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FOR
AUDIT, COMPLIANCE, AND MANAGEMENT
REVIEW COMMITTEE

Committee Meeting: 5/13/2009
Austin, Texas

R. Steven Hicks, Chairman*
Paul Foster
Janiece Longoria
Robert Stillwell

* Pending approval by Board

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B. RECESS TO EXECUTIVE SESSION PURSUANT TO *TEXAS GOVERNMENT CODE,* CHAPTER 551

1. Personnel matters relating to appointment, employment, evaluation, assignment, duties, discipline, or dismissal of officers or employees - *Texas Government Code* Section 551.074

   12:55 p.m.

   Ms. Lois Pierson, U. T. Health Science Center – Houston
   Mr. Mike Peppers, U. T. M. D. Anderson Cancer Center
   Mr. Chaffin
   Mr. Plutko

   Discussion with institutional auditors and compliance officers concerning evaluation and duties of individual System Administration and institutional employees involved in internal audit and compliance functions

C. RECONVENE IN OPEN SESSION TO CONSIDER ACTION, IF ANY, ON EXECUTIVE SESSION ITEMS AND TO ADJOURN

   1:15 p.m.

1. **U. T. System: Internal Audit Department reports for U. T. Health Science Center – Houston and U. T. M. D. Anderson Cancer Center**

REPORT

Ms. Lois Pierson, Assistant Vice President, Auditing & Advisory Services, U. T. Health Science Center – Houston, will make a presentation on the role of external members in internal audit committees.

Mr. Michael Peppers, Associate Vice President & Chief Audit Officer, U. T. M. D. Anderson Cancer Center, will report on the information technology governance program at the institution.

Supplemental Materials:
- **U. T. Health Science Center – Houston PowerPoint presentation on Pages 1 – 10 of Volume 2.**
- **U. T. M. D. Anderson Cancer Center PowerPoint presentation on Pages 11 – 20 of Volume 2.**

2. **U. T. System: Report on the Systemwide internal audit activities**

REPORT

Mr. Charles Chaffin, Chief Audit Executive, will present the results of the management review conducted at U. T. Pan American. He will also report on the audit performed by the State Auditor's Office of the Code of Ethics Policy at The University of Texas Investment Management Company (UTIMCO).

Additionally, Mr. Chaffin will report on the implementation status of significant audit recommendations. The second quarter activity report on the Implementation Status of Outstanding Significant Findings/Recommendations is set forth on Pages 6 – 7. Satisfactory progress is being made on the implementation of all significant recommendations. Additionally, a list of other audit reports issued by the Systemwide audit program and the annual internal audit plan status as of February 28, 2009, follows on Pages 8 – 9.

BACKGROUND INFORMATION

Significant audit findings/recommendations are tracked by the U. T. System Audit Office. Quarterly, chief business officers provide the status of implementation, which is reviewed by the internal audit directors. A quarterly summary report is provided to the Audit, Compliance, and Management Review Committee of the U. T. System Board of Regents. Additionally, Committee members receive a detailed summary of new significant findings and related recommendations quarterly.

THE UNIVERSITY OF TEXAS SYSTEM
Implementation Status of Outstanding Significant Findings/Recommendations

