



Annual Report on Ethics and Compliance

Office of Ethics, Compliance & Audit Services
University of California

FY 2013-14

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EXECUTIVE SUMMARY

Compliance activities are intensifying in importance throughout all facets of industry. Institutions of higher education are not immune to the increased pressure to comply with regulations and maintain an ethical culture. Specifically, ethics and compliance programs in higher education are challenged because of increasing governmental scrutiny, requirements, and regulations. The Affordable Care Act is increasing emphasis on compliance in medical centers, the Foreign Corrupt Practices Act (FCPA) is heightening focus on international research activities, and the national spotlight on sexual misconduct on university campuses is generating regulations from state and federal policymakers. Moreover, areas such as social media, online education, conflict of interest and the need to improve governance and accountability, remain a high priority for colleges and universities.

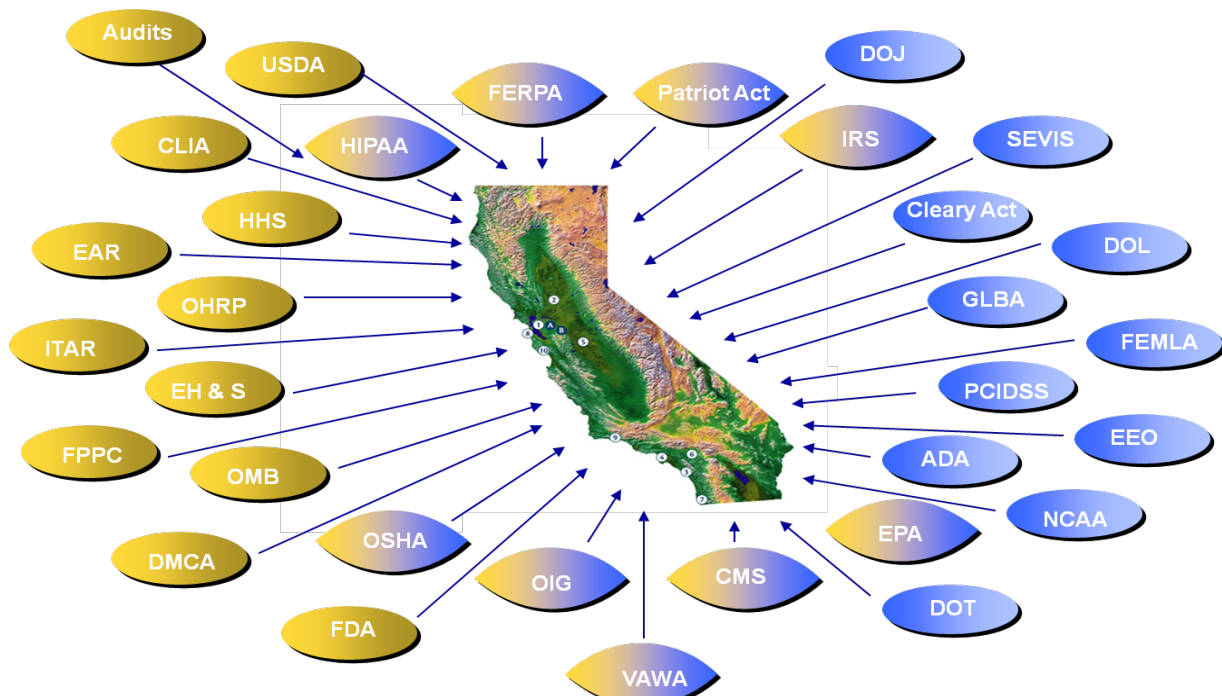
The University of California (UC) has from its inception focused on quality. This same focus guides the ethics and compliance program. Throughout the UC system, campus professionals are dedicated to monitoring compliance activities ensuring that the University meets the highest standards in this area and constantly work to assess, monitor, and mitigate risks. The University of California's ethics and compliance efforts strive to set the national standard for higher education. Together we work to maintain the highest quality programs and ethical culture for our students, faculty, and staff.

Sheryl Vacca
Senior Vice President and Chief Compliance and
Audit Officer
University of California

BACKGROUND: PRESSURES ON THE UNIVERSITY OF CALIFORNIA INCREASING

Given its size, breadth of activities and prominence among world-class research institutions, the compliance pressures on the University of California are great. Legal and regulatory requirements affecting the University are constantly changing, and UC must have reliable and consistent processes in place for identifying and complying with applicable laws and regulations. While many colleges and universities have worked to establish compliance governance structures and communication frameworks, high-risk regulatory areas remain. The ongoing response of the University of California to the ever-changing compliance and regulatory climate has been to maintain leading-edge governance structures, policies and procedures, targeted training addressing 'top risks', real transparency, and optimal communication practices.

Compliance Matters Impacting the University of California (Example) And Relevant Regulatory Bodies*



*Including but not limited to the agencies listed

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UNIVERSITY OF CALIFORNIA COMPLIANCE PROGRAM

In July 2008, the University of California Board of Regents established the UC Ethics and Compliance Program. The Office of Ethics, Compliance and Audit Services (ECAS) is led by Senior Vice President and Chief Compliance & Audit Officer (SVP/CCAO), Sheryl Vacca (the Audit Services Annual Report is reported separately). ECAS strives to be the national leader by following benchmarks and recommended guidance for effective compliance programs established by outside agencies.

Benchmarks for the University of California Compliance Program

The federal government, when funding programs, requires that an organization have an “effective compliance program” in place. Through guidance and regulations, national and international organizations are defining the key elements or benchmarks required to demonstrate that a compliance program is effective. The following six organizations and reports provide key compliance program benchmarks, as detailed in the table below:

- Federal Sentencing Guidelines
- Office of Inspector General (OIG)/Health and Human Services (HHS): Guidelines for Effective Compliance Programs
- UK Bribery Act
- Organization for Economic Cooperation and Development (OECD)
- LRN 2014
- Department of Justice/Securities and Exchange Commission

The University of California’s Ethics and Compliance program, from its inception, has been predicated and built on the key elements and benchmarks identified in these sources. Continually monitoring and reviewing current programs, processes, and procedures to ensure compliance with the benchmarks in these guidance documents remains the foundation of the UC ethics and compliance program.

Benchmark	UC Compliance?	Originating Agency/Report*
1 Written Standards of Conduct (including policies & procedures)	Yes	FSG, OIG/HHS, MOJ/UK Bribery Act, DOJ/SEC
2 Designation of Chief Compliance Officer	Yes	FSG, OIG/HHS, OECD, LRN 2014, DOJ/SEC
3 Education & Training	Yes	FSG, OIG/HHS, MOJ/UK Bribery Act, OECD, LRN 2014, DOJ/SEC
4 Whistleblower Hotline & Whistleblower Protections	Yes	FSG, OIG/HHS, OECD, LRN 2014, DOJ/SEC
5 Response & Enforcement	Yes	FSG, OIG/HHS, OECD
6 Auditing & Monitoring	Yes	FSG, OIG/HHS, MOJ/UK Bribery Act, OECD, LRN 2014
7 Investigation/Remediation of Systemic Problems & Screening of Sanctioned Individuals	Yes	FSG, OIG/HHS

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Benchmark	UC Compliance?	Originating Agency/Report*
8 Defining Roles/Responsibilities & Assigning Oversight Responsibility	Yes	FSG, OIG/HHS, MOJ/UK Bribery Act, OECD, LRN 2014, DOJ/SEC
9 Due Diligence to Prevent & Detect 3 rd Party Criminal Conduct	Yes	FSG, OIG/HHS, MOJ/UK Bribery Act, OECD, LRN 2014, DOJ/SEC
10 Periodic Evaluation of Compliance Program Effectiveness	Yes	FSG, OECD, LRN 2014, DOJ/SEC
11 Promote Compliance Program throughout Organization through Incentives for Ethical Conduct & Penalties for Non-Compliance	Yes	FSG, OECD, LRN 2014, DOJ/SEC
12 Periodic Assessment of Risk of Criminal Conduct	Yes	FSG, MOJ/UK Bribery Act
13 Policy Prohibiting Foreign Bribery	Yes	OECD
14 Compliance is Duty of Employees at All Levels of Organization	Yes	OECD
15 Risk-based Due Diligence in Hiring and Oversight of Business Partners	Yes	OECD
16 Measures to Ensure Effective Control Over Areas such as Gifts, Travel, Hospitality, etc.	Yes	OECD
17 Adequate Budget: \$99,763 per 1,000 employees	No	LRN 2014, DOJ/SEC

