

Annual Compliance and Ethics Program Report

BACKGROUND

The university compliance and ethics program serves the mission of Oregon State University (OSU) by promoting an organizational culture with the highest standards of integrity and supporting compliance with applicable federal, state and local laws and regulations. The benefits of a strong compliance program include creating and maintaining a healthy and safe environment for students, employees and visitors; ensuring the ethical and effective use of university resources; and improving operational efficiency and decreasing administrative burden. An effective compliance and ethics program starts with a strong tone at the top that sets expectations and standards for all of the members of the organization.

EFFECTIVE OVERSIGHT

Oversight of OSU's compliance and ethics program starts with the Board of Trustees (Board). The Board established the Executive & Audit Committee (EAC) whose charter responsibilities include oversight of audit, risk and compliance functions. Effective oversight includes asking and ensuring¹:

1. Is the compliance program well-designed?
2. Is the program being applied earnestly and in good faith?
3. Does the compliance program work in practice?

The federal government has provided organizations with guidelines to measure effective compliance programs². The following elements, with standards adapted from federal guidance, provide infrastructure for building a strong compliance program and evidence for answering the three questions for OSU.

Leadership and oversight

Standard: Effective leadership and functional committee structures are in place, with regular reporting to the Board of Trustees.

The Board manages its oversight of the compliance and ethics program through the EAC committee, which receives regular updates on audit, risk and compliance activities. The executive vice president and provost chairs the Compliance Executive Committee (CEC), which meets quarterly and is composed of vice presidents and provosts, the faculty senate president, general counsel, and the chief executive of audit, risk and compliance.

In 2019, the EAC-approved consolidation of the audit and compliance offices to improve the effectiveness and synergy of the program, and a new director of compliance was hired and on-boarded in late March 2019. The director of compliance provides leadership to the CEC,

¹ Three questions from the U.S. Department of Justice Evaluation of Corporate Compliance Programs, April 2019

² United States Sentencing Commission, 2015 Guidelines, §8B2 Effective Compliance and Ethics Program

facilitating senior leaders' awareness and prioritization of critical compliance risks and mitigation efforts. The director of compliance functions as a hub for compliance subject matter experts across the institution and coordinates with compliance partners to assess and prioritize compliance risks, and facilitates risk mitigation through policy development, process improvement, education and outreach, and effective governance. In 2020, the charters and membership of the CEC and specialized compliance committees across the university will be reviewed and updated.

Risk assessment and mitigation

Standard: Risks of non-compliance are identified and assessed, and resources are devoted to appropriate mitigation of those risks.

The Office of Audit Risk and Compliance (OARC) engages the Board and the university community in enterprise risk identification, evaluation, and monitoring activities and benchmarks best practices to seek ways to enhance university-wide and unit-level risk assessment processes. The director of compliance manages the compliance portion of enterprise risk assessment and management, conducting continuous risk assessment of compliance areas in consultation with units. High-level critical needs – those stemming from new or changing laws or regulations, or that span across university functional areas – are elevated to the CEC for attention. Unit-level risk assessments and mitigations strategies are also encouraged and supported.

In 2019, the Office of Research and the Division of Finance and Administration performed risk assessments through specialized task forces and standing risk committees, and the provost promoted a strengths, weaknesses, opportunities and threats (SWOT) analysis of its units. In 2020, the enterprise risk management program will be further enhanced, with added focus given to unit-level risk assessments.

Policies and procedures

Standard: Clear expectations and practical guidance regarding behavior and decision-making are available and accessible.

The Board has adopted the University Code of Ethics, which is annually disseminated by the president to the OSU community. The University Policy and Standards program develops, maintains, and archives university policies and standards that articulate the expectations of individuals, promote efficiency, and support compliance with laws and regulations.

The OARC is currently leading an effort with the president's office and other partners to assess how delegations of authority from the president are identified and communicated: via position descriptions, a matrix of delegations of authority, and a new contract signature authority policy. In 2019, OSU's policy program, working with university leaders, updated and adopted several key policies including: safety of minors, tobacco-free OSU, international travel, and procurements and contracting. Outreach efforts included a suite of new guidance documents, a

new policy newsletter, and meetings with university leaders and their teams to identify priorities and discuss roles in the policy development process. In 2020, the program will continue to review and revise outdated and inherited policies from the Oregon University System – prioritizing higher risk areas – and will continue to enhance policy owners’ understanding of their roles and responsibilities.

