



**The University of Texas Rio Grande Valley
Compliance/Audit Working Group
Final Report**

Submitted to:

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March 5, 2014

EXECUTIVE SUMMARY

The Compliance/Audit Requirements working group focused on finding opportunities for innovation and adoption of best practices in the subject matter areas. The Guiding Principle associated with most of this working group's recommendations is to streamline administrative programs and re-design processes to increase productivity and promote a student- and service-centered mode of operation. Other Guiding Principles are highlighted where they apply. The working group's recommendations include:

Recommendation #1 - Consolidating responsibilities for ADA services under one centralized function for UTRGV

Achieve best use of ADA expertise by creating a single office in charge of ADA services for the entire institution. This office would offer many of the services itself, and have oversight responsibility of the others. This is the approach followed by Rutgers University, for example. While this may seem somewhat organizational in nature, this structure is currently not a common practice in higher education. This innovative change would promote access to these important services by those who need them and reduce confusion and delays for users. Moreover, this will provide much needed and currently lacking expertise in this subject matter and provide centralized authority to ensure compliance with the law. It may also reduce administrative costs.

Establish a standing committee with responsibility for ADA-related functions to share information and make recommendations to the Administration regarding training needs; organizational changes to enhance services; accessibility of the physical and virtual campus environment; and related topics.

Recommendation #2 - Adopting a Continuous Auditing and Continuous Management Monitoring Program and implementing an Enterprise-wide Risk Management model for UTRGV

Establish continuous auditing (CA) and continuous management monitoring (CM) to provide assurance that internal controls are functioning as intended. The CA is an established best practice for internal audit functions and organizations across the country, and is currently an initiative that is in the beginning stages of implementation at all UT Systems institutions. CM, however, has not been a common practice at institutions of higher education and we believe that adoption of this practice is an innovation when combined with CA. Internal Auditing at UTPA and UTB have both been functioning on traditional models in which areas are audited every 1-5 years or more, and transactions are tested after they are 6 months to a year old. Adopting current best practices will improve the timeliness and relevance of their recommendations.

Recommendation #3 - Creating a standing committee for UTRGV to coordinate the institution's response to complaints, direct investigations, share information about incidents of concern, and promote consistency in dealing with situations involving risk management, compliance and legal affairs

Providing legal services at the campus level helps reduce risk, ensure compliance with laws and regulations, and allows administrators a greater opportunity to make wise, fully-informed decisions. Gathering current information from across the various offices and divisions of a university is critical to this process, and will be even more critical for an expanded and geographically diverse UTRGV. Therefore it is recommended that UTRGV have a standing committee to address current events that involve legal issues of all kinds, including significant incidents, complaints, investigations, lawsuits, and other matters of concern from a liability and compliance perspective. Representatives from legal, audit, compliance, EEO, Title IX, ADA, law enforcement, HR, Academic Affairs, Student Affairs, and the medical school should have permanent representation on the committee. Additional subject matter specialists can be brought in to assist when needed. This wide ranging approach is unique to UT System institutions to our knowledge.

Recommendation #4 - Using a multi-tiered organizational approach to creating a HOP for UTRGV

Establish a high level committee or task force to consider issues related to the adoption and implementation of a new HOP for UTRGV. Use an appropriate governance, risk, and compliance policy management software platform to host UTRGV HOP content and support the creation of new policies and changes to existing ones. The first task for this software would be to create UTRGV's first HOP. We understand that UT System has licensed a product from RSA Archer described at <http://www.emc.com/collateral/data-sheet/11228-polmg-ds.pdf>. It should be considered, together with appropriate alternatives. Finally, adopt a consistent format and clear rules to distinguish policy content worthy of inclusion in the HOP from the detailed guidelines and procedures that should be defined elsewhere, unless they are required to be included in the HOP itself. This multi-tiered approach appears to be a best practice and has been implemented by several universities across the nation.

Recommendation #5 - Establish an Occupational Medicine Program

Best practices in many areas of safety are found in law and regulations, and in widely accepted and recognized standards of care in others. UTRGV should continue to implement these best practices by establishing an Occupational Health and Medicine Program that would serve faculty and staff in high risk areas – Facilities, UT Police, DEHS, Animal Care, and Biomedical Research

with certain biological agents. This program would provide medical services to faculty and staff that include: Emergency response, first aid and triage, Pre-placement physicals, Vaccinations, Workers compensation insurance, as well as mandated management of occupational medicine programs for Animal Care employees, and employees exposed to certain biological, chemical, and physical agents. These services should be coordinated with student health services to take advantage of medical expertise in house. Programs of this nature have been established at other UT medical and research institutions, improving care and increasing productivity while reducing costs.