***Sources:**

- FSG: Federal Sentencing Guidelines §8B2.1 (a-c): Effective Compliance & Ethics Program
- OIG: Office of Inspector General/Health & Human Services: Guidelines for Effective Compliance Programs
- MOJ/UK Bribery Act: Ministry of Justice – United Kingdom: Bribery Act of 2010
- OECD: Organization for Economic Cooperation and Development: Good Practice Guidance on Internal Controls, Ethics & Compliance, 2010
- LRN 2013: The 2014 Ethics & Compliance Program Effectiveness Report
- DOJ/SEC: Department of Justice/Securities & Exchange Commission, 2012: Hallmarks of an Effective Compliance Program (specifically aimed at FCPA enforcement)

ECAS: UNIVERSITY OF CALIFORNIA ETHICS AND COMPLIANCE DEPARTMENT

The mission of ECAS is to reinforce the University's duty to perform its public responsibilities in an ethical and compliance-based environment where applicable legal, regulatory, Regental, and Presidential policies are followed and in which the public trust is maintained. Supporting and implementing an effective ethics and compliance program that aligns with industry benchmarks is of the utmost importance to the University of California. Goals for ECAS have been developed under leadership from the SVP/CCAO. ECAS staff works with campus partners to meet the following goals:

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ECAS Goals

- 1) Enhance a culture within the University that promotes prevention, detection and resolution of instances of non-compliance with federal and state laws, public and private requirements, and the University's legal and administrative policies.
- 2) Provide identification, assessment and evaluation of University internal controls and mechanisms to mitigate risk to the University, the President and the Regents.
- 3) Provide preventative, detective and deterrent resources to UC locations to help mitigate risk. Reduce damage to the reputation and goodwill of the University resulting from misconduct, lack of management controls or effective management systems. These resources help to reduce damage and assist management to mitigate financial, compliance, operational and reputational risk.
- 4) Provide an effective reporting system for allegations of non-compliance or improper governmental activities that is free of retribution and allows for anonymity.
- 5) Provide oversight and facilitation in development of best practices supported through research and evidenced based information for education, policies, processes and investigation related to sexual assault and sexual violence.
- 6) Promote awareness of management of compliance and audit risks with the Regents (Compliance and Audit Committee), the President, Chancellors, and senior campus leadership.

ECAS Program: Alignment of Programs With Goals

ECAS is organized across eight key functional areas that support and align with departmental goals, i.e. general compliance education and training, privacy program, research compliance, health science compliance program, whistleblower hotline and investigations, support of campus compliance, policy management and delegations of authority. ECAS continually works to assess and realign these functional areas as new initiatives, risks, external reviews, and regulations affect the University. Currently, each of these eight ECAS functional areas have specific initiatives, programs, and efforts that align within one or more of the six ECAS department goals. Specifically, each of these programs coordinates administrative and operational compliance by actively accessing and responding to compliance needs.

ECAS Program: Highlights and Accomplishments

During FY14, ECAS worked with a variety of constituencies across the system to support the University's compliance and ethics efforts. The following information describes some of the highlights and accomplishments during the past year.

General Compliance Education & Training

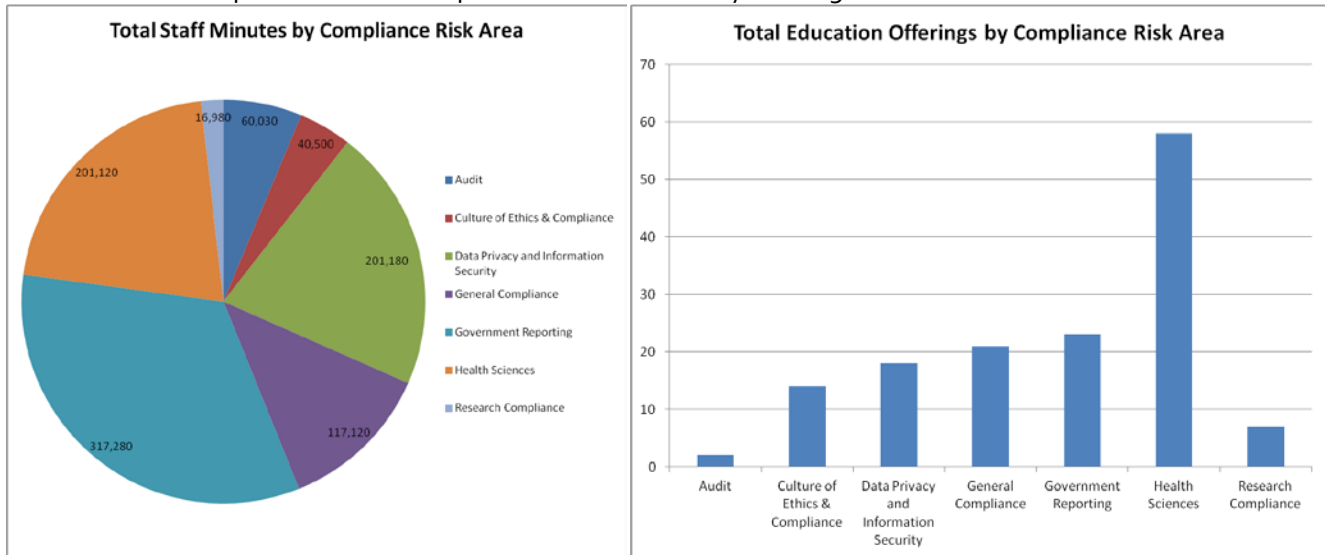
In FY14, ECAS continued to offer a robust compliance education and training program for all UC employees systemwide, focusing on six target compliance risk areas identified in the FY14 Ethics and Compliance Program Plan:

- 1) Culture of Ethics & Compliance
- 2) Data Privacy and Information Security
- 3) General Compliance
- 4) Government Reporting
- 5) Health Sciences compliance
- 6) Research Compliance

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In all, ECAS offered 143 live education and training events. These events included in-person training events, internally-produced ECAS webinars and external webinars shared through conference calling. In addition, the two mandatory trainings (General Ethics & Compliance Briefing and Conflict of Interest for Researchers) were completed by over 100,000 employees since implementation in 2012. These trainings are assigned to all new employees and will be updated with new versions of training implemented in early 2015.

Highlights of in-person training events included Clery Act training at each campus, three-day workplace investigations training in Oakland, plain language trainings in Irvine and Oakland, "live" theatre training for sexual harassment prevention with supervisors and a two-day training event in Irvine for all UC auditors.



Privacy

Maintaining the privacy of UC patients, students, faculty, and staff is one of the more complex ethics and compliance risks facing the University due to the myriad of regulations affecting privacy. A further challenge is placing quantitative measurements on this core value of the University. In FY14, ECAS led the coordination of systemwide Health Insurance Portability and Accountability Act (HIPAA), institutional privacy and security issues with campus colleagues, coordinated with information technology offices on security matters, and provided guidance for privacy and security laws, regulations, and policies.

A key accomplishment in FY14 was the implementation of the University of California Privacy and Information Security Steering Committee recommendations. FY14 focused efforts on awareness and education, policy revision, and forming the privacy program structure. Structuring the programs required campuses to build on UC privacy foundations by balancing the importance of autonomy privacy (i.e. protecting personal autonomy) and information security (i.e. safeguarding data) while maintaining the transparency required of a public agency. These efforts leveraged existing Campus Ethics and Compliance Committees for oversight and began by identifying campus privacy officials and partnering with systemwide information security efforts.

ECAS collaborated with functional areas to address or update privacy-related issues within existing University policies. ECAS identified policies in need of revision to address privacy concerns at the systemwide level, and supported campus officials to do the same for campus policies. For example, ECAS began working with the records management policy and information technology policy review groups.

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At the systemwide level, the former role of the Chief Information Security and Privacy Officer (CISPO) became two positions in FY14. In an effort to better collaborate with the Chief Information Officer and report to the President and Regents on the overall status of privacy and information security, a Chief Information Security Officer and a Systemwide Privacy Manager were hired and they now share the previously-combined CISPO role. The separation now provides the ability to identify a broader range of risks, as well as supporting the campuses in addressing and mitigating privacy and information security risks.

Government Reporting Regulatory Activities

Monitoring external agency audit activities and facilitating systemwide responses to external agency audit activities and responses was of continued importance. The onsite review 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 increased the resource burden on UC locations.

