UNIVERSITY
OF
CALIFORNIA

Ethics, Compliance and Audit Services

Annual Report 2018-19

The Office of Ethics, Compliance and Audit Services provides tools and resources to our campuses to help fulfill the mission of the University in an ethical and compliant manner.

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I. EXECUTIVE SUMMARY

The Office of Ethics, Compliance and Audit Services (ECAS) is an independent Regental office that is responsible for developing and administering the University of California's (UC) compliance and audit programs and thereby ensuring that the University is in compliance with professional standards; internal policies and procedures; and all applicable local, national and international laws and regulations. ECAS provides this support through three core lines of service: Audit Services, Compliance Services and Investigations Services.

Each year ECAS works with the ten campuses, Lawrence Berkeley National Laboratory (LBNL), the UC Office of the President (UCOP), the Division of Agriculture and Natural Resources (ANR), and the five UC academic medical centers in identifying their risk priorities and in developing and executing related annual work plans. This annual report sets forth the audit, compliance and investigations structures throughout the University of California and highlights the focus and outcomes of these functions' activities throughout the system for fiscal year 2018-19.

II. BACKGROUND

COMMITMENT TO COMPLIANCE

The University of California (UC) is the world's leading public research university system and, as such, is routinely on the cutting edge of research and discovery in a multitude of fields and disciplines. This spirit of innovation and drive for discovery often occurs within a highly complex, and often evolving, ethical and compliance landscape that touches every aspect of the University's operations.

The University has adopted a Statement of Ethical Values and Standards of Ethical Conduct that sets forth expectations for all of the University's operations[1]. "Members of the University of California community are committed to the highest ethical standards in furtherance of our mission of teaching, research and public service." To advance this mandate, the Board of Regents established an Ethics and Compliance Program to "enhance the University's duty to perform its public responsibilities in an ethics and compliance-based environment where applicable legal, regulatory, Regental and UC policy, and other compliance requirements are followed and in which the public trust is maintained."[2] This program included the creation of the Office of Ethics, Compliance and Audit Services, a Regental office.

ECAS was charged with providing "direction, guidance and resource references to each UC location on how to optimize ethical and compliant behavior through an effective [compliance and ethics] program" and "relevant, timely, independent and objective assurances and advisory services to the UC community."[3] Today, ECAS accomplishes this mission through active collaboration with our risk, audit and compliance partners throughout the system in an effort to provide strategic direction for individual UC locations and their overall audit, compliance and investigations efforts. Whether engaging with federal legislators and administrative agencies on complicated national and international matters or recommending changes to campus issues related to student safety or establishing best practices on emergent compliance issues, ECAS's efforts are as unique and diverse as the University's operations.

AUDIT, COMPLIANCE AND INVESTIGATIONS STRUCTURE AT UC

The Office of Ethics, Compliance and Audit Services is primarily responsible for coordinating audit, compliance and investigations efforts across the system. This can take a variety of forms but relies heavily on coordinated efforts with audit and compliance personnel imbedded within each of the campuses, medical centers and the national laboratory. This is necessary because each location is different in size, scope, structure of operations and demographics and these differences often translate into unique compliance and audit issues. Notwithstanding these differences, these locations often share similar concerns that present opportunities for collective efforts and standards. ECAS both assists campuses with their specific concerns and coordinates systemwide approaches to these common issues. Together, this shared effort allows the system to leverage the expertise throughout the system, identify opportunities to strengthen our compliance and risk management, and design improvements in a measured and proactive manner.

Each campus has an Internal Audit Director (IAD), a Chief Ethics and Compliance Officer (CECO), and a Locally Designated Official (LDO). These individuals report to both local leadership and to the Regents through ECAS's Senior Vice President, Chief Compliance and Audit Officer (SVP/CCAO). The IADs provide independent assurance that a campus's risk management, governance and internal control processes are operating effectively. The CECO is an independent official who is primarily responsible for overseeing and managing compliance issues on a campus. The LDO is responsible for maintaining a comprehensive program for reviewing and investigating complaints of improper governmental activity under the University's Whistleblower Policy and complaints of retaliation under the Whistleblower Protection Policy.

There are five campuses that operate an academic medical center and one additional campus with a medical school, and of those locations each has a separate Health Care Compliance Officer (HCCO). The HCCOs have overall responsibility for maintaining and enhancing location-specific Health Sciences Compliance Program (HSCP) activities that include identifying, intervening and responding to potential compliance issues and assuring the effective operations of the HSCP. Similar to other compliance functions mentioned above, the HCCOs report to both the center's Chief Executive Officers and to the Regents through ECAS's SVP/CCAO.

The reporting relationship to the Regents ensures that these functions possess the necessary independence to provide impartial assessments of campus operations and recommend actions to strengthen compliance and risk management efforts.

In addition to these formal reporting relationships, ECAS maintains formal and informal relationships with other campus compliance personnel (e.g., privacy, research compliance and export control officers). These relationships are essential for ensuring that the system successfully addresses the myriad of compliance and regulatory responsibilities facing the University.

III. OFFICE OF ETHICS, COMPLIANCE AND AUDIT SERVICES

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."

ECAS is a Regental office that is separate from the University's operations and, as such, provides independent assessments of the system. ECAS services are delivered through three core lines of service: Audit Services, Compliance Services and Investigations. The following sections will provide an overview of efforts and achievements for each of the three lines of service.

AUDIT SERVICES

The internal audit function enables the University to consistently assess the efficiency and effectiveness of its operations as well as monitor for fraud, waste and abuse. The Board of Regents set forth the purpose, authority and responsibility of the internal audit function, including guaranteeing it has "full, free and unrestricted access" to all University information, as indicated in the University's Internal Audit Charter[4]. The Charter also articulates Internal Audit's organizational independence by establishing a direct reporting line from the SVP/CCAO, the head of the internal audit function, to the Board of Regents. The Internal Audit function is required to follow industry-recognized professional standards in the course of its work.[5]

The internal audit function provides three lines of service:

- **Audits** provide an independent assessment on governance, risk management, and control processes for the organization. Examples include financial, performance, compliance, systems security and due diligence engagements.

- **Consulting services** are advisory in nature, are generally performed at the specific request of the client, and are intended to add value and improve an organization's governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include reviews, recommendations (advice), facilitation and training.

- **Investigations** are independent evaluations of allegations generally focused on improper governmental activities including misuse of University resources, fraud, financial irregularities, significant control weaknesses and unethical behavior or actions.

Each of the ten UC campuses, UCOP and the Lawrence Berkeley National Laboratory has an internal audit department headed by an Internal Audit Director (IAD). These local audit departments are tasked with understanding these unique environments and tailoring much of their audit efforts to their campus needs in order to be effective. ECAS oversees these local audit activities and provides ongoing support to the campus audit departments to ensure local risks are appropriately addressed.

There are issues that each location must also handle in concert with the other locations across the system. These systemwide issues occur when a risk presents itself at each of the locations and a common approach is necessary to minimize the risk to the University as a whole. In these cases, ECAS will coordinate efforts with all of the IADs throughout the system.

The systemwide Office of Audit Services oversees and facilitates internal audit activity across the system by coordinating systemwide internal audit projects; consolidating and reporting on internal audit activities to stakeholders; maintaining UC internal audit risk assessment and audit planning methodology, guidance and standards; providing training and professional development to UC's internal auditors; and escalating matters to the Board of Regents when required. Additionally, a specialized team within the Office of Audit Services provides cybersecurity auditing services for the entire system.

Each year, Internal Audit develops an annual Internal Audit Plan consisting of internal audit and advisory projects to be completed in the upcoming year. The Internal Audit Plan is developed based on an annual systemwide risk assessment process, which is performed in coordination with other risk

partners such as Compliance, Risk Services and the Office of General Counsel (OGC). The risk assessment process involves the collection of risk information through interviews with management, surveys, review of regulatory and industry information, and data analysis. This information is then consolidated and synthesized to identify the top institutional risks to be addressed through internal audit projects. The annual Internal Audit Plan is approved by the Board of Regents at the beginning of each fiscal year.

Local Internal Audit Activity

The bulk of Internal Audit's efforts are driven by each location's execution of locally identified audit and advisory projects (systemwide audit projects are discussed in the next section). This section highlights the outcomes of local internal audit activities in fiscal year 2018-19, as well as key statistical information and performance metrics related to the efficiency and effectiveness of Internal Audit's efforts.

Key Statistics and Performance Metrics

Internal Audit routinely captures data relating to the effort its staff expends on project and non-project time, the number of projects it completes, and management corrective actions in response to internal audit activity.

