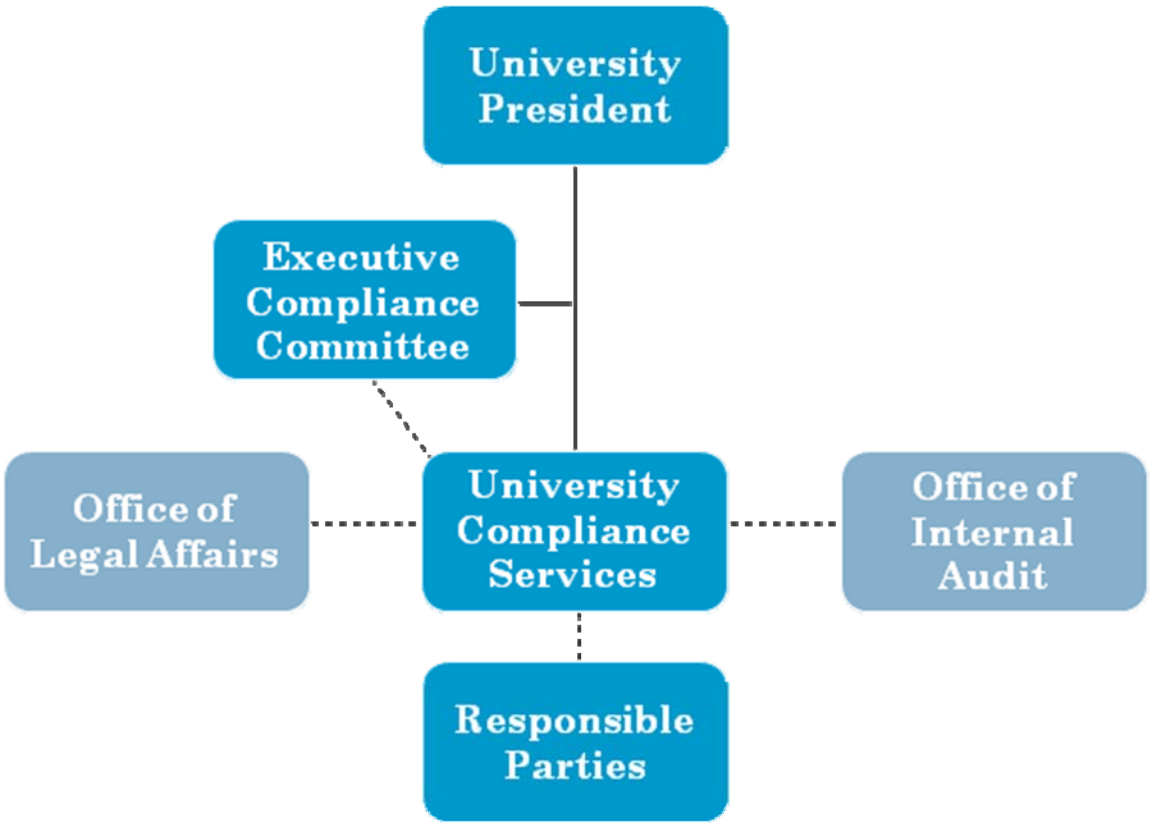
THE UNIVERSITY OF TEXAS AT AUSTIN

UCS™

UNIVERSITY COMPLIANCE SERVICES

Compliance and Ethics Program Structure



The University of Texas at Austin

COMPLIANCE AND ETHICS PROGRAM

CHARTER

Purpose

The purpose of the University of Texas at Austin ("University") Compliance and Ethics Program ("CEP") is to promote and support a working environment which reflects the University's commitment to maintaining the highest level of integrity and ethical standards in the conduct of its operations. Towards this end, the CEP will include programs and practices designed to nurture and preserve the University's culture of respect and honesty while building compliance and ethics consciousness into the daily activities of its faculty and staff.