Research Compliance

Research remains one of the primary missions of the University. The University is committed to conducting sponsored research in accordance with all pertinent ethical, legal and regulatory obligations. As an indication of its commitment and a high level of accountability, the University has several compliance programs to maintain effective monitoring, auditing, training, education and communication regarding key research compliance risk areas. ECAS works to convene Research Compliance and Health Science Research Compliance Committees, monitors contracts and grants compliance, conducts training on conflict of interest, time and effort monitoring, facilitating payroll demonstration project at two campuses, shares information on pertinent audit activities, best practices systemwide and assists with monitoring Institutional Research Board efforts.

Effort Reporting on Federal Research Project

When the University accepts funds from outside organizations for research and other activities, those organizations presume the University will expend the funds for the purposes for which they were given and in accordance with any terms and conditions set forth in the award document. Similarly, the federal government has an obligation to the taxpayers to assure that recipients of federal funds are providing proper stewardship of those funds. Effort reporting is considered a high risk area for many institutions. Failure to verify time and effort within the certification period or improper allocation of an employee's time according to a sponsored agreement can lead to breach of the agreement, loss of future awards, financial audit disallowances, and adverse publicity. Research grant and contract funds reporting accuracy continues to be complex due to the proliferation of rules and regulations governing submission of reports to the various government sponsoring agencies. The federal government recognized these challenges and the Office of Management & Budget (OMB) issued final guidance on *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* to incorporate and streamline requirements in eight existing OMB Circulars. This is a major reform of how the federal government provides assistance awards (e.g., grants and cooperative agreements) with the goal of increasing accountability and transparency while reducing the administrative burden borne by universities and awardees.

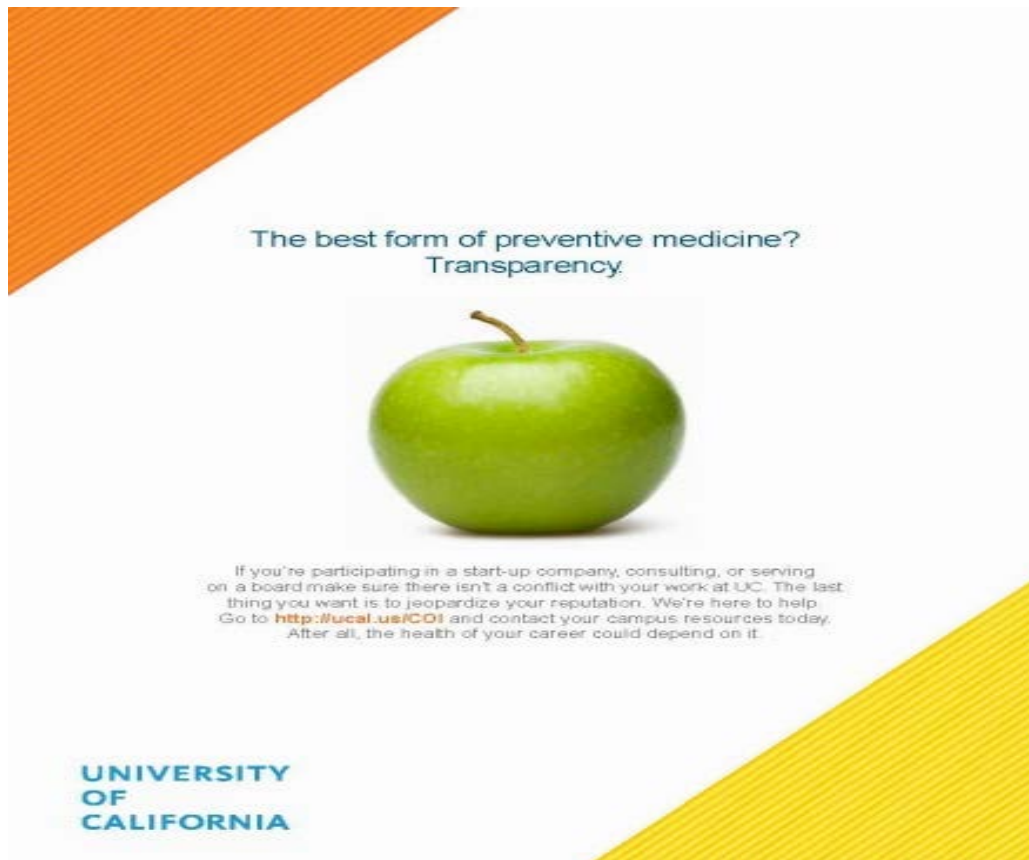
A number of campuses improved effort reporting compliance through implementation of oversight structures, policy revisions, tools, resources and training. Campuses also initiated a comprehensive training program for unit research administrative and compliance staff to ensure an appropriate level of knowledge of OMB Circular A-21 requirements and campus policies. Since effort reports are the source documents to support salary charges to sponsored projects, it is essential that this data be based on reasonable estimates of actual effort

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expended on each sponsored project and non-sponsored or University funded accounts. The University's Payroll Certification provides regular monitoring of effort reporting to assess compliance, provides training and a mechanism for employees to ask questions and receive appropriate guidance, and supports a process for formulating corrective action plans to address non-compliance.

Conflict of Interest

Conflict of Interest (COI) continues to be a high priority risk for UC due to our large health science and research enterprise, and continued public and regulatory focus in this area. The goal of the University's conflict of interest disclosure, review and management system is to ensure that the personal interests of our faculty and staff do not unduly influence their primary obligations to preserve and strengthen our academic, research, public service and health care missions. To ensure the integrity of UC research results, we guide interactions of employees with industry and in other university-related activities, ECAS has worked extensively with our ten campuses, five academic medical centers and national lab to establish a multi-faceted program to help employees eliminate, manage or reduce conflicts of interest.



At the systemwide level, we launched, in conjunction with the campuses, a COI Awareness Campaign to highlight issues that may constitute COI relevant to faculty, post docs, visiting scholars, graduate students and staff and encourage all employees to better understand specific situations that may lead to conflict of interest and to assure the conflicts are managed appropriately.

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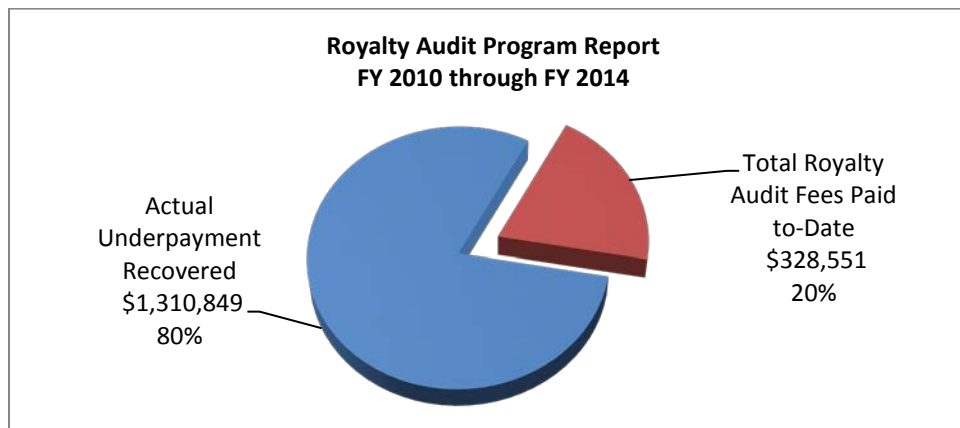
ECAS continues to monitor and update, as appropriate, University policies and procedures regarding conflict of interest and continually strives to be more responsive to concerns about conflict of interest issues.

Intellectual Property: Royalty Audit Program

To address the concern that royalties earned by the University from licensing of its intellectual property are underreported by licensees, to recover potentially underpaid royalty income due the Regents, and to assure compliance to contracts, a royalty audit program was established. ECAS has been conducting and funding systemwide royalty audits using an outside consultant since 2009. Highlights of this activity include:

- Initially delivered 500 royalty questionnaires to systemwide UC licensees with active license agreements to gather information related to the calculation of earned royalties; completed ten formal earned royalty audits with audit selection based on information received from the questionnaires and from campus Technology Transfer Offices. Performed this same survey two years later across the UC system.
- Conducted audits at select campuses on a voluntary basis.
- Developed a "First Sale Reporting" tool for campuses to use as a means of monitoring compliance with the financial terms and conditions of the license agreement when they are initially selling licensed products and services covered by UC's patent rights, as this was identified as an area of improvement in previous year's audits.