U. T. SYSTEM AUDIT

Report Date	Institution	Audit	1st Quarter 2009 Ranking	1st Quarter 2009 # of Significant Findings	2nd Quarter 2009 Ranking	2nd Quarter 2009 # of Significant Findings	Targeted Implementation Date	Overall Progress Towards Completion (Note)
2007-06	UTARL	Implementation Progress of UTS163: Guidance on Effort Reporting Policies		1		1	4/30/2009	Satisfactory
2007-07	UTARL	Protecting the Confidentiality of Social Security Numbers		1		1	3/31/2009	Satisfactory
2008-01	UTARL	Systems Security Audit		1		1	12/31/2009	Satisfactory
2008-05	UTARL	Health Services Audit		1		0	2/10/2009	Implemented
2007-06	UTAUS	UTS163: Guidance on Effort Reporting Policies		1		1	4/30/2009	Satisfactory
2007-08	UTAUS	Payment Card Industry Data Security Standard (PCI DSS)		1		1	12/31/2009	Satisfactory
2004-03	UTB	Contracts and Grants		1		1	3/31/2009	Satisfactory
2004-06	UTB	2003 Financial and Applications Controls Audit of the Financial Aid Office		1		0	3/31/2009	Implemented
2008-08	UTB	UTS165: Protecting the Confidentiality and Integrity of Digital Research Data Follow Up		3		2	7/31/2009	Satisfactory
2009-02	UTB	2008 Physical Plant				1	8/31/2009	Satisfactory
2009-02	UTB	FY 2008 Student Fees				1	8/31/2009	Satisfactory
2009-02	UTB	2008 Special Request - International Technology Education Commerce Campus Lease				3	9/1/2009	Satisfactory
2007-01	UTD	Annual Financial Report Audit		1		1	5/31/2009	Satisfactory
2007-02	UTEP	Campuswide Information Technology Applications		3		3	7/31/2009	Satisfactory
2007-11	UTEP	Decentralized Server Security		4		4	7/31/2009	Satisfactory
2008-05	UTEP	University Residence Life-Miner Village		1		1	5/31/2009	Satisfactory
2008-08	UTEP	University Ticket Center and Office of Special Events		1		0	2/13/2009	Implemented
2008-10	UTEP	Emergency Management Plan		1		1	3/31/2009	Satisfactory
2009-01	UTEP	College of Health Science, Change in Management				0	12/12/2008	Implemented
2008-01	UTPA	Confidentiality of Social Security Numbers		1		1	8/31/2009	Satisfactory
2008-12	UTPA	FY 2008 Annual Financial Review				1	9/1/2009	Satisfactory
2007-08	UTPB	UTS163: Guidance on Effort Reporting Policies		1		1	5/31/2009	Satisfactory
2008-08	UTPB	Annual Financial Report Audit FY 2007		2		2	8/31/2009	Satisfactory
2008-12	UTPB	Annual Financial Report Audit FY 2008				5	8/31/2009	Satisfactory
2004-09	UTSA	Research Compliance - Time and Effort Reporting		1		1	5/1/2009	Satisfactory
2008-09	UTSA	Information Technology Change Management Audit		1		1	9/30/2009	Satisfactory
2008-09	UTT	State and Federal Grant Awards Fiscal Year 2008		1		1	8/31/2009	Satisfactory
2008-11	UTT	Annual Financial Report for the Year Ended August 31, 2008		2		1	8/31/2009	Satisfactory
2008-12	UTT	Enrollment Management Department				3	7/1/2009	Satisfactory
2008-04	UTMB - Galveston	PeopleSoft Application		1		1	3/31/2009	Satisfactory
2008-05	UTMB - Galveston	Information Systems Change Management Process		2		2	8/31/2009	Satisfactory
2008-05	UTMB - Galveston	Information Security Action Plan		2		2	2/28/2010	Satisfactory
2008-08	UTMB - Galveston	Data Retention and Records Management		4		4	8/31/2009	Satisfactory
2008-11	UTMB - Galveston	Remote Vendor Access				1	6/1/2009	Satisfactory
2009-02	UTHSC - Houston	Medical Service, Research, and Development Plan				1	11/30/2009	Satisfactory
2007-09	UTHSC - San Antonio	Research Compliance Program		1		1	8/31/2009	Satisfactory
2008-10	UTHSC - San Antonio	Texas Administrative Code Section 202- Information Security Program		1		1	8/31/2009	Satisfactory

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THE UNIVERSITY OF TEXAS SYSTEM
Implementation Status of Outstanding Significant Findings/Recommendations