Education and outreach

Standard: Reasonable steps are taken to provide appropriate, relevant, and comprehensive education and outreach about compliance requirements.

Employees are required to take critical training in the areas of ethics, equal opportunity and access (including Title IX sexual misconduct and violence, sexual harassment, discriminatory harassment, and ADA disability inclusion), information security, protected leave, and mandatory reporting of suspected child abuse. Compliance partners across the institution, for example Environmental Health & Safety and the Office of Research, also provide unit-level training and outreach for specific audiences.

Ongoing efforts include standardization of reporting mechanisms for management to monitor and enforce participation in training.

Monitoring and auditing

Standard: Program adherence to compliance requirements is monitored. Emerging and changing laws and regulations are tracked.

The Office of General Counsel (OGC) and the OARC perform routine legal, risk and compliance environmental scans. The OARC conducts audits of key operating units and reports results to the EAC. OARC provides routine audit activity reports, including an annual summary of hotline complaints received and resolved.

In 2019, the OARC developed a user friendly self-assessment tool to promote sound fiscal and operational activities for units. In 2020, the tool will be implemented in additional units.

Receiving reports and investigating incidents of non-compliance and Accountability, incentives and corrective action

Standard: Clear avenues exist to seek guidance or report violations of policy and relevant laws/regulations. Investigations follow appropriate processes and emphasize non-retaliation. Community members are encouraged to behave ethically and responsibly. Appropriate and consistent actions are taken in cases of wrongdoing.

In addition to investigations that are conducted by units as part of the university’s

regulatory and safety responsibilities (for example, incidents related to lab safety, information security, human resources matters or harassment), the OARC administers the university hotline.

Outreach about the existence and purpose of the hotline, as well as about other reporting resources available to the university community, is done through numerous channels. Reports received through the hotline are reviewed by the OARC for investigation and/or are referred to subject matter experts with follow-up by the OARC. The OGC serves as advisor for investigations and audits. The OGC and the OARC keep the Board and executives apprised of investigations that may have university-wide implications, and the annual audit report to the Board and Executive & Audit Committee includes a summary of complaints received by the OARC.

In 2020, the director of compliance will convene university partners that conduct formal investigations of non-compliance to assess and align current and best practices.

Response and prevention

Standard: Episodes of misconduct and violations of laws, regulations and policies are responded to appropriately. Systemic issues are identified, root causes determined, and solutions implemented to prevent recurrence.

The OARC and other units complete follow-up activities on investigation recommendations. After-action reviews of incidents are conducted to identify root causes and implement solutions to strengthen prevention and response protocols.

In 2019, more regular and coordinated meetings of the compliance, audit, risk and legal units were implemented. The group reviews trends and patterns of behavior to identify possible emerging areas or hotspots of non-compliance for the institution. Other administrative leadership groups also conduct routine environmental scan and trend analysis. In 2020, the use of metrics will be expanded to more proactively and effectively detect incidents of non-compliance.

TRENDS IN HIGHER EDUCATION COMPLIANCE

Higher education is a highly regulated industry, with federal and state laws and regulations governing research, health and safety, information, financial, civil rights, athletics, and employment activities. In 2019, increased regulatory and media attention focused on campus safety (including sexual misconduct), sponsored research compliance, and foreign influence. These items are being actively monitored and addressed at OSU and will be considered in project and resource planning for 2020.

2020 PLANNING

In January, the Board will receive the 2020 compliance and ethics program plan for major projects and areas of focus. Plan development will be done in close collaboration with

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compliance partners; align with legal, risk, enterprise risk and audit priorities; consider national trends; and reflect Compliance Executive Committee review and input. Emphasis will be placed on creating a compliance community of practice to share best practices and work together on common goals, strengthening compliance leadership and oversight, and providing structure and support for completion of major compliance projects.

In May, the OARC progress report to the EAC will include a discussion of 2020 compliance projects.