The Royalty Audit Program has identified more than \$3 million dollars in underreported royalties since the program inception. Out of the completed audits between FY10 and FY14, underreported royalties were identified in 68% of the audits. UC has recovered a total of \$1,310,849 in underreported royalties identified including repayment collected in response to the royalty questionnaire. The total professional fees incurred for the FY10-FY14 royalty audit program were \$530,957, of which \$202,406 was recovered from the licensees. These recovered fees reduced the total audit costs for the program to \$328,551, for a **return on investment (ROI) of 299%** to date (actual recoveries/total audit fees).



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Health Sciences Compliance

ECAS continued to provide oversight of ethics and compliance issues to mitigate risk in UC health centers and academic medical centers. The Health Sciences Compliance Officers (HSCO) continued to enhance their internal processes for the ongoing review of claims from the Academic Medical Centers (AMC), as well as the Schools of Medicine to ensure accuracy and timeliness of billing and coding claims. The five Health Science Compliance Programs (HSCP) located at UC Davis, UC Irvine, UC Los Angeles, UC San Diego and UC San Francisco faced increased governmental scrutiny on data privacy and security and inpatient, outpatient, and professional claims submission with increased audit activities. In addition, full implementation of electronic medical record systems and their related impact on clinical documentation compliance requirements required increased monitoring and compliance activity as did the enactment of complex regulatory provisions of the Affordable Care Act.

Healthcare organizations are being asked more routinely to demonstrate that their compliance programs are effective through various audits and reviews, both internally and externally. The UC AMCs are recognized providers of healthcare to both the federal and state, as well as private insurance beneficiaries. Patient care revenues of UC AMCs have risen as the demand for high quality, more complex care has increased. Though the combined AMCs payer mix reflects a higher rate of contracted versus government payers, the amount of revenue received from the federal or state government is significant, thereby potentially garnering increased attention by government regulators.

Coding Support for UC Medical Centers

One of the key areas of need identified by the UC AMCs in FY13 was for more trained professional coders. In response to this need, ECAS developed a "Coding School," where a nationally recognized coding expert provided in-depth certified training to UC staff from the UC AMCs campuses. Currently, UC staffs trained at this first course are in the process of taking the rigorous national certification exam. Self-reported results indicate that a significant number have earned their Certified Professional Coding (CPC) designation. This additional certified workforce will assist to address the critical shortage of adequately trained staff in this area.

Clinical Research Billing Compliance

The University conducts approximately \$2 billion annually on clinical research activities between the five AMCs. The Office of the Inspector General (OIG) work plans regularly include clinical research billing in its top compliance initiatives and the FY15 budget includes \$400 million in funding for the OIG, an increase of \$105 million above FY14¹. This increase will enable OIG to expand the Center for Medicare and Medicaid Services CMS program integrity efforts for the Health Care Fraud Prevention and Enforcement Action Team and related CMS efforts to assess program vulnerabilities and reduce improper payments. The clinical trials research billing process is one of the most complex in healthcare. The consequences of non-compliance with clinical research billing rules could 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. In FY14, ECAS continued its systemwide focus on clinical research billing (CRB) activities to assist the campuses to simplify and clarify the clinical research billing processes, ensure full cost recovery of clinical research studies, reduce risks of inappropriately billing patients and/or third parties, enhance current clinical research billing practices, and assure optimal compliance.

¹ [HHS FY2015 Budget in Brief](#), June 4, 2014

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Billing and Coding Compliance

An initiative undertaken by four of the five HSCOs in collaboration with the SVP/CCAO and ECAS over the past several years focused on implementing a compliance audit system for professional fees services billing. Implementation at the fifth location was postponed to the fall of 2014 following transition to a new medical records system. The ongoing audit capability for monitoring and assuring accurately coded professional fee claims has been so effective that some HSCOs tightened the review requirements and were able to electronically monitor this area so that staffing could be leveraged in another area of need.

This year a new initiative launched by HS functions in collaboration with the SVP/CCAO and ECAS was to implement systemwide audit software for hospital-based compliance. The campuses are in different stages of implementation. This software allows HS compliance more flexibility and responsiveness to Recovery Audit Contractors and to quickly gauge risk exposure. This tool will assist compliance and revenue management offices at the AMCs in identifying anomalies in key coding areas.

In April, CMS released CY2012 provider utilization data for all providers that charged Medicare. ECAS has launched benchmarking data for comparisons within UC and externally.

Health Sciences: Clinical Research Billing, Coding, and Changes in Data and Financial Systems

The consequences of non-compliance with clinical research billing rules could 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.

Furthermore, the increasing compliance risks due to the overall lack of qualified coding resources and major changes in their information technology systems (such as electronic health/medical records (EMR)) added to the complexity of completing daily transactions. UC is not alone in this risk, but the compliance plan highlighted this area as one of significance.

Whistleblower Hotline & Investigations

ECAS engages in the following activities related to this area:

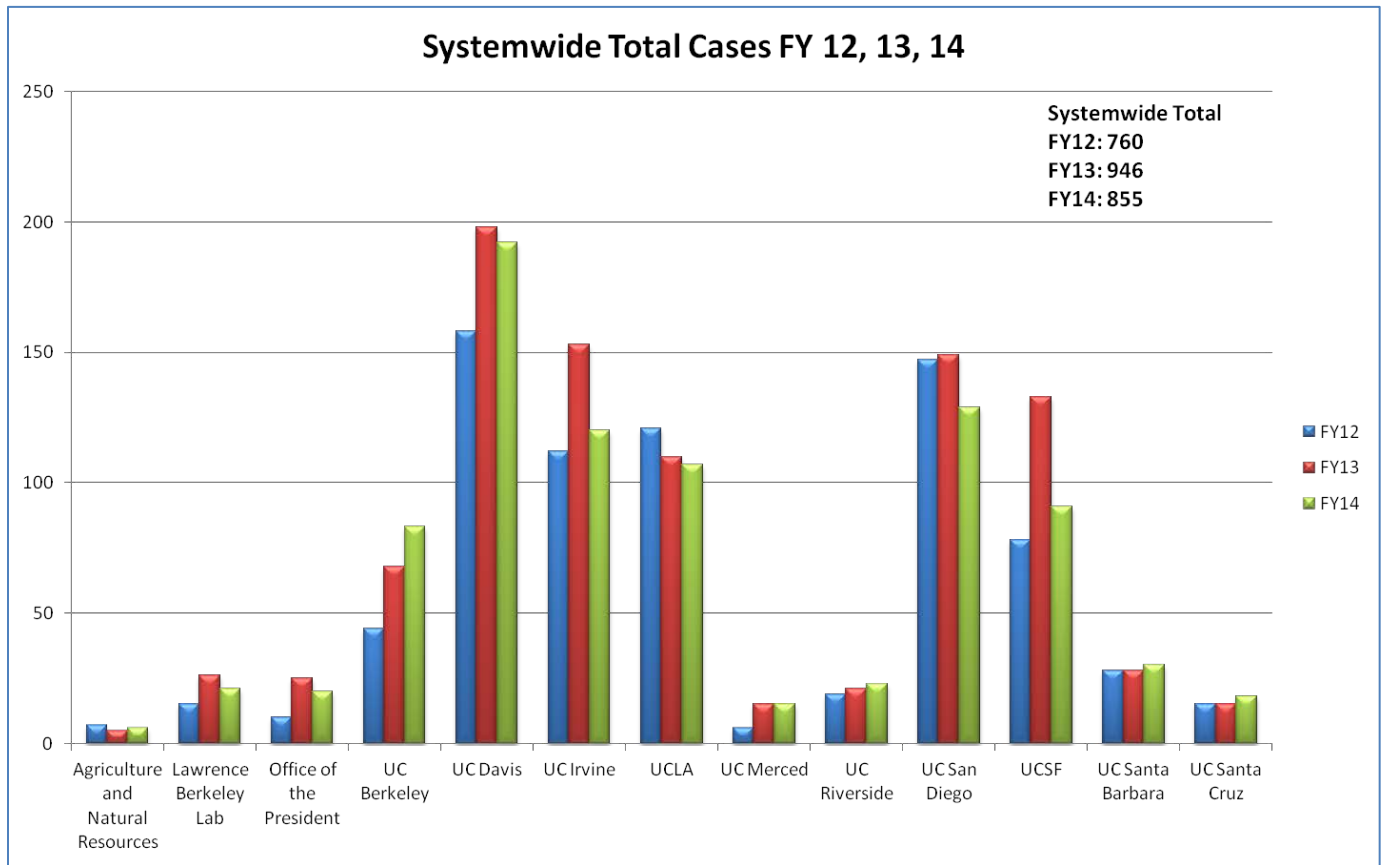
- Conducting, managing and coordinating the investigation of complaints of suspected improper governmental activity, workplace misconduct or other ethical breaches.
- Managing the independently operated systemwide hotline for anonymous reporting.
- Serving as the principal point of contact at UC for campus, LBNL and ANR Locally Designated Official (LDO) on all matters arising under the University's Whistleblower Policies
- Providing training for competency and consistency of the University's workplace investigators. In FY14, ECAS provided either one or three day workplace investigations training for 97 UC staff.