Recommendations #6 – Institutional Compliance under one centralized function for UTRGV

Best practices for institutional compliance programs are established by Chapter 8 on organizations in the United States Sentencing Guidelines. To meet these standards: UTRGV should have a single institutional compliance program serving the needs of the organization as a whole, with all aspects of the institutional operations subject to its oversight and reporting processes. This appears to be a best practice, as we discovered, in our conversations with the University of Minnesota. To do this the individuals who work in UTPA's and UTB's compliance programs will need to acquire skills in new compliance risk areas that will come with the medical school. The new function will also have to anticipate, or at least identify as they emerge, compliance risks resulting from the transition to a new organization. Whole structures of organizational and internal controls will be changing, and any gaps will need to be recognized and addressed promptly.

The working group has also made suggestions regarding community outreach to local school districts to promote the development of good student citizenship in our prospective university-going student population; and increasing efforts to promote ethics on our campus.

The working group has focused its efforts at the conceptual level. Our understanding, based on guidance received, is that implementation strategies and details are to be addressed at a subsequent stage in the UTRGV planning and preparation process.

WORKING GROUP CHARGE

The charge of the Compliance/Audit Working group focused on finding opportunities for innovation and adoption of best practices in the subject matter areas included in our charge. The Guiding Principle associated with most of this working group's recommendations is to streamline administrative programs and re-design processes to increase productivity and promote a student- and service-centered mode of operation for the University of Texas Rio Grande Valley based on the guiding principles approved by the Board of Regents.

The working group consisted of six (6) staff members of The University of Texas at Brownsville and The University of Texas at Pan American. The group members are:

COMMITTEE MEMBERS

UT - Brownsville

René O. Zayas* – Office of Compliance
Norma Ramos – Internal Audits
Rita Garza – Coordinator
Steve Wilder – Coordinator for Disability Services
Martha Sendejo – EH&S
Jennifer McGehee-Valdez – Special Projects

UT – Pan American

Terry Thompson* - Legal
Eloy Alaniz – Internal Audits/Compliance
Wilson Ballard – Compliance Support Svcs
Alicia Morley – Office of Inst. Equity
Richard Costello – EH&S
Mari Fuentes-Martin – Dean of Students

***indicates Working Group Designated Co-Chairs**

The discussion section of this report:

- Addresses our assigned areas and includes recommendations or discussion points regarding each;
- Makes additional recommendations; and
- Identifies critical startup elements.

A. Recommendations/Comments Regarding Each Subject Matter Area

1. EEO/ADA

Recommendation for ADA: Provide a mechanism to address campus ADA concerns on a comprehensive basis. ADA-related functions at UTPA and UTB are currently administered separately for students, employees, and facilities, as well as among several other offices such as the Library, Counseling and Advisement, and Veterans Resource Center. UTRGV should:

- Achieve best use of ADA expertise by creating a single office in charge of ADA services for the entire institution. This office would offer many of the services itself, and have oversight responsibility of the others. This is the approach followed by Rutgers University, for example. While this may seem somewhat organizational in nature, this structure is currently not a common practice in higher education. This innovative change would promote access to these important services by those who need them and reduce confusion and delays for users. Moreover, this will provide much needed and currently lacking expertise in this subject matter and provide centralized authority to ensure compliance with the law. It may also reduce administrative costs.
- Establish a standing committee with responsibility for ADA-related functions to share information and make recommendations to the Administration regarding training needs; organizational changes to enhance services; accessibility of the physical and virtual campus environment; and related topics.

EEO:

Best practices for EEO are established by law and regulation. UTRGV will need to continue to comply with these requirements, across its expanded geographic footprint. This will create administrative and functional challenges that will need to be addressed in the next phase of this process.

