.

Goal

Clinical research billing reviews are completed and relevant observations and recommendations are presented to health sciences leadership for review and appropriate remediation.

Health Sciences Coding

Even though the residual risk ranking of this area is 3.15, below the risk threshold for this report, the potential for increasing compliance risk over the next several years increases due to the overall lack of qualified coding resources. This lack of resources impacts the timeliness and accuracy of appropriate claims submission to all payers from the health sciences functions, as it does to other institutions across the nation.

Goal

Availability of skilled resources will be increased by developing and implementing a systemwide industry-sponsored, coding certification program that will focus on two main areas at this time: physician coding and diagnosis coding. In addition, ongoing training will be provided for current coding professionals and a monitoring program will be initiated to track and trend retention of UC coding professionals, and coding accuracy rates.

7. General Compliance

International Activities

The University has international activities that span faculty/student exchange programs, intercollegiate consortia, sponsored research, research collaborations, international alumni associations, foundations, trusts, and more. The proliferation of the establishment of foreign operations and affiliates by the campuses/LBNL increases risk of non-compliance in a variety of areas that are tied to the rules, regulations and practices of foreign governments and cultures. ECS is currently revamping a policy to devolve much of the responsibilities for engaging in international activities to the campuses, but providing a library of high-level risks associated with international activities for consideration of risk-mitigation.

Goal

Compliance risks associated with international activities will be mitigated through early implementation of controls around high-risk areas.

Changes in Data and Financial Systems

The human resources, financial and health sciences areas across the University will continue to be impacted by major changes in their information technology systems, adding to the complexity of completing daily transactions. From instituting or enhancing electronic health/medical records (EMR) in the health science entities which will impact clinical documentation and claim submission processes, to revising current processes to align to the new UCPath financial systems, these major initiatives have the potential for a number of compliance risks to emerge.

Goal

Collaboration with key business functions leading the above initiatives to determine, as appropriate, at what point audit or monitoring assistance can be provided by ECS working collaboratively with Internal Audit.

IV. ECS Program Focus Areas

In addition to the identified key compliance risks for the FY14 Plan, we will continue to focus on two important areas within ECS – the Office of Investigations and the University Policy Office. The Office of Investigations is responsible for coordinating, tracking, managing and/or conducting investigations at both systemwide and at the Office of the President. This Investigations Office is also responsible for oversight of an independent hotline to receive and investigate confidential reports of suspected misconduct. The overarching objective of the hotline is to help the University maintain its commitment to a culture based on the highest of ethical standards. The University Policy Office oversees the policy-making process in all areas for which the President has authority. The University of California systemwide policy process involves broad consultation with diverse University constituencies on the ten campuses, ANR, LBNL and the Office of the President; maintains all Delegations of Authority from the President to the Chancellors and senior managers; and is the official repository of historical and current documents.

Investigations Goals

The ECS Investigations Unit will introduce a new web-based intake form to assist Local Designated Officials (LDOs) in managing their workload by streamlining the process of reporting suspected misconduct initiated from sources other than the hotline reporting process. ECS will also continue to leverage internal investigation resources with the campus investigations teams to promote an investigation response that is prompt, thorough, fair, objective and properly documented. ECS will also deliver an introductory workshop for employees who are new to investigations and continue with ongoing training sessions for current investigators. The unit will continue to track and trend issues identified and report to leadership, as appropriate.

Policy Project Goals

ECS will continue to provide clear guidance on such issues as governance, policy framework, and writing “plain language” policy. ECS will also provide web-based tools to access policy review schedules and status.

V. Summary

In collaboration with the campuses, ECS will further quantify the goals and objectives related to this Plan which will then be aggregated periodically and reported to the Regents’ Compliance and Audit Committee. ECS also continues to co-lead an informal networking and benchmarking group, the InterUniversity Compliance Consortium (IUCC) that includes representatives from prominent group of western universities to share compliance program best practices. This external collaboration will continue to help provide a forum to discuss and review compliance program best practices and process improvements.

Compilation of Campus Identified Compliance Risk Areas Draft Campus Compliance Work Plans FY2013-14

Risk Area	Focus	Risk Likelihood	Risk Severity	Level of Control	Residual Risk Exposure
Safety	Laboratory Safety*	3.00	3.90	3.50	3.51
	Emergency Planning*	2.90	3.70	3.50	3.22
	Violence on Campus*	2.80	3.70	3.50	3.11
Research	Conflicts of Interest	3.40	2.80	3.60	2.67
	Intellectual Property	2.90	2.70	3.60	2.19
	Export Controls	3.00	3.20	3.00	3.84
Government Reporting	Billing/Coding-HS	2.90	2.60	3.70	1.96
	Fraud, Waste, and Abuse	3.10	3.00	3.50	2.79
	Regulatory Activity, i.e., external audit	3.70	3.00	3.20	4.00
Culture of Ethics and Compliance	ADA/EOC	3.10	2.70	3.20	3.01
	Diversity-Awareness	2.70	2.60	3.60	1.97
	Managing Youth Activities	2.80	3.30	3.20	3.33
	Management Accountability	3.11	2.67	3.22	2.95
	Reputational	3.11	3.00	3.33	3.11
Data Privacy & Security	Privacy	3.00	3.60	3.90	2.38
	Information Security	3.00	3.70	4.00	2.22
General Areas	UCPATH	3.11	3.22	2.89	4.23
	Third Party Relationships	3.00	2.89	3.00	3.47
	International Activities	2.90	2.80	2.80	3.57
Health Care	Billing and Coding	3.33	2.83	3.33	3.15
	Regulatory Activity	3.33	2.83	3.17	3.46
	Clinical Research	3.14	3.43	3.14	4.00
	Conflict of Interest	3.50	2.50	3.00	3.50
	Third Party Relationships	2.80	2.60	3.00	2.91
	Privacy and Security	3.17	3.33	3.83	2.46
Risk Likelihood	Rare=1, Unlikely=2, Possible=3, Likely=4, Almost Certain=5				
Risk Severity	Negligible=1, Minor=2, Moderate=3, Serious=4, Critical=5				
Level of Control	None=1, Minimal=2, Moderate=3, Strong=4, High=5				