Whistleblower Hotline Reporting System

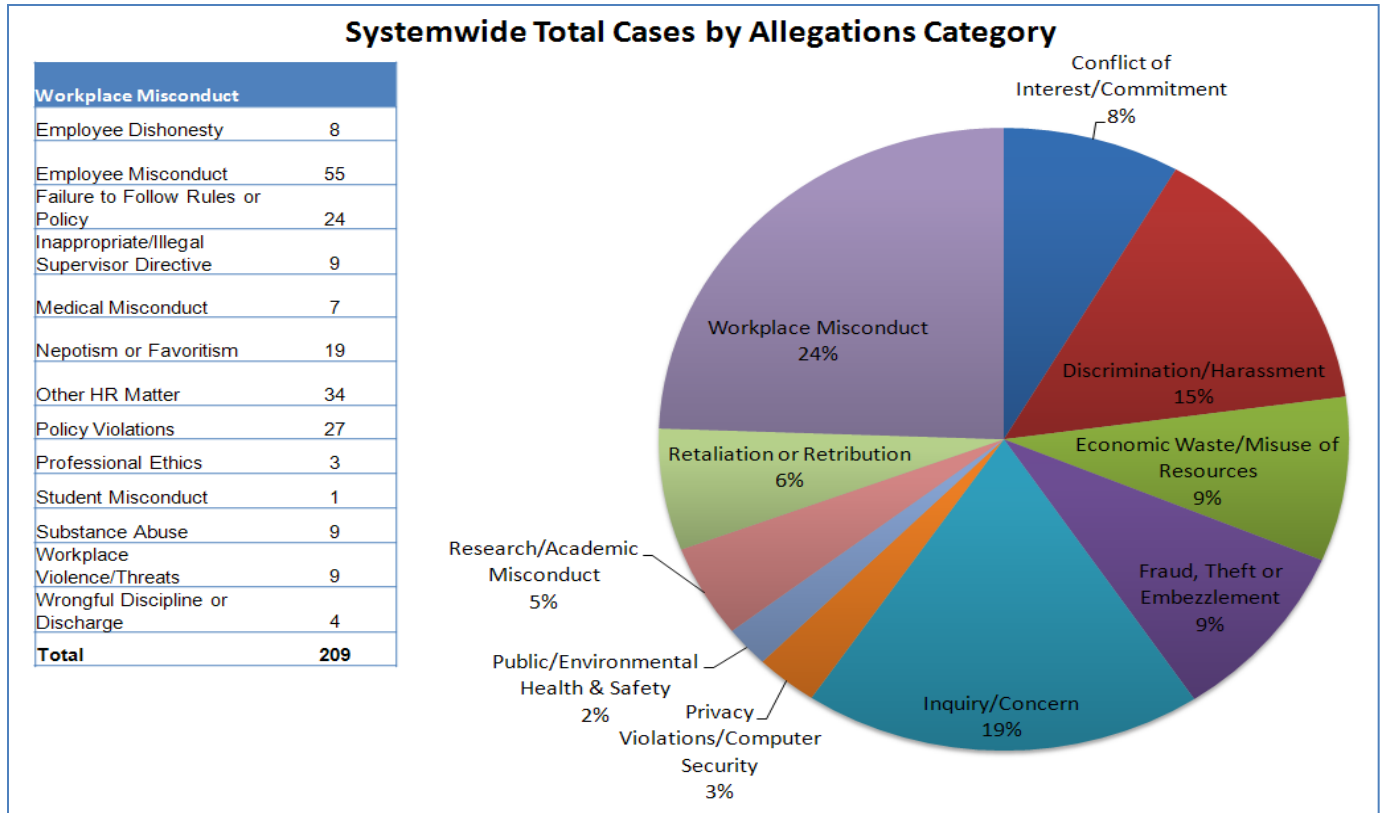
Since 2003, the University has operated a systemwide whistleblower hotline to provide a 24-hour reporting system with a provision for anonymous reporting. In 2008, ECAS expanded the toll free telephone hotline system with the addition of web-based reporting.

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Complaints reported through the hotline system are automatically entered into a case management database for managing, investigating and tracking by campus and UCOP personnel. The hotline system provides investigators with the capability of engaging the anonymous reporter in a question and answer dialog by providing them with a secure log-on identifier that allows the reporter to come back and review their report. The hotline system did not replace other avenues for reporting complaints or concerns, as employees can also report in their supervisory chain or to appropriate University offices or officials. Complaints received through a variety of other intake points at the campuses and UCOP are managed through the same hotline case management database.



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Complaint/Concern Review Process

The University's Whistleblower Program receives hundreds of complaints each year from staff, faculty and the public that require a review to conclude whether an investigation is warranted or the matter should be handled by another University process. The type and quantity of complaints cannot be predicted in advance, however, the University's Whistleblower Policy investigation protocol has established an efficient and fair method for determining the appropriate handling of every reported matter. Complaints received through the hotline are automatically transmitted to the LDO at the location identified by the complainant for a review and determination of the proper disposition. The LDO is appointed by the Chancellor or the President with the primary responsibility to receive reports of improper governmental activity. Those complaints that identify conduct that, if verified, would not rise to the level of improper governmental activity by the University employee, may be referred to University management for review and consideration.

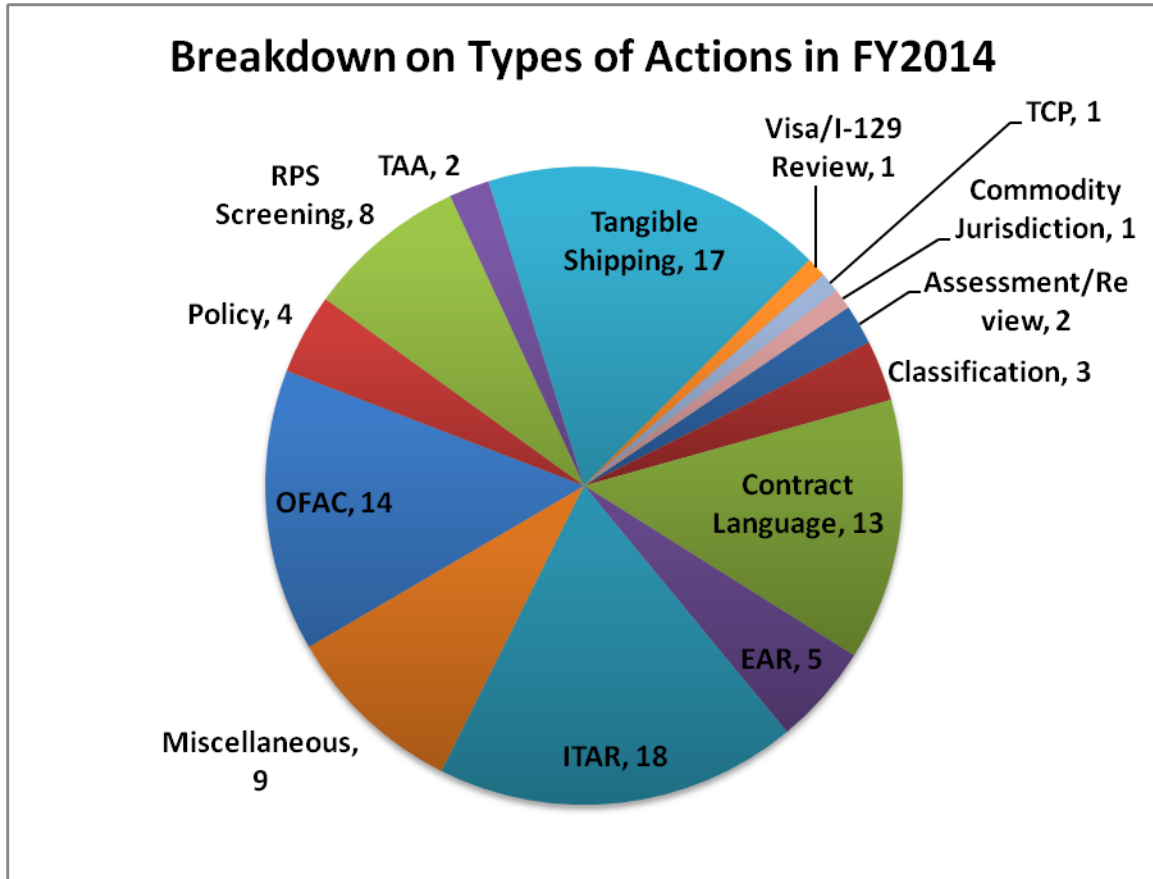
In accordance with the University's Whistleblower Policies, reports of improper governmental activity involving senior leaders systemwide are managed by UCOP. The Systemwide LDO and the Systemwide Investigations Workgroup carefully review each complaint and make a determination as to next steps. If an investigation is required, the ECAS Investigations Unit conducts or manages that investigation under the direction of the Systemwide LDO. ECAS Investigators are also available upon request to assist campuses with their local investigations.