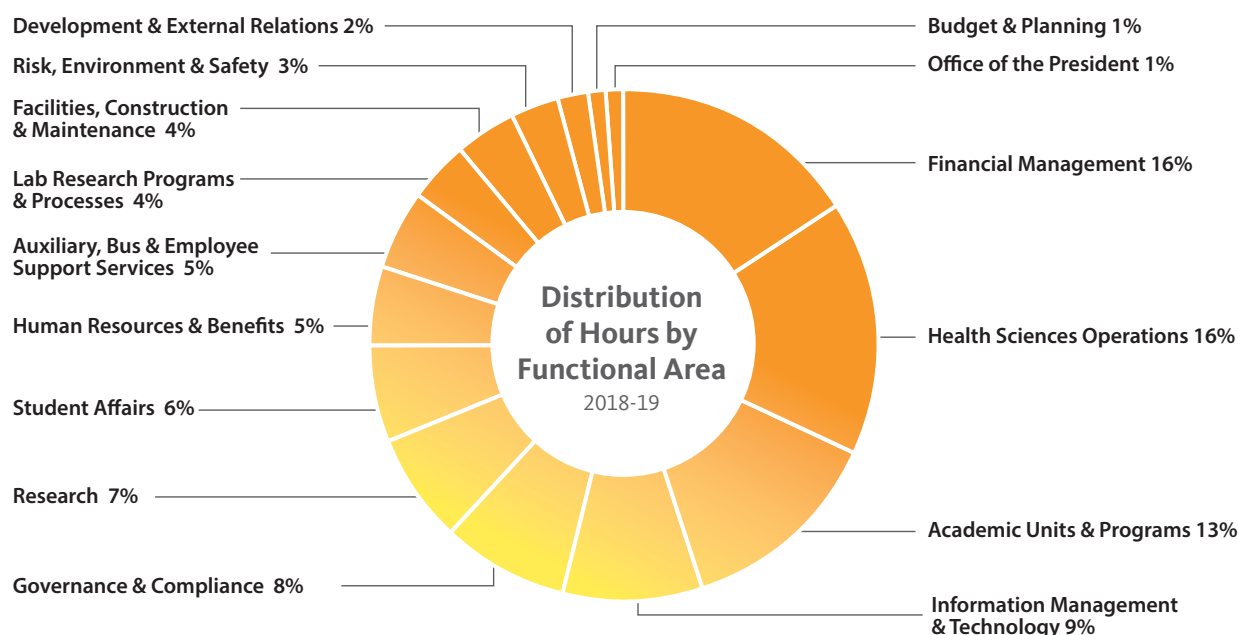### Fiscal Year 2018-19 Statistical Highlights

During FY 2018-19, the UC Internal Audit Program:

- Completed 93 percent of the Regents-approved Internal Audit plan

- Completed audit, advisory services and investigation projects resulting in 330 reports

- Produced 859 recommendations for improvements to governance, risk management, and control processes, with corresponding agreed-upon Management Corrective Actions (MCAs)

- Validated that 1,204 MCAs were completed by management

- Operated at an 86 percent efficiency level[6]

Distribution of Hours

The chart below depicts the breadth of projects covered by Internal Audit hours over the 15 major functional areas of the University. As in prior years, our effort remained concentrated in the areas of financial management, health sciences operations, information management and technology, and academic units and programs.

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Distribution of fiscal year 2018-19 Effort by Functional Area

Development & External Relations 2%
Risk, Environment & Safety 3%
Facilities, Construction & Maintenance 4%
Lab Research Programs & Processes 4%
Auxiliary, Bus & Employee Support Services 5%
Human Resources & Benefits 5%
Student Affairs 6%
Research 7%
Governance & Compliance 8%

Budget & Planning 1%
Office of the President 1%
Financial Management 16%
Health Sciences Operations 16%
Academic Units & Programs 13%
Information Management & Technology 9%

Distribution of Hours by Functional Area
2018-19

Management Corrective Actions (MCAs)

Every observation identified by Internal Audit has a reciprocal management corrective action to address that observation, including target dates for completion. Local Internal Audit and management teams, as well as the systemwide Office of Audit Services track and monitor the MCA until completion. The table below provides a summary of MCA activity for fiscal year 2018-19.

SUMMARY OF MCA ACTIVITY

Beginning MCAs *(open at start of FY 2018-19)*	600
MCAs added	859
MCAs closed	1,204
Ending MCAs *(open at end of FY 2018-19)*	255

ENDING MCAs PAST DUE (*past due at the end of FY 2018-19***)**

|	
High-risk past due MCAs	12
Medium/low risk past due MCAs	54

Internal Audit reviews all management responses to ensure the corrective action is appropriate and timely. An escalation process to senior leadership and the Regents is in place if there are difficulties related to completion of the corrective actions. Management corrective actions that have not been resolved in 300 days (from the audit report date) are discussed with leadership of the Regents' Compliance and Audit Committee. These unresolved MCAs often address complex risk areas which may be costly or require excess time to implement and therefore may reasonably require extended timelines. In these cases, management usually has implemented mitigating controls in the interim to assure that the risk area is controlled. Longer-term solutions typically focus on developing a "best practice" solution that is more efficient, reliable, and a more permanent approach to risk mitigation.

In October 2018, Internal Audit, with support from Regents Compliance and Audit Committee leadership, implemented a new protocol to notify the chancellors of all MCAs from their local internal audit projects that have exceeded the 300-day threshold. Since this new protocol has been in place, the number of MCAs over 300 days old has decreased significantly, from 114 to 10 over a period of 10 months, representing a reduction of approximately 91 percent.

The new protocols for MCAs over 300 days old has appeared to have a cascading effect on driving expedited resolution of all outstanding MCAs. In fiscal year 2018-19, the overall balance of outstanding MCAs reduced from 600 to 255 — a reduction of 58 percent. This is a significant change compared to previous years, where the overall balance of MCAs has generally ranged from 500 to 800.
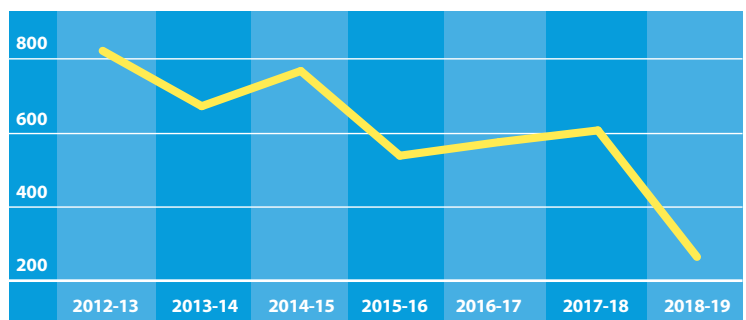
Number of Open MCAs Over 300 Days Old

The overall progress that has been made over the last several years in closing these older management corrective actions:
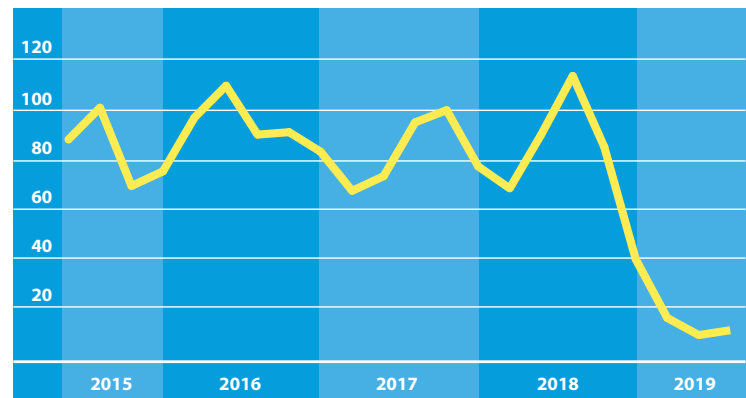
Ending Inventory of Open MCAs

The progress that has been made over the past seven years in reducing the inventory of open MCAs:

Themes in Internal Audit Results

From the body of internal audit work performed during the year, the following are the most significant and recurrent internal control issues. Many of these are the subject of specific management corrective actions in the environment where the issues were identified in an effort to improve internal controls. Others are the subject of broader systemwide initiatives, while still others are endemic and require continual management attention.

IT Security and Information Privacy

UC internal audit departments continue to place significant emphasis on evaluating IT security programs and controls. Internal Audit has identified control weaknesses related to IT security and protection of sensitive and restricted information.

Financial Management

Fiscal responsibility and oversight issues continue to emerge as areas of high risk for our locations. Internal audits have identified issues related to inadequate management of financial deficits, a lack of monitoring over accounts and programs, and reliance on inaccurate data. Additionally, we have observed issues related to management's ability to forecast and monitor the financial implications of business decisions.

IT System Implementations

Several campuses have initiated significant enterprise IT system implementation initiatives, while the UCPath project continues its phased deployment across the system. Internal Audit has been assisting management in addressing key issues associated with the UCPath project and other significant system implementation efforts.

Research and Regulatory Compliance

Research compliance has been an emerging risk area due to the breadth of compliance issues in areas such as international research, conflict of interest, laboratory safety, export controls, and research involving human subjects. As research compliance requirements become increasingly complex and burdensome, management is challenged to maintain compliance with limited resources. Faculty and staff often have numerous relationships with contacts outside the University, and the process for disclosing and monitoring these relationships has posed significant risks, including the emerging foreign influence risks in higher education.

Health Operations

The growth of the UC Health Enterprise has contributed to a variety of risks associated with network expansions, affiliation agreements and revenue management. Issues related to changes in patient populations, infrastructure and clinician practice settings have been identified. Inconsistencies in processes related to charge capture processes and the lack of routine oversight within the revenue cycle has contributed to unbilled charges and denial transactions.

