

The Regents of the University of California

**COMPLIANCE AND AUDIT COMMITTEE**

January 21, 2021

The Compliance and Audit Committee met on the above date by teleconference meeting conducted in accordance with Paragraph 3 of Governor Newsom’s Executive Order N-29-20.

Members Present: Regents Anguiano, Butler, Cohen, Elliott, Estolano, Makarechian, Park, and Sures; Ex officio member Pérez; Advisory members Gauvain and Zaragoza; Chancellors Christ, Gillman, Hawgood, Khosla, and Larive; Staff Advisor Jeffrey

In attendance: Regents Drake and Kounalakis, Secretary and Chief of Staff Shaw, General Counsel Robinson, Chief Compliance and Audit Officer Bustamante, Provost Brown, Executive Vice President and Chief Operating Officer Nava, and Recording Secretary Johns

The meeting convened at 9:40 a.m. with Committee Chair Elliott presiding.

**1. APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meeting of November 18, 2020 were approved, Regents Anguiano, Butler, Cohen, Elliott, Estolano, Makarechian, Park, Pérez, and Sures voting “aye.”<sup>1</sup>

**2. ETHICS, COMPLIANCE AND AUDIT SERVICES ANNUAL REPORT 2019–20**

[Background material was provided 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 Bustamante presented the Ethics, Compliance and Audit Services Annual Report 2019-20. He noted that this year had been unlike other years. Compliance and audit personnel in the UC system had to shift from existing compliance and audit plans to adapt to the circumstances of the COVID-19 pandemic and its effects on UC operations. This was reflected in the report.

Committee Chair Elliott asked if there were any particular points that Mr. Bustamante wished to bring to the Committee’s attention. Mr. Bustamante responded that continued vigilance on cyber security issues was of importance, as well as ensuring that compliance and audit personnel across UC were informed and aware of emerging issues, such as foreign influence, COVID-19-related issues, and the changing regulatory landscape.

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<sup>1</sup> Roll call vote required by the Bagley-Keene Open Meeting Act [Government Code § 11123(b)(1)(D)] for all meetings held by teleconference.

Regent Estolano commended the University's compliance and audit function for moving swiftly and for effective coordination with the medical centers. She suggested that the Committee receive an update at a future meeting on the UC Presidential Working Group on Artificial Intelligence, which was discussed in the report.

Regent Makarechian referred to a chart in the report displaying whistleblower hotline cases by issue and asked about the category of workplace misconduct. He asked about the nature of workplace misconduct at this time, when many employees were working remotely from home. Mr. Bustamante explained that workplace misconduct included a variety of issues. Instances of workplace misconduct are reported to the system, but not all cases lead to an investigation. The chart presented the number of cases reported to the hotline. Through broad systemwide communications by the compliance and audit function, more UC employees were now aware of the systems in place to report issues of concern and to bring issues forward, which allows UC auditors and leadership to determine which matters are appropriate for investigations. The chart indicated an increase in the number of hotline reports of workplace misconduct, from 327 to 503 year-over-year, but Mr. Bustamante stated that there were no specific trends within that increase. There was a variety of issues that the University's compliance and audit function was addressing. Mr. Bustamante offered to provide a breakdown with more information.

The meeting adjourned at 9:50 a.m.

Attest:

Secretary and Chief of Staff