Goal and Objectives

The CEP shall be designed and administered to help the University's employees perform their duties as efficiently as possible while affirming the University's commitment to the highest standards of ethics and integrity. The CEP shall be implemented as a risk based process that reasonably satisfies the requirements of the *U.S. Sentencing Commission's Guidelines for Organizations* for an effective compliance and ethics program, and complies with all applicable laws, regulations and policies of The University of Texas System ("UT System"). In particular, the CEP shall include elements intended to achieve the following objectives:

a. promotion of an organizational culture that encourages all employees to conduct University business ethically and with a commitment to compliance with the law;

b. assurance that executive level personnel of the University are knowledgeable about the content and operation of the CEP and exercise reasonable oversight with respect to its implementation and effectiveness;

c. effective communication regarding the CEP to all levels of employees and to relevant vendors and other third parties;

d. establishment of clear compliance standards for all employees and consistent enforcement of these standards;

e. maintenance of training programs appropriate for the proper education of employees with respect to compliance issues related to their job functions;

f. development and maintenance of a compliance and ethics risk assessment and management process that provides for

   i. designation of the compliance and ethics risk areas of the University;

   ii. completion of a risk assessment (to inventory compliance and ethics risks and to evaluate each inventoried risk for potential impact on the organization and probability of occurrence) in each risk area;

   iii. based on these risk assessments, identification of the critical institutional compliance and ethics risks ("A Risks");

   iv. establishment of a "risk management process" that is fully responsive to the identified objectives for each A Risk (a risk management process evaluates current activities and identifies changes, if necessary, that will improve assurance of compliance, follows up to ensure that agreed upon changes are implemented, and then evaluates the results after implementation); and

   v. designation of an individual to be held accountable for the implementation of an appropriate action plan to achieve compliance and ethics risk management improvement in the respective risk area;

g. maintenance of a process for continuously monitoring the compliance and ethics environment of the institution to identify new or changing compliance and ethics risks;

h. establishment of a mechanism for reporting suspected compliance and ethics violations that provides for anonymity and confidentiality to the extent allowed by applicable law;

i. maintenance of a process for investigating reports of suspected non-compliance, and effecting appropriate corrective, restorative and/or disciplinary actions;

j. maintenance of a process for the continued enhancement and improvement of the CEP and

k. prevention and detection of criminal activity and other misconduct and the recurrence thereof.

Program Structure

The structural components of the CEP include the Executive Compliance Committee ("ECC"), University Compliance Services ("UCS") (under the guidance of its Director (["Director"]), the risk area Designated Responsible Party ("DRP") and the Compliance Officers Group ("COG"). The major documentary components of the CEP include this CEP Charter, the ECC Charter and the formally adopted policies and practices of the University set out in the Handbook of Operating Procedures, including those set out in Part 4 of the Handbook of Operating Procedures entitled "Standards of Conduct", and UT System policy (the "UT Policies") and generally described in the Employee Compliance Guide ("Guide"). To the extent there is a conflict in the provisions of these documentary components, the provisions of the Policies shall prevail.

The ECC is composed of the President of the University, as chair, and those members of the University's faculty and staff serving as provided for in the ECC Charter. The ECC shall be responsible for the oversight of the CEP and shall have the duties and responsibilities set out in the ECC Charter.

The UCS shall be responsible for the strategic design and implementation of the CEP as authorized and provided for by the ECC. In fulfilling this obligation, the UCS will provide advice and services in four primary areas: (1) training and general education help faculty and staff identify and understand relevant legal, regulatory and policy constraints, emphasizing the personal responsibility of all employees to eliminate misconduct and other wrongdoing and to conduct University business in an ethical and legal manner, (2) operational support – help faculty and staff having management responsibilities develop and implement practical strategies to avoid compliance and ethics failures using risk-based and other appropriate methodologies, (3) effort coordination – serve as a liaison between and among employees of the various University divisions having compliance responsibilities and executive management to better associate their CEP related activities, and (4) assurance – undertake those processes and actions well suited for verification and validation of the CEP's effectiveness and otherwise provide assurance to the ECC that compliance and ethics risks are being managed and mitigated to acceptable levels. The UCS will conduct such other activity as reasonably calculated to achieve the goals and objectives of the CEP.

The Director shall be responsible for the daily administration of the UCS and shall serve as the University's designated Institutional Compliance Officer for purposes of UT System policy UTS 119. The Director shall also serve as an ex-officio member of the ECC and as chair of the COG.