Systemwide Efforts

The systemwide Office of Audit Services also oversees and coordinates internal audit activities at the campuses and the Lawrence Berkeley National Laboratory. It also maintains UC's internal audit methodology and guidance and provides support to the location internal audit departments by coordinating training and professional development programs, providing subject matter resources when required, facilitating implementation of internal audit technology solutions and monitoring compliance with professional standards. This section provides an overview of internal audit activities led by the Office of Audit Services in fiscal year 2018-19.

Systemwide Audits

Systemwide audits are conducted for the purpose of reviewing an existing or potential issue across the University system to identify and address common risk areas. Typically these audits are performed at the request of the systemwide Office of Audit Services, the Regents and/or the President, have a common scope and approach and are usually conducted by the local internal audit departments at each University location. The Office of Audit Services coordinates the execution of these audits and typically summarizes the results in a systemwide audit report. Corrective action and associated follow-up is performed at locations and at the systemwide level. The following is an overview of systemwide audits performed in fiscal year 2018-19.

Undergraduate Admissions

In response to recent nationwide issues involving third parties exploiting vulnerabilities in college admissions processes specifically related to athletics, UC President Janet Napolitano requested the Office of Audit Services conduct a systemwide audit of undergraduate admissions. The objective of the audit was to evaluate the design of controls over undergraduate admissions throughout the system, including controls over admission of student athletes and other nonstandard admissions, that facilitate compliance with relevant policies and regulations and reduce exposure to potential admissions fraud risk. The audit identified 34 recommendations to

strengthen controls over admissions and reduce the risk of admissions fraud, including enhancements to policies, procedures and admissions documentation; new protocols to monitor and control potential conflicts of interest; and additional procedures to ensure that nonstandard admissions such as special talent admissions and admissions by exception are appropriately supported, verified and approved.

A second audit of undergraduate admissions is underway in fiscal year 2019-20 which will involve a detailed evaluation of admissions data and operating effectiveness of controls at all nine undergraduate UC campuses and the systemwide office.

Fair Wage/Fair Work

The Office of Audit Services conducted its third annual systemwide audit to assess UC's suppliers' compliance with the University's Fair Wage/Fair Work (FW/FW) plan requirements. The purpose of this audit was to review contracts executed in the last year to ensure that applicable contracts contain the required FW/FW provision, determine whether procurement units are reviewing and monitoring supplier compliance with the annual audit verification requirement, and validate that suppliers complied with the annual audit requirements. We continued to observe low levels of compliance with FW/FW plan requirements, particularly at the medical centers. Management corrective actions have been identified at both the local and systemwide levels to strengthen controls and improve compliance rates.

Outside Professional Activities

The Office of Audit Services conducted a systemwide review to assess the adequacy of internal controls over Outside Professional Activities (OPA) requests, approvals and reports, as well as to assess compliance with policy requirements. In January 2019, Regental policy was updated and revisions were made to approval and reporting requirements and to limits on compensated outside professional activities. While we observed general adherence to the OPA policy, we found instances in which compensated OPA activity was not approved timely or lacked approval entirely, indicating a need to further strengthen controls over the preapproval process. We also observed opportunities to strengthen communication to Senior Management Group members[7] regarding the status of their OPA approval.

Executive Compensation

Since 2007, the Office of Audit Services has coordinated annual reviews of executive compensation reporting at UC locations. This year, relatively minor exceptions were noted and were corrected at the local level. No issues were identified that required action from a systemwide perspective.

Cybersecurity Audit Team (CAT)

The Cybersecurity Audit Team (CAT) is a specialized internal audit team based out of the systemwide Office of Audit Services that conducts reviews focused on cyber risk across the University of California system. The CAT is unique in that it is a systemwide resource, supporting campus's local internal audit offices with cybersecurity expertise, as well as performing specialized internal audit projects across multiple UC locations. The team was established in the fall of 2016 in response to the increasing cyber threats facing the University and recognition of the need to have subject matter expertise that can review these high-risk areas. The team consists of three cybersecurity audit specialists led by a director. In addition, the CAT leverages outside professional services to support its projects, and access specialized capabilities as necessary. The following is a summary of the CAT's key projects and accomplishments in fiscal year 2018-19.

Vulnerability Assessment and Penetration Testing

The CAT performed vulnerability assessment and penetration testing audits across all 10 UC campuses focusing on financial aid, student health and counseling services. These audits looked for weaknesses in the computer systems by using similar tools and techniques as an attacker would use trying to gain access. In cases where weaknesses were identified, the CAT worked with leadership to not only fix the vulnerability that allowed access, but also make improvements to the location's overall process for managing vulnerabilities on an ongoing basis.

Cloud Computing

The CAT performed an audit of the UCSF School of Medicine's (SOM) managed Amazon Web Services (AWS) Research Cloud (ARC). The ARC is a SOM-managed cloud hosted computing environment for researchers within the UCSF SOM. The purpose of the audit was to assess the adequacy of cyber risk governance, security controls and other processes to ensure that University research is secure. This review identified opportunities for improved risk management and oversight of cyber risks related to research conducted on the SOM cloud infrastructure.

Federal and Industry Partnerships

The CAT has prioritized efforts towards strengthening the partnerships it has with federal and industry leaders in cybersecurity. The CAT has leveraged these relationships to stay abreast of the most advanced and emerging threats facing the University and to remain at the forefront of addressing these risks.

Training and Professional Development

In order to ensure that internal audit staff have the necessary professional competency and subject matter expertise to address the University's highest risks, and to ensure adherence to professional standards related to professional development, the Office of Audit Services coordinates various training and professional development programs for internal audit staff across the system. This section provides highlights of these efforts for fiscal year 2018-19.

Webinar Program

The Office of Audit Services administers a monthly webinar program in which campuses present information on a number of audit and related topics and best practices. Each month, a different UC location audit department presents a session that either addresses emerging risk areas or relates to topics on our UC audit plan. In fiscal year 2018-19, our webinar topics have included mobile device security, use of drones, student housing public-private partnerships, data analytics, student mental health issues, information security policy and audit efficiency practices. This program has been well received by internal audit staff and is a valuable component of our internal training program.

New Auditor Training

In January 2019, the Office of Audit Services sponsored a one-day in-person training session for new UC auditors. The purpose of this training session was to provide our new auditor staff with information about the UC system and the UC internal audit program. It also gave these new staff members the opportunity to meet and listen to a number of senior leaders from the Office of the President. The agenda included presentations on areas such as UCPath, the UC budget process, UC Compliance program, risk assessment coordination and information technology.

Professional Certifications

The Office of Audit Services continues to provide opportunities for staff development and enrichment through the support of professional certifications. At present, approximately 67 percent of our audit staff hold one or more professional certifications. The Certified Internal Auditor (CIA) is the only globally accepted designation for internal auditors and the standard by which individuals demonstrate their professionalism in internal auditing. We have encouraged our audit staff to obtain one of many professional certifications in the audit and accordingly we initiated a drive to increase CIA certifications systemwide.

Cybersecurity Training

The Cybersecurity Audit Team, with support from Risk Services, hosted a 6-day specialized cybersecurity training course at the UCLA Luskin Conference Center. The training, delivered by the SANS Institute, was attended by 78 cybersecurity practitioners from across the University. The course, "Advanced Incident Response, Threat Hunting and Digital Forensics," focused on teaching attendees how to respond to the most sophisticated cyberattackers, and recover from their techniques to better prepare the University for responding to future cyberattacks.

Mentorship Program

The Office of Audit Services established a mentorship program that provides mentors and mentees with a valuable learning and professional growth experience. This program pairs members of our professional staff with a mentor at another campus who has significant experience and leadership responsibility within our UC audit community. Through a series of monthly meetings or calls, the mentor and mentee identify areas that contribute to professional and personal enrichment and satisfaction for both parties.

External Audit Support and Coordination

The Office of Audit Services generally serves as the audit coordinator for external audits involving multiple UC locations and serves as the central point of contact for external auditors, ensures that auditors have the appropriate access to perform their work, facilitates information requests, informs management of potential audit issues as they arise and coordinates management responses to audit reports. External audit coordination drives audit efficiency and ensures appropriate information is provided to external agencies in a responsive and timely manner.

In fiscal year 2018-19, the Office of Audit Services advised management of their efforts to implement outstanding recommendations from past California State audits on sexual harassment cases, Clery Act compliance, contracted employees and contracting practices, UCOP administrative expenditures and budget, enrollment and executive compensation.

COMPLIANCE SERVICES

ECAS is responsible for identifying and mitigating a variety of compliance and regulatory risks across the system. The Compliance team works with our compliance colleagues across all University locations to ensure adherence to applicable laws, regulations, policies and to ethical practices in all aspects of our operations. The program provides visibility to the Board of Regents and the University's senior leadership on key risks affecting University operations. The ECAS Compliance team consists of subject matter experts in five functional areas: research, privacy, export controls, health care, and general compliance matters.