Export Controls

The Export Control Compliance Program focuses on maintaining compliance with federal export control regulations and protecting the University and individual researchers from civil and criminal penalties. The goal is to prevent non-compliance through visible management of areas including oversight, policies and

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procedures, training and education, auditing and monitoring, and response and prevention. Working closely with campus partners and across reporting structures, this program supports initiatives in training, restricted party screening, export licensing, policy support, and, more recently, international activities that are broader than just export controls such as the emerging concerns around anti-corruption and the Foreign Corrupt Practices Act (FCPA). Compliance is critical, as enforcement can include criminal as well as civil penalties.



As shown in the above chart, the Export Control Office (ECO) provided significant support to UC locations in FY14 and responded to 98 diverse export control related inquiries with the goal of preventing non-compliance. For example, classification and licensing support to obtain the appropriate approvals from the federal government to export controlled research-related items was provided. The ECO administered approximated eight International Traffic in Arms Regulations matters including licenses, Technical Assistance Agreements, Technology Control Plans, and a formal Request for an Advisory Opinion, enabling critical research programs at UC locations. Handling of these matters by ECAS provided cost savings by managing internally as compared with the cost of retaining outside support.

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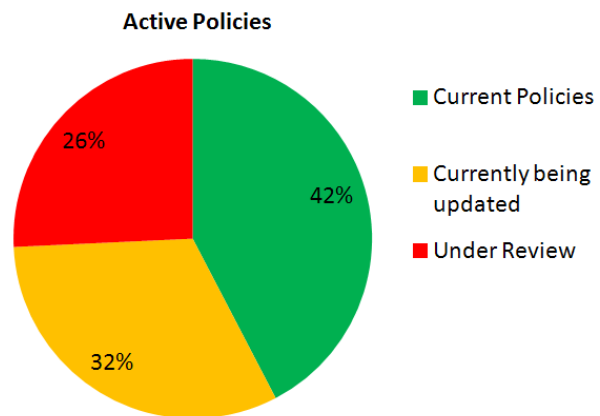
ECAS provided advice and assistance for Office of Foreign Assets Control licensure, supported internal export control audits conducted systemwide, participated in an export control process review and developed an Export Control Database for ECAS tracking. This database was made available as a tool for campuses to track export control compliance activities and outcomes. In FY13, ECAS launched a series of pilot programs geared toward expanded use of screening tools including vendor screening at one location and screening for Politically Exposed Parties under FCPA. UC's focus on FCPA compliance and anti-corruption has resulted in ECAS undertaking the following steps:

- a. FCPA Online Education Program: ECAS is developing a FCPA online course for use on UC's Learning Management System to be rolled out in 2015.
- b. World-Check Screening Online: ECAS is conducting a pilot of an online screening tool for use in identifying Politically Exposed Persons and instrumentalities of foreign governments.
- c. Awareness Campaign: ECAS is launching a series of "Compliance Alerts" delivered by email to stakeholders across the system focused on export controls and international activities with an emphasis on FCPA and anti-corruption awareness. "International Travel Tips" from a compliance perspective are also being developed for use as a tool for faculty and staff.
- d. Ongoing Education and Training: Webinars, tools, lectures and workshops will continue to emphasize these areas of importance and assist our stakeholders in making the right choices around these risk areas by increasing awareness, understanding and knowledge.

Policy Management

During FY14, the University Policy Office (UPO) worked with systemwide policy owners to conduct a comprehensive review of policies to ensure their currency with regulations and to transfer them into the new approved policy template. To date, 130 active policies have been updated within the established process and 98 policies are under revision. An additional 79 policies were identified for review in the next six months.

The Policy Office worked with policy owners to determine that there are 130 active policies and 82 redundant policies that were officially rescinded this fiscal year. The Policy Office has also developed a user-friendly, accessible website to make the policies transparent and easy to locate from the UC main webpage. This website received over 35,000 hits in FY14. The updated website includes tools for users such as review schedules, FAQs, information on updated policies and contact information for the UPO.

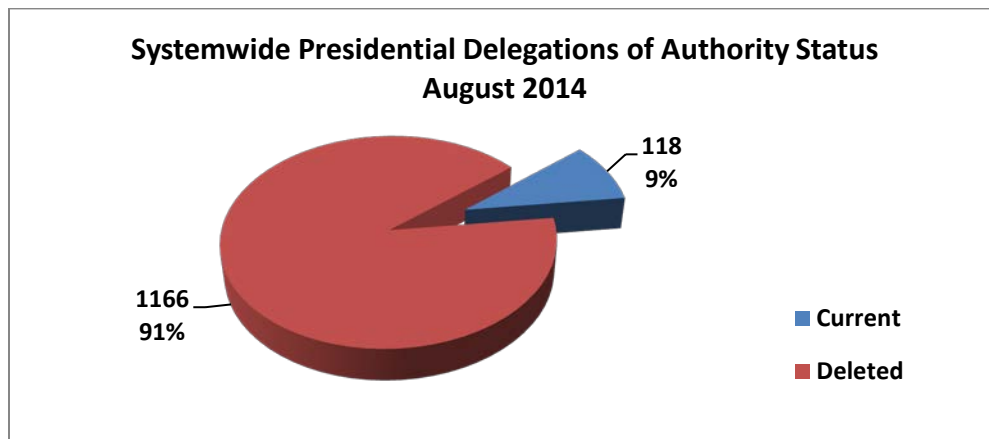


Delegations of Authority

ECAS was tasked by the UC President to review and streamline the Presidential Delegations of Authority (DA) process. This involved updating and identifying clearly defined roles and management titles for accountability. In FY14, 1,277 DAs were reviewed by the SVP/CCAO and stakeholders for proposed rescissions, updating and incorporation into senior leadership's roles and responsibilities or position descriptions.

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The chart below represents the activity that has occurred In FY14.



International Activities

The University of California is a global organization. This year President Napolitano announced a “Global Impact” initiative that called for UC to enhance all stages of technology commercialization and a sustained, strategic, and equal partnership between UC and institutions in Mexico. These initiatives and UC’s sustained and growing presence in the International arena require vigilance with international compliance efforts. An individual location’s laws, regulations and customs may conflict with those of the United States and University of California. ECAS is actively engaged to ensure the UC compliance program is consistently applied and integrated into new and existing international efforts.

ECAS is working with Research Policy Analysis and Coordination (RPAC), the Provost, and Office of the General Counsel (OGC) in a new International Activities initiative, assessing the impact of global regulatory practices and risks on UC including international research collaborations, global health, and international travel. This initiative will identify underutilized resources, lessons learned, hidden risks for international travelers, needs for training, and opportunities to benefit from cost savings and synergies.

ECAS has played a supporting role in the systemwide International Activities Working Group, a subcommittee of the Academic Planning Council and a joint committee of the Academic Senate and UC administration. The Working Group is now chaired by Provost Aimee Dorr, and includes representation from the Academic Senate, ECAS, RPAC, OGC, and campus leadership. Current efforts are focused on reviewing the draft International Activities Policy including Administrative Guidelines for the Establishment and Operation of Foreign Affiliates and Foreign Operations. UC campuses have many of their own policies governing international activities and one of the goals of the Working Group is to develop a uniform policy with the campuses.