The COG shall be composed of (1) the Director, as chair, (2) a representative from the Office of Internal Audits, (3) a representative from the Office of the Controller, (3) a representative from the Office of the Vice President for Research, (4) a representative from the Office of Environmental Health and Safety, (5) a representative from the Office of the Vice President for

Information Technology, (6) a representative from the department of Intercollegiate Athletics, and those faculty and staff having compliance related job responsibilities and duties who have been invited to join the COG by the Director. The COG will meet at least quarterly, and at other times as necessary, to discuss and advise the Director on non-fiscal policy and operational issues related to: CEP design, risk assessments, assurance and training activities, professional development and other issues pertinent to the compliance risk areas of the University.

The DRP is that individual designated by the ECC as being responsible for management of each A Risk specified in risk assessments of the University. Each DRP shall have the knowledge and authority necessary to manage that risk and shall cooperate with the UCS to develop a risk management process which includes training, monitoring and reporting plans for each A Risk. Even though the DRP may have delegated the actual management duties to a subordinate, the DRP shall continue to be responsible to the ECC for the performance of these obligations.

Program Standards

The CEP shall be designed recognizing that building and maintaining a culture of compliance, ethics and integrity are shared responsibilities and require individual commitments from all University faculty and staff. The standards by which University employees are expected to conduct their activities are set out in the Policies and generally described in the Guide. The Policies provide the framework within which all employees are expected to operate and apply to all University employees, including administration, faculty, fellows, residents, and students. Moreover, many of the Policies are applicable to University subcontractors, independent contractors, consultants and vendors. The Guide summarizes and makes citation to the Policies, applicable law and regulations, and the Rules and Regulations of the Board of Regents of the University of Texas System, known as Regents' Rules and Regulations. The Guide is designed to (1) communicate to all University employees an expectation and requirement of ethical conduct and compliance with all applicable laws, policies, rules, and regulations, (2) provide specific examples of conduct and behavior that are consistent with these expectations and (3) along with the Policies, serve as a reference for measurement of the CEP's effectiveness. The Guide does not address all general compliance issues, nor does it deal with the many special compliance issues that are job specific. Instead, the Guide should be regarded as a set of guiding principles that apply to every University employee.

THE UNIVERSITY OF TEXAS
INSTITUTIONAL COMPLIANCE PROGRAM SELF-ASSESSMENT
***** FINAL DRAFT *****

	Question	Yes	No	Documentation, Comments, Observations
	EXECUTIVE COMPLIANCE COMMITTEE:			
1.	Does the Institution have an Executive Compliance Committee in place? Provide list of members.			
2.	Does the Executive Compliance Committee have a charter or other document detailing its duties and responsibilities? If yes, please provide a copy of the charter. If not, please describe the Executive Compliance Committee's role, meeting frequency, and responsibilities.			
3.	Has the Executive Compliance Committee established a mechanism for the Compliance function, if a separate compliance function exists, to report its activity to the Committee? If yes, please provide a description of the structure or organization.			
4.	Has the Executive Compliance Committee established a working group / committees/subcommittees to address each significant compliance area at the component? Does the responsible party or their representative serve on the working group or committee? If yes, please provide committee names, chairs, members.			
5.	Has the Executive Compliance Committee established a mechanism to monitor activity in each "A" list, or high-risk area? If yes, please provide.			

	Question	Yes	No	Documentation, Comments, Observations
6.	Does the Executive Compliance Committee meet at least quarterly? Provide minutes of each meeting.			
7.	Does the Executive Compliance Committee annually evaluate itself against its committee charter? If yes, please provide.			
8.	Is an evaluation of the Compliance Officer and Compliance Director (or equivalent title) performed, at least annually, with input of the Executive Compliance Committee? (the annual performance evaluation is sufficient even if the Compliance Officer has many other duties) If yes, please provide.			
9.	Does the Executive Compliance Committee have a mechanism for determining that appropriate corrective, restorative, and/or disciplinary action has been taken for each event of non-compliance? If yes, please provide.			
10.	Does the Executive Compliance Committee approve the annual action plan?			

	Question	Yes	No	Documentation, Comments, Observations
	COMPLIANCE OFFICER AND FUNCTION			
11.	Is the Compliance Officer a high-ranking administrative officer at the institution who has direct access to executive management, including the Chief Administrative Officer?			
12.	Has the institution provided sufficient resources for the Compliance Officer to adequately carry-out those functions defined in the *Action Plan* that are applicable to the institution? Budget? Staff? Sub-committees? Provide organization chart and budget.			
13.	Do the Compliance Officer and each employee in the Compliance function have job descriptions that clarify the roles and scope of the function? If yes, please provide.			
14.	Does the Compliance Office monitor high-risk areas through quarterly reports, inspections, spot-checks, conferences, and/or reperformances?			
15.	Has Compliance function staff received external training related to operating an institutional compliance program? If yes, provide information on all such training, including content, presenter, and attendees.			