The core structure of the University's compliance program is built on principles derived from the Federal Sentencing Guidelines[8] and industry best practices. The Federal Sentencing Guidelines outline the seven elements necessary for an effective compliance program, including 1) implementation of written policies and standards of conduct, 2) effective oversight, including a compliance officer and a compliance oversight committee, 3) effective training and education, 4-5) effective lines of communication and due diligence, 6-7) internal audit function and mechanisms to identify and promptly respond to detected inappropriate actions. An annual risk assessment is considered an essential eighth element to ensure the right risks are targeted on an ongoing basis. The U.S. Department of Justice (DOJ) considers risk assessment a critical factor in evaluating "the adequacy and effectiveness of a compliance program."[9]

ECAS convenes a number of working groups to share knowledge, to leverage best practices, and to stay on top of current and emerging regulations. ECAS provides training focused on significant policies and process improvements. Our educational content addresses our fluid environment of regulations and ensures that everyone understands compliance program expectations and standards and is able to comply with them.

The compliance structure across the system includes a designated Chief Ethics and Compliance Officer (CECO) at every location, and a Health Care Compliance Officer (HCCO)[10] at every UC Health location, who each report to the Board of Regents through the SVP/CCAO. Each location also designates a team to specialize in key compliance areas such as research, privacy, export controls and health care.

The team of compliance professionals at each location handles unique compliance issues on a daily basis, working through complex solutions, and demonstrating commitment to the highest standards. ECAS works closely with them, leveraging the unique expertise of the network of compliance colleagues and risk management partners, including Risk Services, Research Policy Analysis and Coordination (RPAC) and OGC. ECAS has built and continues to strengthen partnerships with our federal and state partners, to identify emerging issues and ensure they are examined from a variety of perspectives. These partnerships allow us to identify shared risks, best practices and opportunities to strengthen our program proactively. The program derives its strength from these collaborations and the collective work of compliance professionals at every level of our organization.

Systemwide Risk Assessments and Workplans for 2019

One of the largest systemwide efforts led by the Compliance team is to identify risk areas across the system. This year each location performed a detailed risk assessment to identify high-risk activities that included an examination of location metrics and processes, surveys and interviews with management and key stakeholders. It also included a review of current and emerging federal and state guidance, laws, regulations and policies. This detailed assessment at each campus is translated into a workplan for the year, ensuring that locations are focusing resources and efforts on the highest risk activities occurring at their locations. These assessments taken together allow ECAS to identify and address those common, high-risk activities shared throughout the system.

Campus Risk Assessment and Workplan

In July 2019, ECAS reviewed the risk assessment results and, in collaboration with CECOs across the system, outlined the shared risk priorities for the coming year, as discussed below.

Cybersecurity

Cybersecurity remains one of the highest risk priorities for the University. This risk was identified by the campus CECOs, as it relates to faculty, staff and student privacy and data security, and our vast research enterprise. It was also identified as a significant priority by the HCCOs. Accordingly, the CAT is performing vulnerability assessments and penetration tests focusing on high-risk research areas, including research involving regulated data and emerging technologies. ECAS is working with UC leadership and our campus colleagues to create a comprehensive approach to cyber risks, including issues related to foreign influence, financial pressures to offshore processes, updating training initiatives, hands-on demonstrations illustrating risks and other efforts to raise awareness among the UC community.

Foreign Influence

The campus CECOs identified issues related to foreign influence as a key risk priority, specifically recognizing the risks to our intellectual property and our systems. As discussed more fully below, ECAS took the lead in addressing these concerns by engaging directly with multiple federal partners, creating a foreign influence compliance plan, systemwide protocols, training and awareness modules.

Export Control Compliance

Federal export controls govern items, information and services, taken, sent or provided to other countries and technology shared with foreign nationals in the U.S. These controls are intended to protect U.S. economic interests and national security. Federal export controls are managed by multiple federal agencies, are complex and can change frequently. In addition to training and program assessments, ECAS engages both within the systemwide Export Control Officer group and across functional areas to improve coordination related to shipping, purchasing and travel.

Research Conflicts of Interest

Some of the world's best researchers in a variety of disciplines conduct research within the University to expand fundamental knowledge, stimulate collaboration, creativity, and innovation and yield a multitude of benefits for California and beyond. Due to our large health science and research enterprise, and continued public and regulatory focus in this area, the campus CECOs and HCCOs identified various areas of research compliance, including conflict of interest, to be priority risk areas. A number of initiatives are underway or planned to address these concerns, as described in the Functional Areas, Research Compliance section (p. 15) of the report.

Americans with Disabilities Act

Americans with Disabilities Act (ADA)[11] compliance is a major area of focus for all University locations. Many campuses identified this area as a risk priority, noting the ongoing and time-consuming duties to ensure: (1) facility (physical plant) compliance, (2) document and website accessibility, (3) student population accommodation requests are addressed, and (4) new and changing requirements are properly implemented. The CECOs will work this year to develop a plan to assess and address these risks jointly.

Health Care Risk Assessment and Workplan

In 2019, ECAS convened UC Health Enterprise HCCOs to perform the first annual systemwide health care compliance risk assessment and prepare the resulting annual workplan. Uniform standards were used by the HCCOs to assess risk at all six UC Health Enterprise locations.

This systemwide collaboration will more effectively protect the UC Health Enterprise by harnessing the expertise, experience and resources of the entire UC compliance infrastructure. Progressively instituting a systemwide risk-based workplan will also promote movement to a more proactive program. These advances also align with the expectation of the Office of Inspector General (OIG)[12] for a comprehensive, systemwide program that ensures consistency in performance, and accurate and complete reporting to the Board of Regents. The joint risk assessment and workplan outcomes will be reported on an annual basis going forward.

The locations also identified shared compliance risk priorities, which will be addressed in the first systemwide annual health care compliance workplan, and are detailed below. The coming year will be spent jointly assessing and addressing these risks, followed by a report on outcomes next year.

Conflict of Interest (COI)/Commitment (COC) Oversight

UC is a public health care provider and research institution, with extensive partnerships throughout the system with outside institutions, governments and private entities. These relationships require effective management to ensure the identification and resolution of any possible conflicts.[13] With a goal of developing a comprehensive process to systematize COI/COC processes, ECAS and the HCCOs plan to review and assess current states at each location, and together forge a new joint infrastructure.

Coding and Billing Oversight

The backbone of every health care compliance program is effective monitoring to detect and correct compliance issues within coding and billing practices. The HCCOs and ECAS identified the need to strengthen the coding and billing monitoring capabilities due to: (1) inherently complex and changing risks, and (2) the need for consistent and systematic data oversight. Last year's initial launch of the Cobius coding and billing audit system positions the UC Health Enterprise well to address this priority. To support existing infrastructure at each location, the next year's focus will be on the development of shared processes and reports that support solid and consistent oversight of coding and billing practices systemwide.

Appropriate Patient Health Information Access Management

Privacy compliance consumes a significant portion of an HCCO's time and resources. The HCCOs agree that two challenges predominate — ensuring staff only access patient information for legitimate work purposes, and timely IT system access termination when staff separate from the University. ECAS and the HCCOs plan to evaluate best practices and jointly develop tools that can be adapted locally.

Drug Diversion Prevention

The opioid crisis has heightened scrutiny and sensitivity in this area of compliance. Preventing drug diversion depends on a reliable system to track drugs and regulate access to them. When a system fails, and drug diversion occurs, understanding the root cause and improving the system is imperative to ensure the same incident does not recur. Additionally, drug diversion must be reported to various enforcement agencies and licensing boards. ECAS and the HCCOs will identify best practices in addressing detection of diversion and increasing awareness of risks and reporting duties amongst key stakeholders over the next year.

Functional Areas and Current Efforts

The ECAS Compliance team is divided into five functional areas, although much of compliance efforts are cross-functional in that many compliance issues involve the efforts of one or more subject matter experts. As discussed more fully below, foreign influence, for example, involves a variety of challenges in research, export control and privacy. Similarly, cutting-edge technologies like artificial intelligence (AI) involve a myriad of ethical and compliance concerns that involve or touch on other areas within compliance services. In addressing these issues, the ECAS Compliance team consistently engages with multiple University and external stakeholders. The Compliance team also regularly engages with federal regulatory and enforcement agencies, legislators and subject matter experts within ECAS and across the system.

Research Compliance

Research compliance aims at addressing noncompliance through stakeholder facilitation and engagement with our academic community and administration, the development of systemwide communications, the development and implementation of training and education materials, and the use of systemwide risk assessments.

Regulatory Environment

The U.S. federal government heavily regulates the basic research conducted at UC. California state laws, U.S. federal government regulations and UC policy all converge to create a complex regulatory matrix for research compliance. Multiple federal agencies are responsible for regulations governing research from the Food and Drug Administration's compliance oversight of clinical trials, to the Drug Enforcement Agency's oversight of controlled substances use in research, and the Department of Health and Human Services oversight and enforcement of Human Subjects Research Protections. Additionally, federal funding agencies such as the National Science Foundation (NSF) and the National Institutes of Health (NIH) issue policies and guidelines that further shape the research compliance landscape.

