

The Ohio State University

Strategic Plan

FY2014-FY2018

Office of University Compliance and Integrity



November 7, 2013

Working Together to Meet Ohio State's Compliance Requirements and Advance Integrity Culture

Ohio State's future will be defined by the University's move from excellence to eminence. The Office of University Compliance and Integrity partners with the University community to build a compliance program and strengthen an integrity culture to advance this bold agenda.

Our efforts are focused on integrating existing teams, solving critical problems, and developing needed processes to support the University's vision, mission, and values. We strive to build a compliance function that sets the standard for higher education.

Our Vision

We aim to be recognized as a national model for ensuring compliance and promoting integrity throughout the University community.

Our Mission

We exist to advance the mission of the University by encouraging ethical conduct and compliance with applicable laws, regulations, and policies.

Our Values

Shared values are the commitments made by the Ohio State community, including:

- Excellence
- Collaborating as One University
- Acting with Integrity
- Personal Accountability
- Diversity in People and Ideas
- Change and Innovation
- Simplicity in our Work
- Openness and Trust

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Overview – Office of University Compliance and Integrity

Higher education is one of the most public and regulated industries in America today, and expectations continue to grow as universities become more complex. Compliance and integrity—the need to abide by laws, regulations, and policies while meeting high ethical standards—are increasing priorities throughout higher education.

Our Office supports and directs compliance efforts across the University. The original vision of this Office developed through the Board of Trustees, which initiated a comprehensive review in 2011 of the many compliance functions across the University to ensure that appropriate processes and protocols were in place. This review focused not on how to satisfy minimum expectations and obligations, but rather on compliance as a matter of institutional integrity—how Ohio State can best meet its own high standards.

The review noted important existing strengths, most notably the highly experienced and dedicated compliance staff embedded in various units. Yet a number of challenges were identified, including multiple reporting lines across a decentralized environment; lack of a standard methodology and clear ownership of risk management; time-consuming and fragmented policymaking processes; training procedures that varied widely; and the need for defined oversight from senior management.

Based on the recommendations from this review, the Board voted in February 2012 to create a centralized compliance office to integrate and oversee the many compliance efforts embedded in different areas of the University, including the Office of Research, the Wexner Medical Center, Environmental Health and Safety, Information Security, and Athletics, as well as work done across units in regulatory areas such as Title IX, the Clery Act, and the Americans with Disabilities Act. The Office reports directly to the Board’s Audit and Compliance Committee, as well as to the Senior Vice President and General Counsel.

The Office of University Compliance and Integrity was created with the arrival of Gates Garrity-Rokous as Vice President and Chief Compliance Officer on September 24, 2012. In its first year, the Office had three programmatic objectives in addition to ongoing mitigation of compliance risks: (1) create a top-notch compliance team; (2) complete a university-wide Regulatory Inventory and Compliance Risk Assessment; and (3) begin developing compliance plans for the University and key units. These initial efforts laid the foundation for achieving the Board’s vision for the Office.

In addition, the Board of Trustees charged this Office with several critical tasks, including:

- Creating a University Code of Values;
- Streamlining and harmonizing the University’s policymaking process;
- Creating and administering a University-wide compliance training program;
- Creating and administering a compliance monitoring process to measure progress in mitigating identified risks; and

- Coordinating University response to top compliance issues, including public records requests, internal investigations and concerns raised through the University's EthicsPoint anonymous reporting line, and regulatory enforcement actions.

The strategic plan outlined below extends this foundation and details the vision for implementing the Board's directives, to build a centralized compliance function at Ohio State that is best in class and a model for higher education. We are dedicated to ensuring that the root causes of compliance issues are effectively and timely addressed. We recognize the University's unique culture and embrace its commitment to shared values in all of our work. Ensuring compliance and integrity across the University is essential to Ohio State's move from excellence to eminence.

Strategic Scan

The following are the main external and internal factors that will influence the focus and future activities of the Office of University Compliance and Integrity. Descriptions of each factor provide background information and the associated challenges and opportunities it presents. These challenges are then addressed in the following section.