Report Date	Institution	Audit	1st Quarter 2009 Ranking	1st Quarter 2009 # of Significant Findings	2nd Quarter 2009 Ranking	2nd Quarter 2009 # of Significant Findings	Targeted Implementation Date	Overall Progress Towards Completion (Note)
2001-08	UTMDACC - Houston	Lotus Notes Environment		1		1	5/31/2009	Satisfactory
2007-06	UTMDACC - Houston	Conflict of Interest		2		1	2/28/2009	Satisfactory
2007-09	UTMDACC - Houston	Maintenance and Security of Biological Research Materials		1		1	8/31/2009	Satisfactory
2007-10	UTMDACC - Houston	Research Compliance Design Review		2		1	5/31/2009	Satisfactory
2008-05	UTMDACC - Houston	Lab Safety		1		1	2/28/2009	Satisfactory
2008-05	UTMDACC - Houston	Clinical Trial Research		1		1	8/31/2009	Satisfactory
2008-05	UTMDACC - Houston	Advance Beneficiary Notice Implementation Review		1		1	5/31/2009	Satisfactory
2005-04	UTHSC - Tyler	Texas Administrative Code 202 Compliance Audit		1		1	8/31/2009	Satisfactory
2008-11	UTHSC - Tyler	The University Health Clinic Audit	(red)	1	(green)	0	2/28/2009	Implemented
2005-12	UTSYS ADM	Systemwide Financial Audit FY 2005		1		1	9/1/2009	Satisfactory
2006-06	UTSYS ADM	UTIMCO Institutional Investment and Compliance Audits		1		1	5/31/2009	Satisfactory
2008-08	UTSYS ADM	FileNet Audit		1		1	7/1/2009	Satisfactory
2008-12	UTSYS ADM	Consolidated Annual Financial Report FY 2008			(orange)	1	10/31/2009	Satisfactory
		Totals		**56**		**65**		

STATE AUDITOR'S OFFICE AUDITS

Report Date	Institution	Audit	1st Quarter 2009 Ranking	1st Quarter 2009 # of Significant Findings	2nd Quarter 2009 Ranking	2nd Quarter 2009 # of Significant Findings	Targeted Implementation Date	Overall Progress Towards Completion (Note)
2007-03	UTPB	2006 Statewide Single Audit - Student Financial Aid Cluster		1		1	5/31/2009	Satisfactory
2008-09	UTSA	State Auditor's - Student Fees at Selected Higher Education Institutions			(green)	0	2/28/2009	Implemented
2008-03	UTMDACC - Houston	Federal Portion of the Statewide Single Audit Report for FY Ended August 31, 2007		3	(green)	0	8/31/2008	Implemented
2007-05	UTSYS ADM	Charity Care at Health-Related Institutions		1		1	8/31/2009	Satisfactory
		Totals		**5**		**2**		

Color Legend:

(red) Either a new significant finding for which corrective action will be taken in the subsequent quarter or a previous significant finding for which no/limited progress was made towards implementation.

(orange) Significant finding for which substantial progress towards implementation was made during the quarter that the significant finding was first reported.

(yellow) Significant finding for which substantial progress towards implementation was made during the quarter.

(green) Significant finding was appropriately implemented during the quarter and will no longer be tracked.

Note:
Implemented - The Internal Audit Director deems the significant finding has been appropriately addressed/resolved and should no longer be tracked.
Satisfactory - The Internal Audit Director deems that the significant finding is in the process of being addressed in a timely and appropriate manner.
Unsatisfactory - The Internal Audit Director deems that the significant finding is not being addressed in a timely and appropriate manner.