Key Projects

Research Compliance Advisory Committee

ECAS engages with multiple stakeholder groups across the system and, for the past decade, has convened the Research Compliance Advisory Committee (RCAC). In 2018, ECAS identified gaps in the RCAC's areas of risk oversight noting that RCAC focuses primarily on campus-side research activities. ECAS worked with the clinical research compliance leadership to form the Clinical Research Compliance Advisory Committee. All campus locations and Academic Medical Centers now participate in the monthly Clinical Research Compliance Advisory Committee calls. In January 2020, ECAS, in partnership with the systemwide Institutional Review Board Directors and RPAC, will convene the first two-day in-person meeting for clinical research compliance, privacy compliance and human subjects protection offices to come together for a discussion on high-risk issues and to develop communication channels between the groups.

Foreign Influence

ECAS took the lead over the past year in addressing the issue of foreign influence on research integrity. ECAS leadership engaged directly with the federal government, federal funding agencies, other institutions of higher education and higher education organizations. Within the UC system, ECAS worked closely with the Vice Chancellors of Research, the Associate Vice Chancellors of Research, Export Control Officers, OGC, and RPAC to provide a continuous and consistent flow of information to the research community.

Foreign Influence Compliance Plan — In early 2018, the University observed heightened awareness and increased activity related to the issue of foreign influence in academia within the federal government and amongst our peer institutions. Federal funding agencies have issued new requirements and guidance, federal law enforcement agencies have increased prosecutorial activity, and Congress has passed new legislation and sought information on how the academic research community is responding to this evolving issue.

The University recognized that these issues were significant. President Janet Napolitano addressed the essence of these concerns in her letter to the Chancellors and the Lawrence Berkeley National Laboratory Director on February 7, 2019. In her letter, she tasked ECAS with designing a compliance plan to address these issues in support of the University's core mission and commitment to openness in research and international research collaborations. International collaborations play a crucial role in much of our research. The University of California's commitment to global engagement is fundamental to our core values.

ECAS has designed a series of compliance measures to address concerns related to foreign influence while ensuring the University's commitment to fundamental research and academic freedom. Our compliance plan is broken into four categories: 1) training and awareness, 2) compliance assessments, 3) internal audit and 4) investigative protocols.

Systemwide Escalation Protocol–The University of California performs nearly 1/10th of the nation's academic research. Each year, the University receives over $5 billion in research contracts and grants from a combination of federal, state, corporate and nonprofit sponsors with $3.2 billion in awards from the federal government. Most of the University's federal funding is provided by NIH and NSF. With increasing frequency, federal agencies such as NSF are expressing concerns and inquiring about international engagements at research universities.

As the largest recipient of funds from the NSF and NIH, and in response to these and other developments, ECAS, in conjunction with OGC, developed an Escalation Protocol to ensure that federal agency inquiries are appropriately and consistently tracked, escalated, reviewed and investigated across the UC system. This protocol provides a level of campus-wide and centralized visibility to connect separate but potentially related inquiries.

Systemwide Inventory–In February 2019, at the request of President Janet Napolitano, ECAS conducted a systemwide inventory to assess UC's exposure to Huawei.[14] ECAS collected the responses and reported to the Board of Regents on the status and necessary next steps.

Systemwide Moratorium on Certain Future Engagements– To address recent federal developments that increase the University's risk associated with engagements with Huawei, the Office of Graduate Studies and ECAS worked closely with the Vice Chancellors for Research to develop and outline restrictions on engagements with Huawei. The moratorium restricts any future engagements with Huawei, calls for a cessation of all pending projects, gifts, purchases or other engagements and requires locations to wind down existing agreements and consider risks associated with engagements with Huawei's U.S. subsidiaries.

Training and Professional Development
ECAS is working on a number of training initiatives related to foreign influence, conflict of interest/commitment and disclosure requirements for federal granting agencies, as follows:

- Systemwide Ethics & Compliance Briefing for Researchers module that will address general ethics and compliance matters and issues related specifically to researchers, such as disclosing affiliations with foreign entities to federal funding agencies. This module will be launched before the end of fiscal year 2019-2020.

- Foreign Influence website covering the full spectrum of federal communications, disclosure requirements, regulations and policies. The website was launched in October 2019.[15]

- In the spring of 2020, ECAS will launch a systemwide webinar: Foreign Influences on Research Integrity and the Shifting Landscape.

- During the next year, ECAS will publish a number of infographics on the topics of foreign components, other support, affiliations, conflict of interest and conflict of commitment.

During the upcoming year, the Compliance team will conduct a systemwide research compliance risk assessment to assess the policies and procedures related to human subjects protection programs, animal research, controlled substances, clinical research billing, sub-recipient monitoring, data ownership and security. Additionally, ECAS will examine the need for an ethics and compliance framework around germline editing research (CRISPR CAS-9) and potential biosecurity risks.

Critical and Emerging Areas

In the course of our review of foreign influence, artificial intelligence (AI) emerged as a new area of risk. AI oversight requires a strategic compliance approach to address the potentially significant downstream effects of this rapidly evolving technology. The federal government is in the beginning phases of developing regulatory frameworks for many AI applications and organizations around the world are trying to develop ethical guidelines to ensure human well-being is prioritized in the development/use of AI systems. Additionally, there are significant national security and economic concerns raised by the federal government in the area of AI research and the application of the technology.

The federal government is currently undertaking a national security review of export controls across a range of emerging technologies. This review will include AI and machine learning (ML), as well as technologies that would make substantial use of AI/ML, such as brain-computer interfaces, microprocessor technology, quantum computing and robotics.

The University conducts extensive AI research throughout the system with both federal and private sponsor funding and generates vast amounts of data. It is arguably one of UC's most significant assets in this digital age. From clinical/behavioral/social research data, student information, UC Health patient or employee data,[16] the University of California is a data powerhouse. AI and machine learning-based technologies have the potential to transform health care by deriving new and vital insights from the vast amount of data generated during the delivery of health care.

AI and machine learning pose risks with regards to responsible implementation, visibility into the machine learning process, and using conclusions of the algorithms created. Additionally, the FDA is reexamining standard premarket submission requirements to address the risks associated with continuously learning AI/ML software as a medical device. While the FDA is developing new standards, ECAS recognized that UC should monitor the use of adaptive AI/ML technologies in the health care space to ensure that the adaptation and optimization of device performance in real-time are done in an ethical and responsible manner.

ECAS also recognized and is addressing several significant risks in the area related to privacy by:

- Ensuring that de-identified data UC shares will remain de-identified

- Raising awareness that machine learning algorithms have the ability to reidentify[17] data sets

- Recognizing that relying on traditional "anonymization" of data techniques (Safe Harbor and Expert Determination) may no longer be a safeguard

Over the next year, ECAS will work to ensure that our community is aware of differential privacy as a way to collect and share aggregate information about individuals while maintaining the privacy of individuals and including appropriate language in our contracts.

ECAS will proactively support an ethical research environment as outlined above, monitor regulatory developments in this area for compliance and remain involved to support regulatory evolution that optimizes fundamental research while staying cognizant of national security concerns. ECAS will also partner with internal UC AI and ethics experts to facilitate a workgroup with a goal of creating an ethics, governance, and compliance framework for the University of California's involvement with artificial intelligence.

Health Care Compliance

Annually, the five academic medical centers admit almost 175,000 inpatients and handle 4.7 million outpatient encounters. Operating revenue was $12.2 billion for the fiscal year ending June 30, 2018. Medicare and Medicaid Program payments ranged from 19-40 percent of the five UC medical centers' 2018 annual patient account income. With this substantial percentage of UC Health income contingent upon compliance with hundreds of compliance requirements, the pressure is high to ensure proper oversight of compliance activities. Noncompliance also presents the risk of reputational harm and the costs of defending and responding to government inquiries associated with noncompliance.

Regulatory Environment

Our systemwide health care compliance program covers the five medical centers and the UC Riverside School of Medicine. The program covers a very broad spectrum of areas unique to the health care setting, including facility compliance and licensing, staff qualifications, patient care (e.g., medical record documentation, supervision, EMTALA[18]), reimbursement (e.g., coding, billing, payor audits), and HIPAA[19] privacy and security. These activities are governed by a myriad of laws and regulations, with Medicare and Medicaid Program-related requirements comprising the majority of them. Three central compliance laws protect the Medicare and Medicaid Programs against fraud: (1) the False Claims Act, (2) Physician Self-Referral Law (Stark Law) and (3) the Anti-Kickback Statute.[20] Together, the Department of Health and Human Services (HHS), the Office of the Inspector General (OIG) and the Department of Justice (DOJ) enforce these requirements.