2. Institutional Compliance

Best practices for institutional compliance programs are established by Chapter 8 on organizations in the United States Sentencing Guidelines. To meet these standards:

- UTRGV should have a single institutional compliance program serving the needs of the organization as a whole, with all aspects of the institutional operations subject to its oversight and reporting processes. This appears to be a best practice, as we discovered, in our conversations with the University of Minnesota.
- To do this the individuals who work in UTPA's and UTB's compliance programs will need to acquire skills in new compliance risk areas that will come with the medical school.
- The new function will also have to anticipate, or at least identify as they emerge, compliance risks resulting from the transition to a new organization. Whole structures of organizational and internal controls will be changing, and any gaps will need to be recognized and addressed promptly.

3. Audit

Recommendations:

First Recommendation: Establish continuous auditing (CA) and continuous management monitoring (CM) to provide assurance that internal controls are functioning as intended. The CA is an established best practice for internal audit functions and organizations across the country, and is currently an initiative that is in the beginning stages of implementation at all UT Systems institutions. CM, however, has not been a common practice at institutions of higher education and we believe that adoption of this practice is an innovation when combined with CA. Internal Auditing at UTPA and UTB have both been functioning on traditional models in which areas are audited every 1-5 years or more, and transactions are tested after they are 6 months to a year old. Adopting current best practices will improve the timeliness and relevance of their recommendations.

Both CM and CA are automated, ongoing processes.

CM: Continuous Monitoring is a management process that monitors whether internal controls are operating effectively on an ongoing basis. Specifically, it enables management to:

- Observe and flag higher risk events (e.g., unusual or nonrecurring transactions) for additional attention or testing
- Assess the effectiveness of controls and detect associated risk issues enabling real-time responses
- Reduce ongoing compliance costs
- Improve business processes and activities while adhering to ethical and compliance standards
- Execute more timely quantitative and qualitative risk-related decisions

The key to CM is that the process should be owned and performed by management as part of its responsibility to implement and maintain an effective control environment. Because management is responsible for internal controls, it should have a means to determine, on an ongoing basis, whether the controls are operating as designed. By being able to identify and correct control problems timely, the overall control system can be improved.¹

CA: Continuous Auditing is an internal audit process that enables Internal Audit to continually gather from processes data that supports auditing activities. Specifically, it enables Internal Audit to:

- Collect from processes, transactions, and accounts data that supports internal and external auditing activities

¹ The Institute of Internal Auditors Global: *Practice Advisory 2320-4 Continuous Assurance*

- Achieve more timely, less costly compliance with policies, procedures, and regulations
- Shift from cyclical with limited focus to continuous, broader, more proactive reviews (shorten audit cycles)
- Evolve from a traditional, static annual audit plan to a more dynamic plan based on CA results
- Reduce audit costs by expanding audit coverage while increasing effectiveness through IT solutions
- Identify and assess risk and establish intelligent and dynamic thresholds that respond to changes in the enterprise. It also contributes to risk identification, assessment and mitigation²

We believe that the concept of continuous assurance can address timely evaluation of risk management, control and governance processes. Continuous assurance can best be achieved through a combination of management's continuous monitoring (CM) responsibilities and internal audit's continuous auditing (CA) activities.

Second Recommendation: Develop an Enterprise-wide Risk Management (**ERM**) model between the Internal Audit and Compliance functions. ERM is a structured, consistent and continuous process across the whole organization for identifying, assessing, deciding on responses to and reporting on opportunities and threats that affect the achievement of its objectives. ERM provides an objective assurance to the board on the effectiveness of risk management. Research has shown that boards of directors agree that the two most important ways that Internal Audit and Compliance provide value to the organization are in providing objective assurance that the major business risks are being managed appropriately and that the risk management and internal control framework are operating effectively.

UT System institutions have adopted the ERM process to develop risk assessments; however, Internal Audit and Compliance Offices conduct separate assessments. Integration of the risk assessment process between the Internal Audit and Compliance Offices has been conducted at the University of California to leverage efficiencies. There, both Internal Audit and Compliance develop their own work plans but the process of risk assessment is a collaborative effort, i.e., interviews, collection of related information, etc. This helps to also enhance viewpoints from each of the perspectives, eliminate any confusion and duplication of effort, serve to store, analyze, and identify areas which may be common for focus on the work plans for Internal Audit and Compliance.

² Deloitte: *Continuous monitoring and continuous auditing, from idea to implementation whitepaper*

The best practice for UTRGV is to fully implement the ERM process by finding a model which utilizes the most current risk methodologies with detailed and clear definitions of probability and impact. This will allow for a common view of risk across the entire organization, thus improving Internal Audit and Compliance work plan development.