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Clery Act

The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) requires institutions of higher education to report crime statistics and provide statements of security policies to current and prospective students and employees. The Act requires that the University gather, classify and publish crime data from multiple sources to ensure that stakeholders are aware of campus crime statistics and specific types of reported criminal offenses. The Act further requires the University to provide emergency notification to be able to alert the campus community with timely warnings.

The Clery Act also stipulates that a coordinator be identified who is responsible for compliance with the Act requirements. Campus Security Authorities (CSAs) must be nominated by each campus and receive appropriate training to be consistent with reporting of campus crime statistics. ECAS assisted the campuses in providing guidance and resources around Clery for in person training, developing training tools, facilitating ongoing discussion with CSAs and maintaining a website.

Sexual Violence/Sexual Assault/Violence Against Women Act

During FY14, ECAS dedicated staff time and resources to the University's efforts around preventing and responding to sexual violence and sexual assault on our campuses. The changing national landscape and awareness of this issue placed increased pressure on UC campuses and the system to respond.

Responding to Federal and State Efforts & Initiatives on Sexual Misconduct

During FY14, ECAS facilitated response to and implementation of the following Federal and State regulations, reports, and inquiries:

- Updates required under the federal Violence Against Women Reauthorization Act of 2013 (VAWA), which includes provisions to improve and expand how institutions address domestic and sexual violence.
- Recommendations in the "White House Task Force to Protect Students from Sexual Assault" with a mandate to strengthen federal enforcement efforts and provide schools with additional tools to help fight sexual assault on their campuses. This Task Force released its first report and recommendations, "Not Alone," on April 29, 2014.
- Several federal bills on campus sexual harassment and sexual violence were introduced on July 30, 2014. These include Senator McCaskill's bipartisan *Campus Accountability and Safety Act (CASA)*, Senator Boxer's *Survivor Outreach and Support Campus Act (SOS Campus Act)*, and Representative Speier's *Hold Accountable and Lend Transparency on Campus Sexual Violence Act (HALT Campus Sexual Violence Act)*. Although not codified yet, ECAS worked with UC State and Federal Governmental Relations Offices to respond to drafts of these bills.
- More than 85 institutions across the nation are currently under federal investigation by the U.S. Department of Education's Office for Civil Rights (OCR) for possible violations in the handling of sexual violence and harassment complaints under Title IX. Two UC campuses are among the institutions currently under OCR investigation – UC Berkeley (announced March 25, 2014) and UCLA (announced August 13, 2014). ECAS worked closely with these two campuses to respond to these federal inquiries.
- On August 21, 2013, California's Joint Legislative Audit Committee unanimously approved an audit, at the request of Assembly member Anthony Rendon (D-Lakewood), on the handling of sexual harassment and sexual violence incidents at California's public postsecondary institutions. The California State Auditor released its report and recommendations on June 24, 2014. Those campuses audited are expected to report their progress implementing the audit recommendations at 60 days, six

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months, and one year. ECAS worked very closely to meet the audit response requirements for the two campuses and the Office of the President.

- Several state bills on campus sexual harassment and sexual violence were introduced at the beginning of 2014 and are currently making their way through the legislative process. In order to become state law, these bills must be passed by the Legislature by August 31, 2014, and signed into law by the Governor by September 30, 2014. ECAS worked with UC legislative relations office to respond to various legislative inquiries and drafts and testified at various Legislative hearings and committee meetings.

University of California Sexual Harassment Policy Update

In addition to VAWA, guidance from the Office for Civil Rights of the Department of Education (“OCR Guidance Letter”) and other regulatory obligations required revision of the University’s institutional policy and practice. ECAS worked with OGC, Title IX, human resources, student affairs, and the Office of Academic Personnel to revise the UC Policy on Sexual Harassment. An updated UC Policy on Sexual Harassment and Sexual Violence was signed and issued by President Napolitano on February 25, 2014.

President’s Task Force on Preventing and Responding to Sexual Violence and Sexual Assault

To respond further to the national concern around sexual violence and sexual assault on university campuses, President Napolitano held a briefing on these issues with a broad constituent group that was organized and led by ECAS. Following this meeting, on June 20, 2014, the President issued a call for a “Task Force for Preventing and Responding to Sexual Violence and Sexual Assault.” During June 2014, the Task Force membership was formed, initial information provided, and plans for Phase I developed. Over 100 people across UC were tapped to be involved in the Task Force and its five Work Groups. Members included campus police, Title IX Officers, Student Conduct Officers. The work of the Task Force will continue to be a major emphasis for ECAS in FY15.

SUMMARY

Industry benchmarks for higher education continue to identify that with the increasing regulatory and public demands on our industry, an effective ethics and compliance program will have the foundational elements in its program that require constant vigilance of new efforts and flexibility to adjust to changing compliance demands.

ECAS reviews its operations, programs, and processes to ensure we are able to evolve with the needs of the organization while promoting an ethical culture, navigating our complex legal and regulatory environment, and providing a more efficient system to detect, deter and prevent instances of fraud, waste and abuse. These efforts ultimately combine to increase value to the University as it strives to meet its mission of excellence in research, public service, teaching, and providing quality health care to the citizens of California.

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APPENDIX

Support of Campus Compliance

ECAS collaborates with campus compliance programs throughout the year to support individual campus compliance and ethics programs. Coordinating with campus compliance officers, ECAS supports UC locations to ensure compliance with laws, regulations, and policies. Moreover, ECAS monitors campus activities to ensure potential systemwide risks are addressed and mitigated. Each campus conducts its own risk assessment and these are utilized in developing the individual campus compliance work plans. These work plans are reviewed and form the basis for the University of California Annual Compliance Plan that is approved by the Regents.

Campus Highlights

The following are a few campus highlights for the FY14 year on UC campuses:

- Division of Agriculture and Natural Resources
 - On-site reviews are an essential component in ANR's compliance programming. This is to address risk in the safety and related exposures area but also to best address and manage ANR's decentralized and geographically dispersed off-campus facilities and operations. Moreover, these on-site reviews conducted at ANR's off-campus facilities cover multiple elements in the compliance program guidelines, specifically, in the risk assessment, training, and monitoring components. The Division achieved its target for number of onsite reviews of ANR Research and Extension Centers (RECs) and Cooperative Extension offices (CE Offices):
 - RECs: 9 of 9 = 100% coverage
 - CE offices: 11 of 57 = 19% coverage (target is 11-12 sites per year, so this meets the target)
 - Established Youth Protection Committee with membership comprised of: Director of Administrative Policy and Business Contracts and staff, Chief Human Resources Officer, Director of Academic Personnel, Directors of 4-HYDP and MGP (Master Gardeners), Director of Risk & Safety Services. Issues the group has worked on in the past year:
 - Child Abuse and Neglect Reporting Act (CANRA) implementation (identifying mandated reporters, information/training for mandated reporters, process to collect signed acknowledgement from mandated reporters)
 - Revisions to 4-H policy concerning adult volunteer interactions with youth
 - Reviewed and made available training from Praesidium (youth protection consultants working with UCOP Risk Services)
 - Barrier offense list for volunteers
 - Reviewed fingerprint/criminal records processes and planning to implement process improvements (centralization of fingerprint records/clearances)
- Berkeley
 - Expansion of UCB's global engagement has been identified by the Chancellor as one of three strategic pillars that will support the campus mission in the years going forward. The Compliance and Enterprise Risk Committee (CERC) has consistently assessed international risk as high. To mitigate these risks, the Office of Ethics, Risk and Compliance Services has been working with the Global Engagement Office (GEO) in the Office of the Executive Vice Chancellor and Provost (EVCP) at two levels: (1) outlining the processes, reviews, approvals, etc., required or recommended on campus in order to "get to yes" with new international collaborations; and (2) beginning to develop a list of issues involved in operating internationally, along with the campus resources available to provide specific guidance and expertise