Institution	Audit
	OTHER U. T. SYSTEM AUDIT REPORTS RECEIVED BY SYSTEM AUDIT 12/2008 THROUGH 2/2009
UTARL	Payroll and Payables Data Files Audit
UTARL	Advanced Research Program/Advanced Technology Program Grants
UTAUS	Annual Financial Report - Fiscal Year End August 31, 2008
UTAUS	NCAA Football Attendance Certification
UTAUS	Change in Management - Department of Astronomy
UTAUS	Imaging Research Center
UTAUS	Health Insurance Portability and Accountability Act (HIPAA) - Intercollegiate Athletics
UTB	Joint Admission Medical Program - Fiscal Year 2009
UTB	Fiscal Year 2009 Audit of Fiscal Year 2008 Annual Financial Report
UTD	Advanced Research Program Grants
UTD	Presidential Travel and Entertainment
UTD	Follow-up of Prior Audit Recommendations
UTPA	Deans Office-College of Business
UTPA	Art Department Chair
UTPA	President's Travel, Entertainment, & Housing Expenses
UTPA	Joint Admission Medical Program Grant
UTPA	Deans Office-College of Education
UTPB	Presidential Travel and Expense Audit
UTPB	Texas Comptroller of Public Accounts--Post Payment Audit
UTSA	Fiscal Year 2008 NCAA Annual Financial Audit
UTTY	Follow-up
UTSWMC - Dallas	Annual Financial Report - Fiscal Year End August 31, 2008
UTSWMC - Dallas	President's Travel, Entertainment, & Housing Expenses
UTMB - Galveston	Fiscal Year 08 Financial Statement Audit
UTMB - Galveston	Internal Service Centers Review
UTMB - Galveston	Joint Admission Medical Program Review
UTMB - Galveston	Family Practice Residency Program Grant Review
UTMB - Galveston	Primary Care Residency Program Grant Review
UTMB - Galveston	Student Fees Audit
UTHSC - Houston	Texas Higher Education Coordinating Board Obstetrics and Gynecology Residency Program at LBJ General Hospital Fiscal Year 2008 Annual Financial Report
UTHSC - Houston	Texas Higher Education Coordinating Board Internal Medicine Residency Program Fiscal Year 2008 Annual Financial Report
UTHSC - Houston	Follow-up on Open Recommendations
UTHSC - Houston	Texas Higher Education Coordinating Board Family Practice Residency Program Fiscal Year 2008 Annual Financial Report
UTHSC - Houston	Texas Higher Education Coordinating Board Obstetrics and Gynecology Residency Program at Memorial Hermann Hospital Fiscal Year 2008 Annual Financial Report
UTHSC - San Antonio	Cost Sharing Audit
UTMDACC - Houston	Clinical Trials Application Security
UTMDACC - Houston	Business Associates Agreements
UTMDACC - Houston	MosaiQ Application Security
UTMDACC - Houston	ClinicStation Change Management
UTMDACC - Houston	President's Travel and Business Entertainment Expenditures
UTMDACC - Houston	Off-Site Radiation Treatment Centers
UTHSC - Tyler	Presidential Travel and Entertainment Audit
UTHSC - Tyler	Family Practice Residency Program - Fiscal Year End 08/31/08
UTSYS ADM	University Lands Operator Audit (J. Cleo Thompson)
UTSYS ADM	System Administration Annual Financial Report - Fiscal Year End August 31, 2008
UTSYS ADM	UT Southwestern Office of the President
UTSYS ADM	Joint Admission Medical Program - Financial
UTSYS ADM	Joint Admission Medical Program - Compliance
UTSYS ADM	UT San Antonio National Collegiate Athletic Association (NCAA) Agreed-upon Procedures for Fiscal Year 2008
UTSYS ADM	UT Arlington National Collegiate Athletic Association (NCAA) Agreed-upon Procedures for Fiscal Year 2008
UTSYS ADM	UT Pan American National Collegiate Athletic Association (NCAA) Agreed-upon Procedures for Fiscal Year 2008
UTSYS ADM	UT El Paso National Collegiate Athletic Association (NCAA) Agreed-upon Procedures for Fiscal Year 2008
UTSYS ADM	Chancellor's Change in Management

