

**Peer Review  
of the  
Institutional Compliance Program  
at  
The University of Texas at Dallas**

Performed by:

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**December 2003**

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## **Introduction**

The management of The University of Texas at Dallas requested a peer review to determine the effectiveness of the Institutional Compliance Program (Program). Peer reviews are an assurance function initiated by management. The institution has the discretion in establishing the objectives and scope of the review. The peer review team provides its assessments according to objectives, scope, and reporting requirements set forth in the engagement agreement. This peer review was conducted on December 8, 2003 and December 9, 2003 at The University of Texas at Dallas campus.

## **Objectives**

The primary objective of this review was to evaluate the effectiveness of the Institutional Compliance Program; to identify opportunities for enhancement; and to determine whether The University of Texas “Institutional Compliance Program Action Plan to Ensure Institutional Compliance” was implemented.

## **Scope**

The scope of the review was limited because management requested the review be conducted in two days. We would require additional time to perform a more comprehensive review of the program.

The scope of the review included:

- Evaluation of Program Effectiveness
- Identification of Opportunities for Program Enhancement
- Compliance Office Function and Activities
- Risk Inventory and Assessment
- Monitoring Plan Development, Review and Management
- Compliance Awareness and Communication
- Environmental Health & Safety’s Monitoring Plan
- Research Monitoring Plan

## **Conclusion**

Overall, we commend The University of Texas at Dallas on the implementation of the Institutional Compliance Program. Employees interviewed indicated improvements in integrating compliance awareness into the culture of the institution. Management is very supportive of the Program and believes that the Program has added value to the University.

Although, the elements of The University of Texas “Institutional Compliance Action Plan to Ensure Institutional Compliance” have been implemented, the following recommendations will enhance the Program:

- Management should consider a full-time Compliance Officer who has no operational responsibilities. The position should report to the highest level within the institution, the President, to ensure independence and objectivity in addressing compliance areas and issues.
- The Institutional Compliance Office should develop a formal work plan that corresponds with the monitoring of high-risks identified by the institution.

On the following pages are recommendations and observations to enhance the Program and to take the Program to the next level.

## Identification of Opportunities for Program Enhancement

Based on our review of documents, interviews with executive management, the Institutional Compliance Office staff and some of the high-risk areas, we offer the following suggestions for enhancing the Program.

### **Compliance Office Function and Activities**

We reviewed the reporting structure of Institutional Compliance Office and the scope of the Office's activities. We specifically reviewed the following areas:

- Reporting Structure
- Staffing
- Confidential Reporting Mechanism
- Compliance Organization
- Compliance Committee

Overall, all of the individuals we interviewed indicated the Program has added value to the institution and have found the compliance staff to be very helpful. We recommend the following opportunities to enhance the compliance program:

- \* To take the Institutional Compliance Program to the next level, the Compliance Officer should be a full-time position that is independent from any operational responsibilities, including the chairing of any University committees. This position should report directly to the President of the University.
- \* The University has a compliance sub-committee which discusses the high-risk areas. To improve communication and to fully understand the needs of these areas in order to achieve compliance, the Compliance Officer should consider meeting with the responsible parties on a periodic basis. This will provide a forum for the responsible parties to be more open and candid on issues and/or concerns.
- \* Consider moving the confidential reporting mechanism, the hotline, from Internal Audit to the Institutional Compliance Office. In addition, the documentation of these cases could be improved, and the University should review their records retention policy for hotline documentation.
- \* Consider formally defining and clarifying the responsibilities of Internal Audit and the Institutional Compliance Office, so University personnel understand the responsibilities of each office more clearly.
- \* Ensure current staff have the breadth of skills necessary to take the Program to the next level. Consider providing staff with additional compliance training from external sources, for example investigators training, UT System's annual compliance training, etc.

### **Risk Inventory and Assessment**

We evaluated the risk assessment process for the University. The current risk assessments were not completed at the time of our visit; we reviewed the current process and prior year's assessments.

We noted the following opportunities to enhance the process:

- \* In order to assist executive management with their understanding of the high-risk areas, risks should be defined more specifically as opposed to a general area or department
- \* The Compliance Officer should not be a responsible party for a high-risk area.

### **Monitoring Plan Development, Review and Management**

We interviewed staff from the Institutional Compliance Office and the high-risk areas to determine the Institutional Compliance Office's involvement in evaluating and supporting the high-risk areas.

The University has developed a formal monitoring program over endowments. We noted the following opportunities to enhance other monitoring activities:

- \* The high-risk list should be the basis of the work plan for the Compliance Office. The Compliance Office should collaborate with the responsible parties on strategies to mitigate risk to acceptable levels. Areas to consider with the responsible parties are the need to develop or to revise policies or procedures; to develop specialized training to enhance compliance; and to develop monitoring processes at the operational level.

When the risk has been mitigated to acceptable levels, then the Compliance Office should conduct a formal inspection of the process. If the processes are in place, Internal Audit would then conduct a review to recommend removal of the area from the high-risk list.

- \* Each high-risk area should develop a detailed action plan. The plan should include specific steps and associated time frames to complete the implementation process.

### **Compliance Awareness and Communication**

We evaluated the training program, tracking of attendance to general compliance training, and the communication of the standards of conduct.

We commend The University of Texas at Dallas for enhancing compliance awareness and implementing a formal training program. The Institutional Compliance Office is working with department heads to develop additional specialized training sessions. The standards of conduct are distributed at new employee orientation and are on the institution's web-site.

We recommend the following:

- \* To maintain interest in training, consider working with the sub-committee to determine which training modules will be taken each year.
- \* The Compliance Office should continue collaborating with departments to develop additional specialized training to enhance compliance in high-risk area.

### **Environmental Health & Safety**

The University requested that we review the monitoring plan for the Environmental Health & Safety area. The responsible party complimented the Institutional Compliance Office for understanding the challenges of their compliance environment and for assisting them in developing methods of monitoring compliance activities.

Executive management, with the assistance of the Institutional Compliance Office and Environmental Health & Safety, should develop a very specific list of compliance concerns in this area, and the list should be ranked to determine the greatest risk to the institution. The University of Texas at Dallas anticipates significant growth in the research area; but needs to carefully evaluate whether the current infrastructure has been appropriately funded to ensure compliance with safety standards and regulations.

The Institutional Compliance Office should have a standing periodic meeting with this area to understand the risks to the institution. Also, the Compliance Office should assist this area with developing a very specific action plan to mitigate risks identified in the risk assessment.

### **Research**

Management also requested that we review the area of Research. Overall, our comments are similar to those above under Environmental Health & Safety. There needs to be more open communication and periodic scheduled meetings between this area and the Institutional Compliance Office. Also, a specific action plan should be developed with formal monitoring by the Institutional Compliance Office.

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