



INSTITUTIONAL
COMPLIANCE PROGRAM:
Information Sessions

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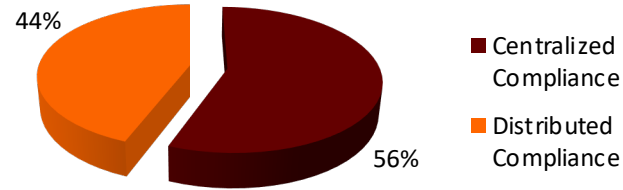
A female scientist with blonde hair, wearing a white lab coat and pink gloves, is working in a laboratory. She is holding a pipette tip in her right hand. In the foreground, there is a blue bucket filled with ice and several small vials with orange caps. The bucket has the name "McDonald" written on it. The background shows laboratory equipment, shelves with boxes, and a window. A white text box is overlaid on the image.

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Why Compliance?

BACKGROUND

OVERALL SCHEV PEER GROUP



PEERS

56% of SCHEV peers had a centralized approach to compliance.

GOVERNANCE

Per charter, BOV Audit Committee had responsibility to assure compliance with applicable laws and regulations and monitor the results of the compliance efforts.

2001

2015

2016-17

2017

GOVERNANCE

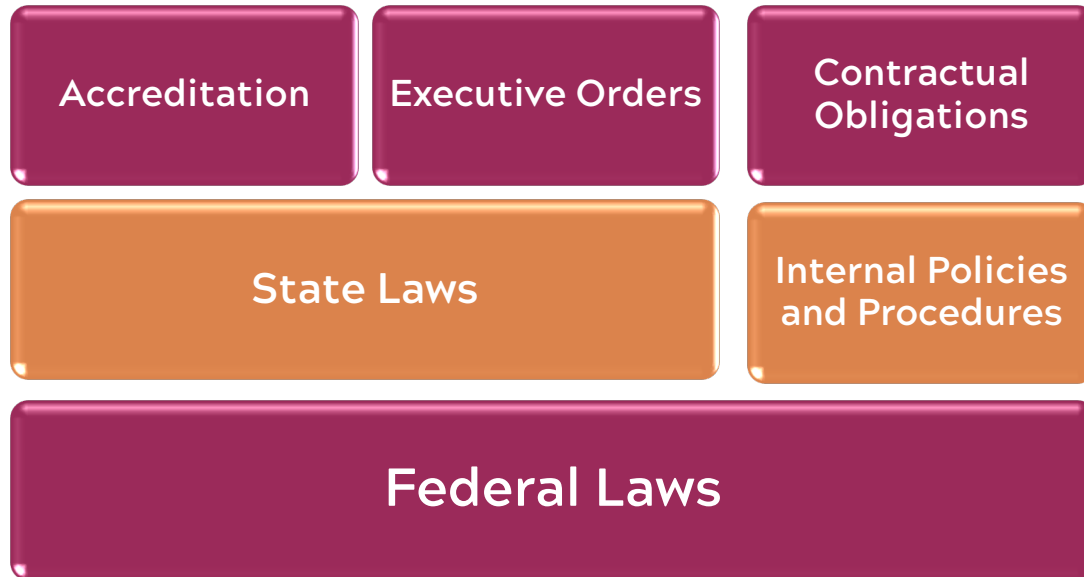
BOV changed governance structure that created the Compliance, Audit, and Risk Committee.

President Sands announced the implementation of an Enterprise Risk Management (ERM) program to holistically review and assess the university's risk environment

INTERNAL AUDIT

President Sands requested an assessment of VT's compliance program. Areas identified as opportunities for improvement included:

- Governance and accountability
- Risk assessment and monitoring (subset of ERM)
- Incident management and reporting
- Education and communication of ethical standards

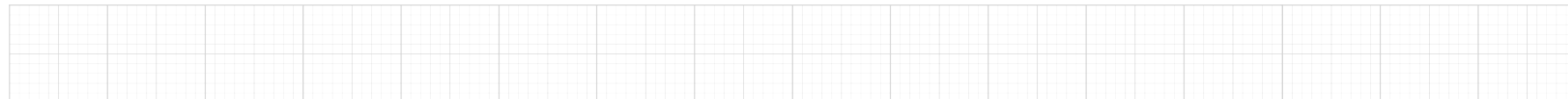


WHAT IS COMPLIANCE IN HIGHER EDUCATION?

A **comprehensive program** that helps institutions and their employees:

- Conduct operations and activities ethically, with the highest level of integrity
- Comply with legal and regulatory requirements
- Achieve accountability and transparency in all institutional operations

Compliance is a **risk** that should be evaluated and responded to using a framework similar to a broader ERM structure.