U. T. Systemwide FY 2009 Annual Internal Audit Plan Status
(as of February 28, 2009)

	Financial	Operational	Compliance	Information Technology	Follow-up	Projects	Total Actual Hours (Note 1)	Total Priority Budget Hours (Note 2)		Variance (Hours)	Percentage Completion	
U. T. System Administration	5,508	1,689	442	339	206	1,197	9,381	18,205		8,824	**52%**	
Large Institutions:												
U. T. Austin	1,407	1,445	545	275	124	3,691	7,485	16,540		9,055	**45%**	
U. T. Southwestern	4,350	1,725	1,272	717	3	1,422	9,489	15,510		6,021	**61%**	
U. T. Medical Branch - Galveston	1,030	321	417	335	215	1,270	3,588	7,490	*	3,902	**48%**	
U. T. HSC - Houston	1,570	481	673	824	262	1,026	4,835	7,204		2,369	**67%**	
U. T. HSC - San Antonio	1,390	891	450	297	210	1,044	4,282	7,300		3,018	**59%**	
U. T. M. D. Anderson Cancer Center	2,001	3,800	769	695	326	570	8,161	17,768		9,607	**46%**	
Subtotal	**11,747**	**8,662**	**4,126**	**3,143**	**1,140**	**9,023**	**37,840**	**71,812**		**33,972**	**53%**	
Mid-size Institutions:												
U. T. Arlington	1,090	210	779	884	144	788	3,895	6,130		2,235	**64%**	
U. T. Brownsville	714	442	171	253	40	540	2,159	4,030		1,871	**54%**	
U. T. Dallas	1,263	1,003	416	313	132	67	3,193	4,520		1,327	**71%**	
U. T. El Paso	1,468	1,982	798	429	207	781	5,663	8,756		3,093	**65%**	
U. T. Pan American	990	660	115	-	10	774	2,549	5,110		2,561	**50%**	
U. T. San Antonio	1,165	289	982	694	192	861	4,182	6,264		2,083	**67%**	
Subtotal	**6,689**	**4,585**	**3,260**	**2,572**	**725**	**3,810**	**21,640**	**34,810**		**13,170**	**62%**	
Small Institutions:												
U. T. Permian Basin	429	908	-	-	23	123	1,483	1,250		(233)	**119%**	**
U. T. Tyler	463	294	124	3	53	347	1,284	2,668		1,384	**48%**	
U. T. HSC - Tyler	785	408	166	-	83	131	1,573	3,030		1,458	**52%**	
Subtotal	**1,677**	**1,610**	**290**	**3**	**159**	**601**	**4,340**	**6,948**		**2,609**	**62%**	
TOTAL	**20,113**	**14,857**	**7,675**	**5,717**	**2,024**	**13,433**	**63,819**	**113,570**		**49,751**	**56%**	
Percentage of Total	**32%**	**23%**	**12%**	**9%**	**3%**	**21%**	**100%**					

NOTE 1:
"Total Actual Hours" are total actual hours for the six months from 9/1/08 through 2/28/09, which represents 50% of the audit plan year.

NOTE 2:
"Total Priority Budget Hours" (approximately 80-85% of total budget hours) reflect budgeted hours approved by the ACMR Committee for priority projects.

* Total Priority Budget Hours for UT Medical Branch - Galveston was adjusted from 11,805 to 7,490 hours due to the impact of Hurricane Ike. The revised priority hours were approved by the ACMR Committee during the February 2009 meeting.

** Large number of hours is due to students performing audit work.

3. **U. T. System: Report on efforts to update and enhance research conflicts of interest policies, procedures, and enforcement at U. T. System institutions**

<u>REPORT</u>

Mr. Lawrence Plutko, Systemwide Compliance Officer; Mr. Barry Burgdorf, Vice Chancellor and General Counsel; and Mr. Steven Collins, Associate Vice Chancellor for Governmental Relations and Special Counsel, will report on the progress of the Research Conflicts of Interest Committee.

4. **U. T. System: Report on Systemwide institutional compliance activities**

<u>REPORT</u>

Mr. Lawrence Plutko, Systemwide Compliance Officer, will brief the Audit, Compliance, and Management Review Committee on the second quarter report of the Systemwide Compliance Program. The Summary Report is included on Pages 11 – 15.

The University of Texas System
Institutional Compliance Program Report Summary
Second Quarter, Fiscal Year 2009

Background

The University of Texas (U. T.) Systemwide Institutional Compliance Program (Program) was established in 1998 to ensure that the entire U. T. System, including its 15 institutions, System Administration, and UTIMCO, operates in compliance with all applicable laws, policies, and regulations governing higher education institutions. The responsibilities for the Program are outlined in the *Action Plan to Ensure Institutional Compliance* (Action Plan) approved by the Board of Regents in 1998 and updated in 2003. The Action Plan delegates to the Systemwide Compliance Officer the responsibility for apprising the Chancellor and the Board of Regents of the compliance programs and activities at System Administration and at each of the institutions. The Action Plan also provides that the Compliance Officers at System Administration and at each institution are responsible for a risk-based process that builds compliance consciousness into daily business processes, monitors the effectiveness of those processes, and communicates instances of noncompliance to appropriate administrative officers for corrective, restorative, and/or disciplinary action.

As of September 29, 2008, the Systemwide Compliance Officer is Mr. Larry Plutko.