4. Legal

UTRGV will have new and expanded needs for legal services at the institutional level. The addition of a medical school, a growing population of students, faculty and staff, and the geographic scope of the institution will provide new challenges for the institution's legal staff. An evaluation of these needs should be conducted at the next level of this process in order to make sure that the new institution is sufficiently staffed to meet these demands, in collaboration with UT System's Office of General Counsel.

Recommendation:

Providing legal services at the campus level helps reduce risk, ensure compliance with laws and regulations, and allows administrators a greater opportunity to make wise, fully-informed decisions. Gathering current information from across the various offices and divisions of a university is critical to this process, and will be even more critical for an expanded and geographically diverse UTRGV.

Therefore it is recommended that UTRGV have a standing committee to address current events that involve legal issues of all kinds, including significant incidents, complaints, investigations, lawsuits, and other matters of concern from a liability and compliance perspective. Representatives from legal, audit, compliance, EEO, Title IX, ADA, law enforcement, HR, Academic Affairs, Student Affairs, and the medical school should have permanent representation on the committee. Additional subject matter specialists can be brought in to assist when needed. This wide ranging approach is unique to UT System institutions to our knowledge.

This committee would have responsibility to ensure that complaints are tracked, investigated and responded to by the appropriate person/office/group, and that multiple investigations are not conducted simultaneously (which wastes time and effort and could end up reaching conflicting results); that information is shared between committee members and their respective units, and other members of the university community when appropriate; that organizational memory and knowledge is utilized; that there is input from a broad spectrum of individuals into the best method of responding to significant incidents and issues; and that a consistent approach is taken to handling like situations.

5. Title IX

Best practices for Title IX are established by the US Department of Education, especially its April 4, 2011 Dear Colleague letter, and subsequent guidance. Compliance with the responsibilities imposed on universities in this area is a complicated, high-profile, and risk-intensive task. UTRGV will need to turn appropriate attention and resources to this endeavor. The committee will have structural and organizational questions to analyze in the next phase of this process, including in the areas of staffing, training, investigations and report preparation, and policy development and implementation.

To help promote Title IX compliance, see the working group's recommendation about outreach to K-12 institutions detailed in the Other Recommendations section, below.

6. Institutional HOP's

Best practices for policy-making call for alignment up, down, and across the institution about policies as they are finalized. Typically:

- Governing boards and headquarters management articulate high-level requirements that campuses must meet to be effective, and
- Individuals and lower level managers who will be directly affected identify a wealth of detailed practical considerations.

The University of Texas Systems' approach to achieving the desired alignment is to define System-level policies and to have UT institutions develop institution-level policies to implement them. Alignment is achieved through:

- feedback and communications between the institutions and UT System about the System-level policies; and
- participation by shareholders at each institution in developing the institution-level policies.

The working group received a suggestion to consider eliminating all institution-level policies. Under this arrangement UTRGV would have no Handbook of Operating Policies (HOP), and would rely on UT System-level policies only. In considering this suggestion, the working group came to recognize that:

- Federal and state laws often require the institution to promulgate and publish policies on a wide variety of topics.
- UT System's Regent's Rules often articulate broad policy directives and instruct campuses to develop and institute policies to achieve them.
- UTRGV cannot opt out of participation in policy making.

- UTRGV should take advantage of this opportunity to review existing institutional policies and procedures and create a new HOP for UTRGV that recognizes and is organized around the multi-tiered system of Regents' Rules, institutional policies, guidelines and procedures that will be applicable to UTRGV.

Recommendations:

- 1] Establish a high level committee or task force to consider issues related to the adoption and implementation of a new HOP for UTRGV.
- 2] Use an appropriate governance, risk, and compliance policy management software platform to host UTRGV HOP content and support the creation of new policies and changes to existing ones. The first task for this software would be to create UTRGV's first HOP. We understand that UT System has licensed a product from RSA Archer described at <http://www.emc.com/collateral/data-sheet/11228-polmg-ds.pdf>. It should be considered, together with appropriate alternatives.
- 3] Adopt a consistent format and clear rules to distinguish policy content worthy of inclusion in the HOP from the detailed guidelines and procedures that should be defined elsewhere, unless they are required to be included in the HOP itself. This multi-tiered approach appears to be a best practice and has been implemented by several universities across the nation.