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- UCB's Compliance, Accountability, Risk and Ethics (CARE) committee approved the new Information Risk Governance Committee (IRGC). The primary focus of IRGC will be information risk as viewed through decidedly non-technical lenses, ranging from alignment with campus values to reviewing the cost-benefit analysis of proposed policy. When technical depth is required, IRGC is supported and advised by the Campus Information Security and Privacy (CISPC) committee, a campus representative group of information technology practitioners.
- Davis
 - In response to the systemwide policy related to CANRA, the campus reviewed and revised the mandated reporter acknowledgment forms, updated our local policy, provided resource information on the web, sent a communication regarding mandated reporter obligations from the Provost to all UCD employees, developed best practices for summer camps, and provided training to key employees.
 - In response to President Napolitano's Moreno Initiative, the campus developed a one-stop shop within the Compliance organization for receiving, reviewing and responding to discrimination complaints from faculty, staff and students; launched a one-stop shop website with an online reporting portal; and assembled 2 case management teams (one on the main campus and one at UCDHS) to ensure all discrimination complaints are appropriately coordinated.
 - Conducted a comprehensive review of the campus lab safety program, which resulted in adding 6 laboratory safety professions who are embedded in various schools and colleges, developing a faculty outreach program, revising local policies and procedures including the Principles of Safety, and providing additional training to lab and other personnel. These measures have allowed the campus to identify and mitigate potentially significant issues related to safety and regulatory compliance.
- Irvine
 - Adherence to research compliance regulations
 - The Education and Quality Improvement Program (EQUIP), carried out and coordinated by the Human Research Protections (HRP) unit in the Office of Research periodically monitors select, on-going human research (bio-medical and social behavioral) protocols for compliance with UC policy and federal regulations. These reviews focus on several aspects of human research protections, including informed consent and the process of consenting subjects, researcher understanding of applicable policies and procedures, study documentation/records reviews, data security, and subject privacy. In addition, EQUIP staff also conduct educational outreach and quality improvement activities.
 - Approximately four-times per year, staff from the Research Administration unit, Office of Research hold a Quality Research Administration Meeting (QRAM). The purpose of this meeting is to bring key staff from across the campus together to meet with the staff from Research Administration and other research-support offices, such as Contract and Grant Accounting. A variety of topics and issues are presented and discussed, including changes in UC policies and federal regulations related to research and research administration.
 - The Office of Research implemented new guidelines for submitting proposals to Sponsored Projects Administration (SPA) for review and approval. The guidelines implemented changes in the methodology used by SPA to prioritize proposals for review. The new methodology promotes timely submission of proposals by principal investigators to SPA; enabling SPA to identify and (as necessary) resolve institutional-level issues (e.g., research compliance; export control; conflict of interest; certifications,

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assurances and warranties, etc.) before a proposal is submitted to an extramural sponsor.

- Adherence to Laboratory Safety requirements
 - Environmental Health & Safety (EH&S) created a Research Safety Division dedicated to lab safety. Many different activities were focused on lab safety improvement.
- Campus has implemented systemwide guidelines on the reporting and response to discrimination and harassment as well as to sex offenses.
- Lawrence Berkeley National Laboratory
 - Fire Protection Program corrective action plan being implemented including development and issuance of revised program documents and correction of deficiencies in building systems.
 - Emergency Management and Continuity of Operations improvements continue with development of a new Laboratory Executive Duty Officer program, enhanced Building Emergency Teams and upgraded alarm systems. The Continuity of Operations program was activated for the October 2013 Federal Government Shutdown.
 - Implemented earthslide monitoring systems to detect potential slide areas. Remediated earthslide area in November 2013.
- Los Angeles
 - Online mandated reporter training has been on-going. To date, over 2,400 employees and volunteers have completed the mandated reporter training and over 7,000 have completed other modules including how to identify child abuse.
 - Labs are working with EH&S to satisfy recent regulatory requirements
 - Work on main campus HIPAA policies has been initiated; implementation expected next spring. The Policy has gone through a few revisions and expected to be reviewed by a group of internal stakeholders by the end of the year.
- Merced
 - Associate Chancellor Position established, funded and filled to provide a centralized role responsible for coordination of institutional compliance, audit, risk and ethics matters for UC Merced. This position demonstrates strong institutional commitment to meeting the UC Merced mission in a compliant and ethical manner.
 - CANRA Guidelines and Website (minors.ucmerced.edu) developed for all UC Merced mandated reporters, including students, program directors and supervisors, faculty and volunteers. Designed intuitive website that identifies contacts responsible for providing stakeholders with further information, resources and guidance. Importantly, UC Merced chose to name all faculty as mandated reporters, a designation that is more stringent than the letter of the law, but is intended to protect UCM's unique population of minor students.
 - Revision of the Principles of Community: through the work of the Chancellor's Advisory Council on Campus Climate, Culture and Inclusion, engaged in thoughtful and consultative redrafting of the UC Merced Principles of Community. Created a video version of the principles that features campus community members reciting the principles in locations across the campus. The video was shown to new students earlier this week during the ASCEND New Student Success conference, and it will be incorporated in the Human Resources monthly new employee orientation meetings.

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- Riverside
 - Enhancing campus and neighboring communities safety by promoting and fostering culture of safety, as well as sustaining environment of safety
 - Acted upon approved campus safety task force recommended initiatives:
 - Open area camera installations completed around and along perimeter of campus
 - TAPS P2P shuttle service provides on demand and scheduled wheelchair-accessible transportation service
 - UCPD increased perimeter and campus patrols
 - A series of safety initiative are occurring:
 - Implementing comprehensive communication plan
 - Expanding campus Call Box Program
 - Ensuring campus is compliant with the terms of the UCOP/LADA settlement and all individuals working in UCR labs are properly equipped and trained
 - Fully compliant with all elements of UCOP/LADA settlement agreement
 - Addressing ongoing requirements for labs in comprehensive plan
 - Conducting annual review of lab safety training modules
- San Diego
 - UCSD is enhancing Clery Act compliance by taking several actions. These include hiring a full-time Clery Act Coordinator, taking a more formal approach to designating employees as Campus Security Authorities (CSA), increasing monitoring of CSA Clery Act compliance training, and enhancing processes to better identify leased property and other changing UCSD geographical locations covered by the Clery Act. UCSD will also continue to identify additional methods to enhance effective communication for emergency notifications and timely warnings.
 - Health Sciences Compliance Program: The Compliance Program conducted a detailed review of policies with the objective of streamlining processes, and eliminating redundant policies. Training program offerings were expanded in a number of areas, and delivered via webinars. Coding reviews were continued for professional fee and hospital billings, with School of Medicine departments being reviewed on a rotating cyclical basis.
- San Francisco:
 - The Office of Ethics and Compliance:
 - Successfully passed all major external and internal audits of research compliance from government regulators, including USDA, NIH, Office of Laboratory Welfare, and the Association for Assessment and Accreditation of Laboratory Animal Care.
 - Implemented initiatives to improve oversight of human research activities.
 - Implemented new electronic audit and review tools for professional and medical center services. Initiated billing reviews for new UCSF physician providers.
- Santa Barbara
 - Responsible Conduct of Research in the Office of Research Administration conducted a series of research ethics lectures for graduate students and post-docs. Speakers came from both campus and off-campus to enrich our existing responsible conduct of research mandated training.
 - Launched UC Personal Protective Equipment Policy that addresses compliance with Cal-OSHA regulations. Distributed policy and attended faculty meetings to summarize. Posted summary of policy at all laboratories. .

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- Office of Judicial Affairs (OJA) drafted a new “Procedure for Dealing with Reports of Sexual Assault, Dating/Domestic Violence, and Stalking” (prior to VAWA it only referred to sexual assault), and included all required language.
- Santa Cruz
 - UCSC underwent a major organizational restructure to align several compliance areas. The new Office of Diversity, Equity and Inclusion now includes: Harassment and Discrimination Investigations, EEO and AA Compliance, Disability, and Diversity and Inclusion. This move was taken to enhance coordination, communication and response capabilities.
 - The UCSC Division of Business and Administrative Services undertook a simplification initiative to enhance campus stewardship of resources. As part of this movement, the campus has initiated a new risk intelligence model in order to identify, categorize and track risks. This framework replaces a model that involved disparate risk databases and collection processes. The use of a single risk register is intended to enhance communication and ensure campus leaders have the risk intelligence needed to make informed decisions.
 - One of the reviews listed on UCSCs compliance work plan was a study of the best model for Risk and Safety Services on campus. As a result of the review, a major restructure of the Risk and Safety Services operation was undertaken. The campus contracted with the city to start providing fire services to the campus. Emergency Management and Business Continuity functions, which previously reported to the campus Fire Department, were moved into the Risk and Safety Services organization. This change was undertaken to increase coordination and collaboration with several risk and compliance units including EH&S, Risk Services, and the Police Department.