The HCCOs imbedded at each medical center handle the daily compliance issues this network of requirements presents. In an effort to identify and channel efforts toward the highest shared risks, ECAS championed the first systemwide health care compliance risk assessment and related workplan (as highlighted earlier). With this first-time aggregation of HCCO data, coupled with the use of an increasingly similar methodology for assessing and addressing risk, a number of benefits are expected. Convening all risks and experts together results in a richer discussion about risk rating and strategies to address risks. Systemwide assessment of risks ensures that the risk universe is sound and complete, and also allows for the HCCOs to test their respective risk rating logic with their colleagues throughout the system. This process of calibrating risk ratings builds confidence and consensus that the right risks (the highest ones) are being targeted and that they are being targeted efficiently. Together, these steps ensure a more effective compliance program since risks that present themselves at one particular location may manifest at our other medical centers with similar operations. Lastly, the increase in visibility to common issues enables location CEOs, UC Health leadership, UC's President and the Regents to more ably identify and address risks.

Key Projects

Coding and Billing Oversight

As noted above, the HCCOs and ECAS have launched the Cobius system to enhance local and systemwide coding and billing monitoring. Plans to complete the operational rollout of this implementation in the coming year include completion of training at each medical center, and utilization of standard reports and processes at each medical center to validate compliance with billing and coding requirements. With this system, UC Health Enterprise locations will have a more uniform approach to evaluating coding and billing practices, which will improve both local and systemwide monitoring efforts.

Telehealth

The HCCOs have identified the need to collaborate to develop a systemwide approach to respond to the compliance issues triggered by the spread of telehealth programming across the Enterprise. ECAS and the HCCOs are assessing the maturity of the many telehealth programs, and developing uniform standards to address identified challenges in meeting requirements governing certification, provider credentialing, training and reimbursement.

Refining the Annual Risk Assessment and Workplan Development Process

After ECAS and the HCCOs complete this year's initial annual workplan initiatives (as detailed above), and outcomes are reported, the next annual cycle of risk assessment and workplan development will start, presenting an opportunity to further refine the process. This work will be completed in collaboration with UC Health and location leadership to refine the process and plans, ensuring a consensus on optimum functionality and relevance of next year's workplan.

Privacy Compliance

Privacy compliance ensures the appropriate protection, use, and release of personal and health information. Privacy compliance at UC must balance the dual aims of maintaining an open and robust academic and research environment and ensuring our immense amount of sensitive data is compliantly safeguarded.

Each location has the challenge of handling a diverse array of privacy compliance challenges, at virtually all levels of the University. Adding to this, privacy compliance programs are structured and resourced differently at each location. The campus privacy compliance professionals lead training and awareness campaigns and, when incidents occur, also handle incident response and necessary reporting to outside constituents. Systemwide awareness of privacy compliance is critically important because so many staff and student activities require access to protected sensitive data.

Regulatory Environment

The Family Educational Rights and Privacy Act (FERPA), California Public Records Act (CPRA), and California Information Practices Act (CIPA) are the key privacy requirements that campuses are subject to, while locations treating patients or performing research must also oversee compliance with privacy requirements under HIPAA, Confidentiality of Medical Information Act (CMIA), Food and Drug Act (FDA), and General Data Protection Regulation (GDPR) privacy compliance.

All privacy requirements subject UC, and in some cases its employees, to possible government fines, enforcement actions, lawsuits and reputational harm. A violation of FERPA, for example, may result in loss of federal funding.

Key Projects

Recognizing the significant risks that this complex and ever-changing regulatory and technological climate present to the University, ECAS will conduct a systemwide privacy program assessment in the next fiscal year. The assessment will ensure that key issues are consistently addressed, and that best practices are identified and leveraged program-wide.

On an ongoing basis, ECAS participates in multiple cross-functional privacy and security committees and communities, providing guidance and expertise. ECAS also leads the Systemwide UC Campus Privacy Officers and the Health Privacy Group. To help with uneven privacy support across the system, ECAS leverages the unique expertise and resources of location teams to jointly address common areas of concern. Highlights of current and ongoing privacy activities, many of which are in collaboration with the HCCOs, include:

- Drafting of a toolkit to streamline procurement and privacy teams's negotiation of health care business associate agreements (BAA). The tools provide guidance on alternative agreement language options and other strategies. A BAA is the HIPAA-required notice of duties extended to contractors who perform functions on behalf of UC requiring use or disclosure of protected health information.

- Coordinating discussions with research compliance, OGC and RPAC regarding compound research consent and HIPAA authorization documents to facilitate improved research subject experience and consistency in compliance. Implementation checklists to assess compound form options will be published in 2020 at a joint UC Research/Research Compliance/Privacy summit.

- Drafting of the first systemwide Notice of Privacy Practices (NPP) with OGC. An NPP is the HIPAA-required notice to patients regarding (1) patient privacy rights (to access records, etc.) and (2) how UC handles patient information in the course of care delivery. Implementation across UC is planned for 2020.

- Coordinating development of the first systemwide health privacy compliance program metrics, due for implementation in 2020.

- Launching of a plan to develop standardized: (1) privacy compliance role responsibilities and performance expectations and (2) a privacy compliance governance infrastructure model. These initiatives will help ensure that key privacy risks are addressed consistently and efficiently.

Critical and Emerging Areas

The partnership between privacy and security functions remains critical, and a trend towards the proliferation of AI in operations and research will only magnify the need for collaboration between privacy and research functions.

Export Controls Compliance

Export control risks are woven into the unique structure of campus operations and within the operation of the Office of the President, impacting almost every aspect of the University including procurement, business contracts, international centers, cooperative extensions, research, shipping and international travel.

Regulatory Environment

Federal export controls regulate technologies that are taken or sent to other countries or imparted to foreign nationals working in the U.S. These controls are intended to protect U.S. economic interests and national security. Violations of export control regulations may result in personal and institutional liability and substantial penalties. Federal agencies responsible for export control regulations include the Department of Commerce, the Department of State, the Office of Foreign Assets Control under the Department of Treasury, the Department of Energy and the Nuclear Regulatory Commission.

Each UC location, including the Office of the President, has a designated Export Control Officer with expertise in this complicated area to support faculty, staff, and students. ECAS supports the implementation, assessment and continuous improvement of the systemwide export control program and maintains regular communication with federal regulatory agencies.

Key Projects

ECAS facilitates regular meetings of the systemwide Export Control Workgroup and systemwide Export Control Officers. Through the systemwide Export Control Workgroup, ECAS formed a task force to assess the export control compliance program at each location. The comprehensive baseline program assessment was constructed based on compliance program expectations as outlined by the regulatory agencies. The program evaluated the governance structures, outreach and training initiatives, relevant policies and procedures, restricted party screening, license processes, record keeping, and escalation procedures and assessments, providing individual campus and systemwide recommendations for strengthening their respective export control operations.

Building on the program assessment and the new policy, ECAS will conduct a qualitative review of location program initiatives. This follow-up will evaluate procedures and performance for screening for restricted entities within the operation of the location. Restricted entity screening is important for identifying potential transactions with parties listed on the federal entity list. Identifying such transactions provides the location with the opportunity for escalation and review by the location Export Control Officer, thereby mitigating regulatory and reputational risk. In addition, ECAS will support campus export control training initiatives through training materials and by offering in-person training at campus locations for stakeholders.

General Compliance

In addition to the four Functional Areas identified above, ECAS handles compliance matters related to the rules and policies around college athletics[21], compliance with standards for an accessible environment for people with disabilities (ADA), transparency around campus crime policies (Clery Act[22]) and other general compliance issues.

ECAS develops training and educational materials geared towards the entire University community or targeted to specific functions and expertise. Our largest training initiative this year is to convene a systemwide Ethics, Compliance and Audit Symposium in October 2019. The purpose of the symposium is to ensure UC personnel are informed and trained on all significant compliance and audit-related risks and requirements, and to share best practices on risk mitigation efforts. The agenda includes topics related to general compliance, internal audit, health sciences, research compliance, cybersecurity, export control, workplace investigations, policy topics, and other significant compliance and audit risk-related topics. Over 300 attendees across the system will attend, discuss relevant issues with campus counterparts across the system, share subject matter expertise and grow skills in adjacent areas.

INVESTIGATIONS SERVICES

The Investigations unit and the whistleblower policies it operates under are critical to the University of California's ethics and compliance program. One of the biggest risks an organization faces is the perpetuation of an environment where employees do not come forward to make management aware of suspected wrongdoing. Employees are often aware when violations occur, yet they will be hesitant to report if they do not feel both encouraged and protected for doing so. The University maintains a series of policies, trainings and resources to encourage employees to raise concerns and feel confident that they can do so without fear of retaliation. The University's efforts are centered around two key policies: the Whistleblower Policy and the Whistleblower Protection Policy.[23]

The Whistleblower Policy encourages employees to come forward if they have concerns about improper activities within the organization. The University has created a series of mechanisms to support employees "speaking up" regarding ethical, policy or legal violations. Employees can report misconduct in a variety of ways, including a systemwide whistleblower hotline and web-based reporting to provide a 24-hour reporting system with a provision for anonymous reporting. These mechanisms enable the University to identify warning signs for problem areas within the system, to conduct internal investigations on those matters and then to take appropriate remedial actions including the implementation of additional controls to prevent future misconduct. The Whistleblower Protection Policy creates a series of protections for individuals reporting misconduct to ensure that people can come forward without fear of being punished for their disclosures.