Systemwide Program Activity

As outlined in the Action Plan, the Systemwide Compliance Office provides support to the institutional compliance officers by:

- Facilitating best practice identification
- Providing training and support to each institution on those practices
- Identifying emerging issues
- Working with institutions on reported instances of noncompliance
- Reporting Systemwide compliance activities
- Coordinating Systemwide compliance efforts
- Advancing the discipline of compliance in higher education/health care

During the second quarter of Fiscal Year 2009 (Q209), the Systemwide Program focused its efforts in the following areas:

1. **Systemwide Compliance Program planning documents**
   The Systemwide Compliance Office has prepared several draft documents for review and ratification by the Systemwide Executive Compliance Committee (ECC) and the Board of Regents (BOR). These foundational documents include an expanded vision of the Systemwide Compliance Program; a Systemwide Compliance Charter; an Environmental Assessment of compliance trends, new laws and regulations; and an FY10/FY11 Work

Plan for Systemwide Compliance and Information Security. These draft documents will be reviewed by the Systemwide ECC and the BOR during the next two quarters.

2. **Coordinating the Systemwide information security initiative**
   Following completion of contract negotiations for purchase of configuration management software, U. T. System Information Security Office staff contacted each U. T. institution to provide information about contract terms and to assess each institution's interest in deployment. All institutions expressed interest in using the software. Staff then began working with each institution to establish scope of implementation, determine hardware requirements, develop deployment plans, and establish time tables for coordination of installation services provided as part of the contract. The first installation is scheduled to start in late April at U. T. Dallas.

   Follow-up consultations continued with the chief information security officer at each institution following submission of their quarterly reports. In addition, staff collaborated with Educause on development of E-discovery procedural guidelines, worked with Texas A & M University to improve the Information Security Awareness Assessment and Compliance risk assessment tool that twelve U. T. institutions are using, and worked with the Texas Department of Information Resources to revise state security rules and encryption guidelines. Additional work was done on development of an information security program index for assessing U. T. System information security programs.

3. **Research Conflicts of Interest Committee**
   The Office of the Chancellor has charged the Research Conflicts of Interest Committee with studying and making recommendations with regard to the policy, practice, procedure, and enforcement of The University of Texas System institutions' research conflicts of interest compliance. The institutional presidents have appointed members to the Committee, which conducted a compliance effectiveness review of existing research conflicts of interest policies. The Committee will continue to review a set of performance standards/principles and a standardized framework that will guide the writing of a revised model policy for the institutions.

4. **Other activities during the quarter included:**
   - Collaborating with Research and Technology Transfer and the Office of General Counsel to develop a model UT System Export Controls program for the benefit of the institutions
   - Continuing collaboration with Health Affairs on medical billing education and guidance through the work of the Medical Billing Compliance Advisory Committee
   - Attending executive compliance committee meetings at the majority of the institutions
   - Site visit to meet with key leadership and compliance stakeholders at U. T. M. D. Anderson Cancer Center
   - Planning for the Seventh Conference for Effective Compliance Systems in Higher Education to be held in Austin, May 31 – June 3, 2009
   - Identifying and highlighting emerging compliance issues through *In the News* email publication

- Conducting a trial run with our proposed web-based training tool

Institutional Program Activity[1]

Per the Action Plan, the compliance officers at System Administration and each institution have the following responsibilities:
- Actively engage an institutional Executive Compliance Committee that meets at least quarterly
- Perform annual compliance risk assessments
- Provide campus-wide compliance training and promote compliance awareness
- Assist in specialized training for high-risk compliance areas
- Continuously monitor and inspect the institution's high-risk compliance activities
- Manage the institution's confidential reporting mechanisms (hotline, etc.)
- Report compliance activities and significant compliance issues to executive management, the Systemwide Compliance Officer, and the Board of Regents

Following is a summary of institutional progress in implementing these elements of an effective compliance program:

Executive Compliance Committees
Each institution has an Executive Compliance Committee (ECC) that meets at least quarterly to oversee its institutional compliance program. Quarterly meetings were held at each institution, with the exception of the U. T. Health Science Center – Houston which holds monthly meetings. During the period, Systemwide Compliance Office representatives attended ECC meetings at U. T. Arlington, U. T. Dallas, and U. T. System Administration in order to support the compliance officers in enhancing the role of the ECC.