	Question	Yes	No	Documentation, Comments, Observation
16.	Does the Compliance Officer provide regular updates on Compliance activities to the Chief Administrative Officer?			
17.	Does the Compliance Officer prepare and submit the following reports? -- Monthly Liaison Reports -- Quarterly and Annual Activity Reports -- Annual Compliance Action Plan			
18.	Has the Compliance Officer ensured that all employees have received General Compliance Training? If yes, provide a summary report of training records.			
19.	Do all new employees receive at least 90 minutes of in-person general compliance training?			
20.	Does the institution utilize a Confidential Reporting Mechanism? If yes, provide a description and a summary of all activity to-date, including the number of reports received to date.			
21.	Has the Confidential Reporting Mechanism been communicated to all employees? Describe the various methods for communicating?			
22.	Does the hotline reinforce confidentiality and anonymity of caller, that the call will not be recorded or traced, and protection from retaliation?			
23.	Is there a documented protocol for investigating reported instances of non-compliance?			

	Question	Yes	No	Documentation, Comments, Observation
24.	Do hotline tracking documents include the date that the report was resolved?			
25.	Has the Compliance Officer developed a compliance manual? If yes, provide.			
26.	Do all employees receive a paper copy of the Standards of Conduct Guide (Code of Conduct)?			
27.	Do all employees sign an acknowledgement that they received, read, and agree to obey the rules, regulations, policies, and procedures outlined in the Standards of Conduct Guide?			
28.	Does the Standards of Conduct Guide include the process for reporting instances of non-compliance?			
29.	When was the Standards of Conduct Guide last updated? Are all changes to the Standards of Conduct Guide approved by executive compliance committee?			

	Question	Yes	No	Documentation, Comments, Observations
	RISK ASSESSMENT PROCESS			
30.	Has an assessment of compliance risks applicable to the institution been performed? Federal? State? Local? Regulators/Accreditors? UT System? Institutional? If yes, provide.			
31.	Was the risk assessment performed by Sub-committees? Functional Departments? Management?			
32.	Were all compliance risks included, even those that the institution believes are adequately controlled? If no, provide a list of those risks not included in the inventory for any reason.			
33.	Has the potential impact and probability of occurrence been estimated for each risk listed? If yes, provide the methodology for assigning these values.			
34.	Has a methodology been established for determining high-risk items? If yes, provide the methodology and the resultant list.			

	Question	Yes	No	Documentation, Comments, Observations
	MONITORING, REPORTING, AND SPECIALIZED TRAINING PLANS			
35.	Has a single responsible person been designated for each high-risk?			
36.	Has a monitoring plan been developed for the risk?			
37.	Does the monitoring plan describe what operating controls will be monitored?			
38.	Does the monitoring plan detail the actions to be taken to determine whether or not the operating controls were applied correctly?			
39.	Is there documented evidence that the monitoring controls were performed?			
40.	Is there documented evidence of the results of the monitoring controls?			
41.	Is there documented evidence of actions taken when monitoring controls identify failure of operating controls?			
42.	Are instances of non-compliance documented and dealt with appropriately?			
43.	Are instances of non-compliance or potential non-compliance reported to the Executive Compliance Committee and to the Chief Administrative Officer?			
44.	Has specialized training relative to mitigation of this risk been provided to employees who interact with the risk? Is documentation of attendance maintained?			
45.	Does the Compliance Office monitor records for specialized training?			
46.	Does the Compliance Office conduct validation/assurance activities on institutional high risk areas?			

	Question	Yes	No	Documentation, Comments, Observations
47.	Has documented specialized training been provided in each case of failure of operating controls or instances of non-compliance where lack of training is found to be the root cause of the failure?			
48.	Do the high-risk area responsible persons provide reports to the Compliance Officer and the Compliance Committee? What is the frequency of these reports?			
	Question	**Yes**	**No**	**Documentation, Comments, Observations**
	INTERNAL AUDITING			
49.	Has internal audit performed any audits involving compliance high-risk areas?			