The University ensures awareness of these mechanisms by regularly training employees and supervisors on how to make and respond to reports. ECAS ensures that University employees are informed of their responsibilities to report suspected misconduct, and the mechanisms to do so:

- All employees are required to complete the *General Compliance Briefing: University of California Ethical Values and Conduct* every two years. This is the primary ethics and compliance training provided to UC employees, which must be completed by all new employees within two months of their start dates. This compliance briefing provides guidance to employees on how to recognize potential misconduct by providing various scenarios, and includes information regarding the process of reporting misconduct.

- The ECAS Investigations unit distributes various materials regarding whistleblower reporting to each UC campus. For example, ECAS annually distributes a poster to each location that encourages individuals to report misconduct, providing information about the types of misconduct to report, protections in place for reporters and information about anonymous reporting. The poster also includes information about the various reporting mechanisms for whistleblower complaints, including contact information for the LDO, the SVP/CCAO, and the whistleblower hotline. The poster also includes information about other ways to report, including contact information for the California State Auditor and the California Attorney General. Posters are posted at all common areas around each UC location.

- The LDO at each location also sends a notification to all location employees regarding the California Whistleblower Protection Act and University whistleblower policies on an annual basis. The notification reminds employees of their responsibility to report misconduct, protection from retaliation and the various reporting mechanisms available, including the option for anonymous reporting.

- Each campus maintains whistleblower websites, providing links to the policies and additional location-specific procedures for reporting suspected misconduct.

The University has dedicated investigative resources to review these reports and investigate allegations of misconduct and retaliation.

Systemwide Coordination

ECAS provides guidance, training and investigative support to the UC locations regarding the University's whistleblower policies. The LDOs have reporting relationships with their local leadership and with the Regents through the SVP/CCAO. This reporting relationship with ECAS ensures that the LDOs have the necessary independence in the system to independently and objectively review and investigate reports of misconduct.

The distribution of complaints received by each campus varies greatly, with locations including medical centers receiving a higher number of complaints due to the longstanding compliance requirements related to the health care industry.

The ECAS Investigations unit conducts investigations into matters that are highly sensitive and critical across the system, including allegations against high-level officials throughout the system. ECAS also investigates all whistleblower matters occurring at the Office of the President. In addition, ECAS will accept cases from campuses where there may be resource limitations, a conflict of interest or highly complex investigations.

Additionally, the Investigations unit provides training to investigators throughout the system to align procedures with best practices, strengthen investigative skills, and provide lessons learned in an effort to enhance investigative practices. Training programs range from onboarding training for investigators that educates individuals on the whistleblower policies and practical skills to lifecycle training that refines existing skills or develops new ones. This training is necessary to ensure that investigations are conducted at the highest levels throughout the system.

Whistleblower Hotline

As previously noted, the University of California provides multiple mechanisms for individuals to report concerns, including the whistleblower hotline. The hotline is available both online (https://secure.ethicspoint.com/domain/media/en/gui/23531/index.html) and by phone (800-403-4744) 24 hours a day, seven days a week. The website and phone operator translators are available in over 150 languages. The hotline is a confidential means of reporting suspected misconduct and complaints can be made anonymously.

The whistleblower hotline is managed through a secure, third-party vendor, providing employees a way of submitting concerns even if they are not comfortable reporting through their supervisor or campus. The hotline is also available to members of the general public who may have information about possible misconduct at the University. Providing 24/7 access allows reporters to make contact at a time and place they feel comfortable and increases availability to individuals located internationally. While the majority of submissions come in through the web form, the phone hotline is also highly utilized.[24]

Whistleblower Hotline Intake Method
From July 1, 2018 to June 30, 2019 (FY2019)
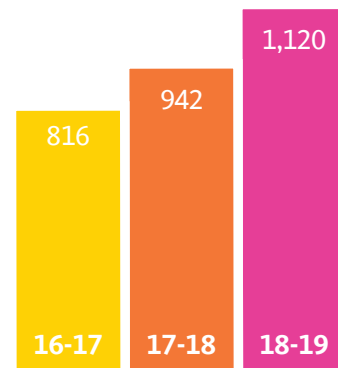

website 619
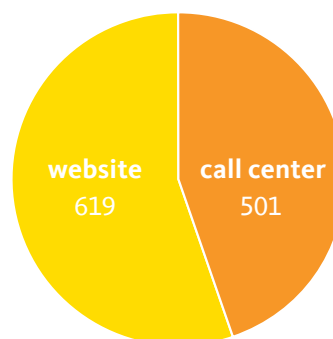
call center 501

The hotline creates a record of all actions taken on the report, from first review through the closing of the complaint. Reporters are provided with a case number, whether reported through the website or call center. The case number allows reporters to review their reports through the web portal so they can provide additional information, upload documentation and review responses from the University.

The hotline provides a mechanism for reporting various types of misconduct, as well as submitting other inquiries. In addition to accepting reports of misconduct subject to the Whistleblower Policy, reporters who don't know where else to report an issue can use the hotline to report other concerns requiring attention, such as concerns regarding health, safety or violence. Reports are reviewed and routed to appropriate parties to be addressed.
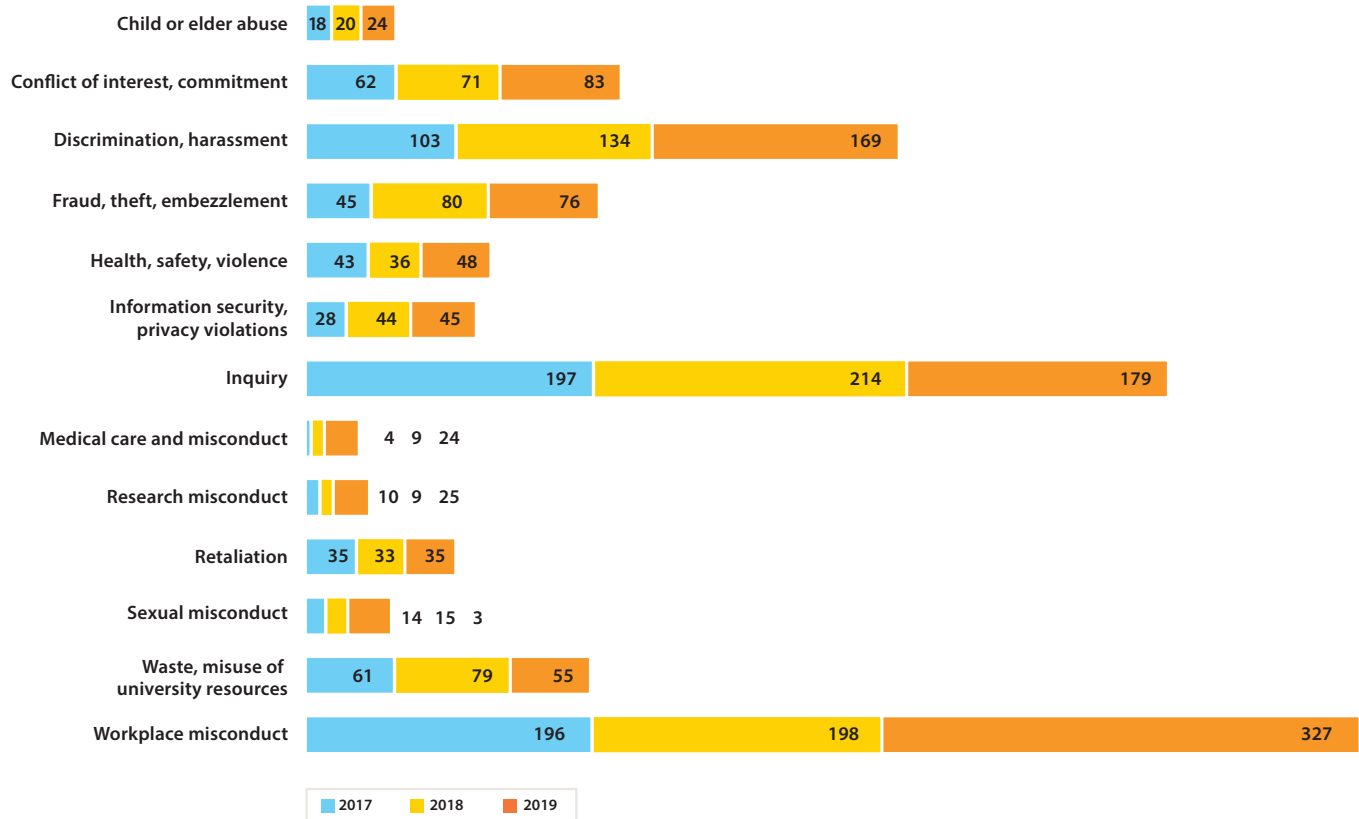
Whistleblower Hotline Total Cases
Fiscal Years 2017-2019

Year	Cases
16-17	816
17-18	942
18-19	1,120

Total Whistleblower Hotline Cases by Issue
Fiscal Years 2017-2019

Issue	2017	2018	2019
Child or elder abuse	18	20	24
Conflict of interest, commitment	62	71	83
Discrimination, harassment	103	134	169
Fraud, theft, embezzlement	45	80	76
Health, safety, violence	43	36	48
Information security, privacy violations	28	44	45
Inquiry	197	214	179
Medical care and misconduct	4	9	24
Research misconduct	10	9	25
Retaliation	35	33	35
Sexual misconduct	14	15	3
Waste, misuse of university resources	61	79	55
Workplace misconduct	196	198	327

Key Projects

ECAS is focused on increasing outreach to and creating strong collaboration with the UC locations to ensure best practices are consistently applied throughout the system. In 2019, ECAS introduced a New Investigator Onboarding Program. Key projects initiated in 2019 and scheduled for completion by 2020 include implementation of a new case management system, publication of the UC Investigators Handbook and development of an Investigators Academy.