7. Occupational Health and Safety

Best practices in many areas of safety are found in law and regulations, and in widely accepted and recognized standards of care in others. UTRGV should continue to implement these best practices.

Recommendation for Safety: UTRGV should establish an Occupational Health and Medicine Program that would serve faculty and staff in high risk areas – Facilities, UT Police, DEHS, Animal Care, and Biomedical Research with certain biological agents.

This program would provide medical services to faculty and staff that include:

1. Emergency response, first aid and triage
2. Pre-placement physicals,
3. Vaccinations,
4. Workers compensation insurance , as well as
5. Mandated management of occupational medicine programs for Animal Care employees, and employees exposed to certain biological, chemical, and physical agents.

These services should be coordinated with student health services to take advantage of medical expertise in house. Programs of this nature have been established at other UT medical and research institutions, improving care and increasing productivity while reducing costs.

B. Other Recommendations

1. Community Leadership to Foster Student Honesty, Integrity and Respect

Provide leadership and collaboration with Valley school districts in implementing programs to promote issues associated with Title IX compliance, training and enforcement, including gender equity efforts and the prevention of sexual violence. Title IX applies equally to K-12 schools and to institutions of higher education. Coordination of programs and message is in our collective interest and can promote a greater focus on these issues, to better prepare our potential student population to understand their rights and responsibilities once they become students at UTRGV. Much of what is involved in the prevention of sex discrimination, sexual violence, and sexual misconduct, for example, is cultural and attitudinal. Beginning a coordinated effort to address these issues before students arrive at UTRGV would be a very good idea.

Another key issue that seems to not be sufficiently addressed with students before they come to college is scholastic dishonesty. While predominately an academic issue, these matters occupy a great deal of administrative time and effort to deal with. So the committee believes that while we are reaching out to Valley area schools to develop a joint Title IX education program, the topic of academic dishonesty should be considered for inclusion.

The goal is for students who come to UTRGV to be good university citizens. A general campaign to promote honesty, integrity, and respect in our future student population would benefit our interests in both the Title IX and scholastic dishonest areas, as well as many others.

Both are essential to success as students at UTRGV, and later as adults contributing to the region's stability and prosperity. Both depend upon habits and values formed early. In its role in the training of teachers and school administrators, and in its role as articulator of values essential to education, UTRGV will have an opportunity to lead in these areas which is not enjoyed by any other institution in the region.

We understand that a similar proposal maybe advocated by the Students Support working group.

2. A Comprehensive Ethics Program

Ensure consistency in the core values expressed by the administrative, academic and medical school functions of UT-RGV with an effective institution-wide ethics program.

- The US Sentencing Standards Guidelines for Organizations call for effective programs promoting ethics, as well as compliance, and portray both aspects as being inter-related.
- This program should be:
 - Based on an explicit consistent standard of conduct expected of students, staff, faculty, and administrators;
 - Promulgated by consistent “tone at the top” messaging and effective training on all levels; and
 - Managed through consistent employee surveys that drive appropriate attention where needed.

We see the need for the promotion of ethics on our campuses through an organized and comprehensive ethics awareness and outreach program. Many of the administrative issues this group deals with are rooted in questions of ethical decision making and ethical conduct. It would promote administrative efficiency to make a push to address this topic in every part of the UTRGV population, not to mention the obvious benefits of promoting compliance and developing a more positive environment in which to work and study.

C. Critical Startup Elements

1. **GRC Policy Management Software** – To benefit from GRC Policy Management software while developing UTRGV’s HOP, we will need to obtain and become proficient in it.
2. **Training Capabilities** – Many of our subject matter areas have training responsibilities. Good training software can support the launch of UTRGV, if in place at the beginning.
3. **Decision Making Regarding Organizational Structures and Procedures** – For this group, timely planning and decision making in all areas of responsibility will be essential to meet compliance obligations and legal requirements for UTRGV. The next phase of this process will be critical to meeting these goals.

Conclusion and Recommendations

Best practices for many of our assigned areas are well established by law, regulation, or some other well-recognized source, and, at a conceptual level, UTRGV has little choice but to observe them. Much of the innovation and creative thinking in our areas will be in terms of organization and structure for the new university, which is the next step in this process. Nevertheless, recommendations are identified above for many of these subject matter areas, as well as several others that are related to them.

We look forward to the next stage in the process.