Risk Assessments
ECCs review their institution's identified compliance risks and approve the designation of "institutionally significant" compliance risks – risks that, if realized, would have a significant impact on the ability to achieve the goals and objectives of the institution. Most institutions have identified between eight and fifteen institutionally significant areas of high risk, with multiple high-risk exposures contained within those areas. Common risk areas of focus during the quarter included: information security, conflicts of interest, medical billing, clinical research, patient privacy (HIPAA), environmental health and safety (including hazardous materials, lab safety, fire safety, campus safety, select agents), export control, animal care, human subject care, endowment management, fiscal/financial and asset management, time and effort reporting, cost sharing, construction procurement, financial aid, family educational rights and privacy (FERPA), human resources, contract management, and investment management.

Training and Awareness
General compliance training is conducted using a variety of formats including online, classroom, and written materials. Employees are typically scheduled to receive general compliance training

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[1] Details regarding activities at the institutional level are published in the *Institutional Compliance Program 2nd Quarter Status Report for Fiscal Year 2009*.

during new employee orientation, and refresher training thereafter on an annual or biannual basis. All institutions provide a Standards of Conduct guide to new employees either electronically or in hardcopy form. During the quarter, compliance officers have been effective at ensuring that general compliance training and Standards of Conduct guides are delivered to the appropriate personnel in a timely manner.

Specialized Training
During the quarter, institutions conducted specialized training in many high compliance risk areas, including: endowments, research, contracts and grants, confidential information, human subjects research and ethics, storm water pollution prevention, construction safety, information security, account management, purchasing, conflicts of interest, lab safety, hazardous waste, biosafety, radiation safety, fair labor standards, FERPA, select agents, campus security, risk management, fire safety, and cash handling.

Monitoring Activities
A designated individual is assigned accountability for each high-risk compliance area and is responsible for creating a risk management process that evaluates current activities and identifies changes that will improve the assurance of compliance as necessary. That process should include monitoring activities, which are procedures performed to verify that the risk management process for a compliance institutional high risk is being carried out as designed on a continual basis.

Compliance effectiveness reviews were conducted in many of the high-risk areas during the second quarter of FY 2009, including: medical billing, research involving human subjects, animal care, clinical research, cost sharing, time and effort reporting, export controls, select agents, hazardous chemicals, campus and lab safety, fire safety, financial controls, asset management, financial aid, HIPAA, hospital compliance, endowment compliance, investment due diligence, investment risk management, investment compliance, and information security.

In addition, various assurance activities (e.g. internal audits and subject matter peer reviews) were performed on many of the high-risk compliance areas to verify and validate that operations are performing in compliance with applicable laws, regulations, policies and procedures.

Institutional Organizational Matters
The U. T. Medical Branch at Galveston reports that the Assistant Compliance Director position was vacated with no current plans to backfill the position, bringing the compliance office to 8 FTEs. In addition, Research Administration is down from 6 directors to 3. The Associate Dean for Research Administration plans to bring in a director to oversee controls, monitoring, and oversight activities as soon as possible.

The U. T. Health Science Center at Houston re-organized its Institutional Compliance program by separating the compliance function from the general counsel's area. As a result, the Director of Institutional Compliance was appointed Assistant Vice President and Chief Compliance Officer. In addition, a Compliance Program Manager was hired to coordinate the university's Institutional and Research Conflict of Interest Program.

U. T. Southwestern Medical Center at Dallas reports hiring compliance personnel during the quarter, though various other compliance positions remain open including the Privacy Officer.

Institutional Action Plan Activities
At the beginning of each fiscal year, institutional compliance officers prepare an Action Plan, identifying areas in which the compliance office will focus its attention and activities. During the second quarter of FY 2009, action plan activities included the following: consulting with high-risk area responsible parties, facilitating risk assessments in high-risk areas, reviewing and updating risk management and monitoring plans, performing compliance effectiveness reviews and obtaining certification letters of high-risk compliance areas, facilitating general compliance training, managing investigations of alleged noncompliance, developing marketing plans for the compliance hotline, revising compliance websites, updating standards of conduct guides, and publishing a compliance newsletter.