Consequences of Non-compliance

WHAT ARE THE STAKES?

Civil and administrative fines and penalties

Criminal penalties and imprisonment of culpable individuals

Suspension or debarment from participation in government programs

Individual liability imposed on board members

Costs of responding to investigations and legal actions

Increased cost of credit

Reputational harm

Financial impact



University of Montana fined nearly \$1 million for Clery Act violations; UM to appeal

KEILA SZPALLER keila.szpaller@missoulain.com Oct 1, 2018

UNC's Cunningham says 'a number' of football players were caught selling shoes, an NCAA violation

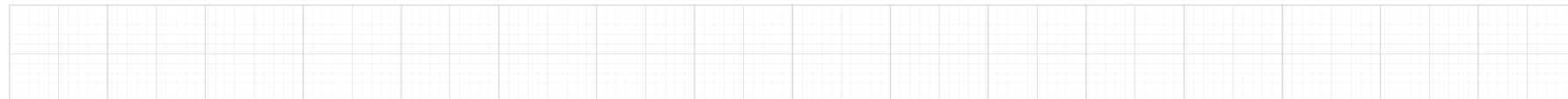
Raleigh News & Observer, July 19, 2018

Group wants stiffer fine against Emory for animal research violations.

Atlanta Journal Constitution, January 29, 2019

COMPLIANCE PROGRAM BENEFITS:

A coordinated effort





8 ELEMENTS OF AN EFFECTIVE COMPLIANCE PROGRAM

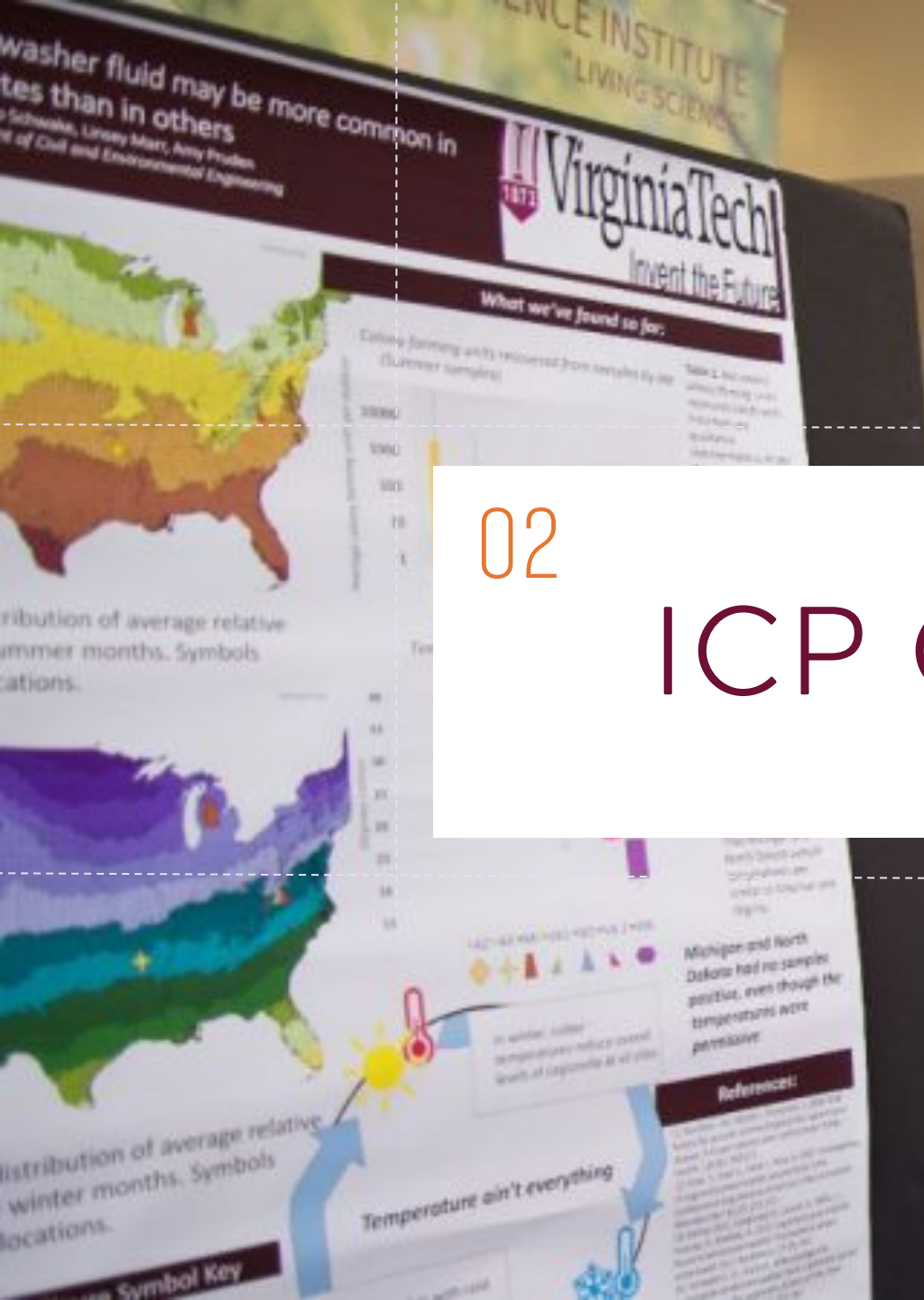


Per the Federal Sentencing Guidelines and the Higher Education Compliance Alliance (HECA)

CREATING A UNIVERSITY COMPLIANCE PLAN

- Develop the compliance structure and framework
 - Establish compliance champion
 - Establish a compliance committee
 - Develop compliance listing of relevant regulatory areas
 - Identify stakeholders - working responsibility for compliance
- Improve Compliance Coordination
 - Provide a centralized compliance resource
 - Create campus-wide guidance, information, and promote efficiencies
 - Improve communication on compliance issues and provide clarity

Source: Baker Tilly



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ICP Overview





“Virginia Tech is committed to integrity, a culture of compliance, and the promotion of the highest ethical standards for all employees.”

President Tim Sands



INSTITUTIONAL COMPLIANCE PROGRAM (ICP)

Multi-functional Approach:

- Institutional Compliance Function (Office of Audit, Risk, and Compliance)
- Executive Compliance Committee (ECC)
- President's Leadership Team (PLT)
- Compliance Advisory Committee (CAC)
- Distributed University-wide Compliance Owners

INSTITUTION COMPLIANCE FUNCTION - Office of Audit, Risk, and Compliance

- Develops a compliance matrix of applicable regulations and authoritative guidance with responsible parties
- Implements the compliance risk assessment process as a component of the ERM program
- Facilitates the university compliance and ethics hotline
- Assists the compliance committees in their various duties
- Provides assistance in responding to external reviews and investigations

EXECUTIVE COMPLIANCE COMMITTEE (ECC)

- Promotes excellence in our compliance efforts
- Assures compliance with our legal, regulatory, and ethical responsibilities
- Approves the university's compliance priorities
- Has oversight responsibility for the university's compliance efforts
- Serves as the primary point of contact on organizational matters

COMPLIANCE ADVISORY COMMITTEE (CAC)

- Provides compliance leadership in the university's academic and administrative units
- Ensures effective communication and collaboration among those responsible for compliance
- Fosters communication across campus on issues related to compliance
- Maintains the university compliance matrix
- Reviews results of the compliance risk assessments
- Proposes university priorities
- Ensures development and implementation of corrective action plans
- Reports results to the ECC

┌ DISTRIBUTED UNIVERSITY-WIDE COMPLIANCE OWNERS

- Identifies, assesses, and monitors regulatory changes
- Ensures adequate controls are in place and integrated into daily activities
- Performs periodic compliance risk assessments
- Assigns internal stakeholders for sub-risks identified in compliance areas
- Takes corrective action to address gaps in mitigation and monitoring activities
- Communicates the status of mitigation and monitoring efforts to the CAC
- Scans the internal and external environments for emerging risks and opportunities

A man in a white lab coat is leaning over a microscope in a laboratory. The background shows laboratory equipment, including a sink and cabinets. The scene is brightly lit with overhead fluorescent lights.

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Owner Responsibilities

FIRST STEP: *Review Current Matrix*

- ✓ Confirm all relevant laws, regulations, guidance, or industry standards are identified
- ✓ Confirm who has working responsibility for each compliance requirement



NEXT STEP: *Perform Risk Assessments*

- ✓ Assess the possible impacts of violations and controls currently in place
- ✓ Identify important compliance issues, report issues to upper management



ONGOING: *Implement and Monitor*

- ✓ Assign responsibility for sub-risks
- ✓ Ensure necessary corrective actions are taken
- ✓ Communicate status of efforts to the CAC
- ✓ Scan the environment for emerging risks and opportunities





04

Questions?