

# Institutional Compliance Program Background & Requirements

Finance & Audit Committee Presentation

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## BOG Communication

- BOG Inspector General/Director of Compliance presentation on 8-8-2007
- Presentation Title:  
Establishing A Compliance Program:  
To Be or Not To Be; That is NOT the Question

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## Who is Typically Responsible?

The Board of Trustees normally supervises the development and implementation of the program and guides the development of the global high-level policies. The day-to-day administration of the program is the responsibility of the University's Compliance Officer.

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## Background & Rationale

- Increasing Number & Complexity of Regulations
- Reasonable Assurance
- Rising Standards for Accountability
- Institutional History, Values & Rapid Growth
- Federal Sentencing Guidelines Provide Framework

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## Why a Compliance Program?

“The prior diligence of an organization in seeking to prevent and detect criminal conduct has a direct bearing on the appropriate penalties and probation terms for the organization if it is convicted and sentenced for a criminal offense.”

Source: Federal Sentencing Guidelines

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## Compliance Program Defined (IIA)

The formal effort of the institution, sanctioned by the governance function, to minimize instances of noncompliance through a permanent infrastructure that includes training, monitoring and reporting.

Source –Effective Compliance Systems: A Practical Guide for Educational Institutions. Published by the Institute of Internal Auditors

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## Program Essentials

- **Risk Assessment**
  - Periodically assess compliance risk exposure
  - Rank items based on impact and likelihood
- **Standards & Procedures**
  - Establish compliance standards and procedures that are reasonably capable of reducing the prospect of criminal conduct.
- **Program Oversight**
  - Assign high-level personnel with overall responsibility to oversee compliance.
- **Delegation of Authority**
  - Use due care not to delegate substantial discretionary authority to individuals whom the organization knew, or should have known through the exercise of diligence, had a propensity to engage in illegal activities.

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## Program Essentials (con't)

- **Employee Training**
  - Effectively communicate compliance standards and procedures to all employees by requiring participation in training programs
- **Monitoring & Auditing**
  - Achieve compliance with standards by utilizing monitoring and auditing systems reasonably designed to detect criminal conduct by its employees and by having in place a reporting system whereby employees can report criminal conduct without fear of retribution.
- **Enforcement & Discipline**
  - Consistently enforce standards through appropriate disciplinary mechanisms.
- **Response and Corrective Action Plan**
  - Respond appropriately to an offense once it has been detected and take reasonable steps to prevent further offenses. This may include modifying the current compliance program.

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