- **New Investigator Onboarding**–In 2019, ECAS, in collaboration with UC Davis, organized a training program for investigators new to the UC system. The goal of the annual program is to introduce new investigators to the UC organization, Whistleblower policies, and both the systemwide and campus policy structures. The program will help achieve consistency in investigative practices across the system and efficiently bring new investigators up to speed by familiarizing them with UC standard processes.

- **i-Sight**–This cloud-based case management system will improve records retention, spot trends, develop analytics for best practices and implement an audit trail for cases managed by ECAS. The audit trail will track the internal history of a complaint from the time it is submitted through the time it is closed, allowing the unit to identify bottlenecks and streamline processes. The unit is working towards full implementation before the end of 2019.

- **Investigators Handbook**–This handbook for all UC investigators will include best practices and lessons learned from previous investigations. The handbook is designed to serve as a desktop reference for both new and experienced investigators, providing guidance and answering questions about common issues related to the investigation process. The handbook will be a dynamic document, updated regularly as regulations and compliance requirements evolve. The unit is working towards publication before the end of 2019.

- **Investigators Academy**–This training program for new and veteran investigators throughout the UC system is being developed in cooperation with Risk Management, OGC, Title IX, Human Resources and the campus LDOs. The goal of the academy is to provide an extensive training experience to ensure the highest investigative practices and mitigate risk across the system through consistency. The academy will include both classroom training as well as "hands-on" exercises in interviewing and report writing, with experienced investigators from ECAS and campus locations serving as instructors. Subject matter includes University policies, the University structure and an overview of the different types of complaints. The first session of the academy is scheduled for April 2020 with a 50-student capacity.

Additional Data and Trends

Our data analysis has noted that a 37 percent increase in allegations reported in 2019 via the whistleblower hotline as compared to 2017. While the increase may indicate a rise in actual misconduct, it may also demonstrate a continuing increase in awareness and willingness to report suspected misconduct.

By monitoring reports over time, ECAS is able to identify trends and focus compliance efforts effectively. For example, there has been a 40 percent increase in allegations made concerning workplace misconduct in 2019. These allegations include policy violations, nepotism/favoritism, wrongful discipline and other human resources matters, including bullying. ECAS is addressing this trend by examining existing policies, discussing trends with the LDO's and developing relevant training.

During the 2019 Ethics, Compliance and Audit Symposium, ECAS has scheduled a session on responding to allegations of inappropriate behavior in the workplace, which will include a roundtable to identify and discuss investigative trends and best practices. The session is led by two external subject matter experts and will discuss appropriate conduct in the workplace.

CONCLUSION

The dynamic and complex nature of the University's environment requires constant review and refinement of the compliance and audit program in an effort to address current and emerging risks. This report demonstrates significant progress ECAS has made, in collaboration with its partners, to minimize risk, increase accountability, promote a strong ethical and compliant culture and safeguard the University's resources.

ECAS will continue to strengthen our relationships with cross-functional risk partners across the system to further improve our compliance and audit program, demonstrate its impact, and provide the President, senior leadership and the Regents with the information necessary to discharge their oversight responsibilities.

IV. ENDNOTES

[1]Regents Policy 1111: Policy on Statement of Ethical Values and Standards of Ethical Conduct: "Members of the University of California community are committed to the highest ethical standards in furtherance of our mission of teaching, research and public service." https://regents.universityofcalifornia.edu/governance/policies/1111.html.

[2]https://www.ucop.edu/ethics-compliance-audit-services/_files/compliance/ECprogramregentsjuly08.pdf.

[3]https://regents.universityofcalifornia.edu/regmeet/mar17/c1attach.pdf.

[4]Internal Audit Charter: https://www.ucop.edu/ethics-compliance-audit-services/audit/internal-audit-charter.html.

[5]Internal Audit is required to adhere to the Institute of Internal Auditors' Code of Ethics and International Standards for the Professional Practice of Internal Auditing (IIA Standards), and undergoes an independent assessment every five years to assess its conformance to these standards. Among other requirements, the IIA Standards require that internal auditors be independent and objective in performing their work, and that Internal Audit be free from interference in determining the scope of internal auditing, performing work and communicating results. Any such interference must be disclosed to the Board of Regents.

[6]Efficiency level is the percentage of direct hours that are devoted to audit, advisory services, investigations and audit support activities.

[7]Individuals whose career appointment is in the Senior Management Group Personnel Program and are therefore subject to the Senior Management Group Outside Professional Activities Policy.

[8]Federal Sentencing Guidelines, 18 U.S.C.A. §8B2.1.

[9]U.S. Department of Justice — Evaluation of a Corporate Compliance Program: https://www.justice.gov/criminal-fraud/page/file/937501/download

[10]Health Care Compliance Officers are designated at the six campuses with a medical school and/or medical center.

[11]Americans with Disabilities Act. https://www.interactiveaccessibility.com/services/ada-compliance.

[12]The Office of Inspector General's mission is to protect the integrity of Department of Health & Human Services (HHS) programs as well as the health and welfare of program beneficiaries. https://oig.hhs.gov/about-oig/about-us/index.asp.

[13]Examples include the Internal Revenue Service, California Self-Dealing Party Transaction Prohibitions, Ethics in Patient Referrals Law (aka, Stark Law), Federal Anti-Kickback Statute, Public Health Service Act, National Institutes of Health, National Science Foundation, foreign influence laws, the Bayh-Dole Act and UC policies.

[14]Huawei Technologies Co., Ltd. is a Chinese technology company that manufactures telecommunications equipment and sells consumer electronics. Growing concern about cyber-espionage and security of Huawei network and other equipment from the U.S. and other governments resulted in the U.S. banning telecommunication companies from using Huawei equipment in next-generation 5G mobile networks. Some companies removed Huawei equipment from key parts of 4G networks. In 2018, telecommunication companies labeled Huawei phones a security threat; AT&T and Verizon banned Huawei phones for its networks. In January, 2019, U.S. Justice Department unsealed indictments that included 23 counts pertaining to theft of intellectual property, obstruction of justice and fraud related to Huawei's alleged evasion of U.S. sanctions against Iran.

[15]https://www.ucop.edu/ethics-compliance-audit-services/compliance/research-compliance/foreign-influence.html

[16]Over 260,000 employees work at the University of California.

[17]This process is called "de-anonymization of data."

[18]The Emergency Medical Treatment and Labor Act (EMTALA) is a federal law that requires anyone coming to an emergency department to be stabilized and treated, regardless of their insurance status or ability to pay.

[19]Health Insurance Portability and Accountability Act of 1996 (HIPAA) is the U.S. legislation that provides data privacy and security provisions for safeguarding medical information.

[20]False Claims Act (FCA) 31 U.S.C. §§ 3729 to 3733 https://www.govinfo.gov/app/details/USCODE-2011-title31/USCODE-2011-title31-subtitleIII-chap37-subchapIII-sec3729: Under the False Claims Act, a health care provider is subject to civil and criminal penalties for submitting claims for payment to Medicare or Medicaid that the provider knows or should know are false or fraudulent. Claims for services that are not medically necessary, of substandard quality, or are not actually rendered may be considered false claims.

Physician Self-Referral Law (Stark Law) 42 U.S.C. 1395 https://www.cms.gov/Medicare/Fraud-and-Abuse/PhysicianSelfReferral/index.html?redirect=/physicianselfreferral: The Stark Law prohibits health care providers from paying for referrals or referring patients to receive certain health care services payable by Medicare or Medicaid from entities with which the physician or an immediate family member has a financial relationship, unless an exception applies. Financial relationships include both ownership/investment and compensation arrangements.

Anti-Kickback Statute (AKS) https://oig.hhs.gov/compliance/safe-harbor-regulations: The Anti-Kickback Statute prohibits the knowing and willful payment of remuneration to induce or reward patient referrals or the generation of business involving any item or service payable by the federal health care program. Remuneration includes anything of value (cash, free rent, meals, excessive physician compensation).

[21]National Collegiate Athletic Association Compliance http://www.ncaa.org/compliance.

[22]Clery Act Reporting https://clerycenter.org/policy-resources/the-clery-act.

[23]The Whistleblower Policy is available at https://policy.ucop.edu/doc/1100171/Whistleblower. The Whistleblower Protection Policy is available at https://policy.ucop.edu/doc/1100563/WPP. Translations into the primary languages used by large groups of UC employees are also available.

[24]The graphs in this document are based solely on submissions through the whistleblower hotline, phone or web form.