External Environment

Increased Public Scrutiny of University Actions

Recent years have brought unprecedented public attention to higher education across a number of areas. Publicity-generating incidents at universities across the country—including Title IX sanctions, governance investigations, and athletics scandals—have heightened public awareness and concern regarding the level of institutional control exercised by university leaders.

Analysis of the root causes of these events added two significant expectations for universities: (1) the need for an independent function through which faculty, staff, and others can raise concerns without fear of retaliation—anononymously if necessary—and that is responsible for objectively investigating and resolving such issues; and (2) a strong integrity culture to ensure that leaders prioritize decisions based on the university's values.

Higher education is also in the midst of a student loan crisis: student loan debt in the United States recently exceeded \$1.2 trillion, with 1 in 10 borrowers defaulting within two years of beginning repayment. This crisis increases public scrutiny of universities' decisions regarding tuition, scholarships, and costs.

As a result of these issues, universities—both public and private—receive heightened public interest in their governance and financial stewardship. This trend is particularly significant at Ohio State, given the State of Ohio's commitment to transparency and our broad disclosure obligations under the Ohio Public Records and Open Meetings Acts. Most recorded forms of communication and many meetings at the University are subject to public inspection. This creates a significant challenge when assessing compliance risks and ensuring accountability, as

both must be done in a manner that either fairly and accurately represents the facts when documented in public records, or appropriately meets exceptions to these Sunshine Laws.

Increased Regulatory Demands and Expectations

The number of new federal and state laws and regulations applicable to the University has increased markedly over the last decade, while existing requirements have become more complex. We see a continued phenomenon of regulation aimed initially at other industries (e.g., disclosure obligations applicable to pharmaceutical companies under the federal Sunshine Act) coming to impact other industries, including higher education. Regulators also are becoming more aggressive in enforcement, often reinterpreting their mandates to demand more of institutions.

Recent examples of increased regulatory demands include the aggressive auditing of Medicare claims submitted to CMS by contract auditors; increased enforcement of Export Controls and national security regulations by the Departments of State, Commerce, and Defense; increased scrutiny of animal-related research by the Department of Agriculture; heightened inspection of clinical laboratories by accreditation authorities; a new NCAA enforcement initiative focusing on head coach accountability; and enhanced Title IX enforcement by the Department of Education defined through its April 2011 Dear Colleague Letter.

At the same time, regulators expect university compliance programs to demonstrate sufficient oversight and control of regulatory requirements, and they frequently penalize universities more severely when such institutional control is lacking. When universities are able to demonstrate strong institutional control (i.e., independent and effective compliance), regulators are more likely to work collaboratively, rather than punitively, to resolve regulatory issues.

Higher Education as a Business Model

Given federal and state budget pressures, we face continued uncertainty about levels of public financial support. The student debt crisis and stagnant economic growth make such pressures even more acute.

Major research universities are increasingly forced to operate as large corporations in the marketplace. Over time, the University has diversified its activities well beyond the academic mission that remains its core focus. The University continues to explore strategic opportunities—such as expanding online educational offerings, expanding the Wexner Medical Center, seeking international partnerships, increasing privately funded research, increasing economic development, expanding technology commercialization, and building the University's brand—to make its business model as effective as possible.

The University will continue to seek opportunities for creative revenue generation—many of which may be subject to complex regulation with which the University may be either unfamiliar or unprepared. In addition, these efforts to grow, diversify, and generate revenue complicate the University's adherence to high standards regarding conflicts of interests and the

Ohio Ethics Laws. These laws restrict or prohibit a wide range of potentially self-serving activities by public employees.

Internal Environment

Decentralized Decision-Making

The University is a large, decentralized institution with an annual budget comparable in size to the gross revenue of a Fortune 500 company. The University is faced with a host of complex issues that affect every aspect of an institution with 56,000 students, 42,000 employees, dozens of college and administrative units, and a comprehensive Medical Center. Most decisions are made at the unit level, often with comparatively little central input or oversight. Unit level decision-making on issues with University-wide implications can create substantial institutional risk. In addition, decentralized decision-making has often resulted in largely reactive, not proactive, responses to compliance risks.

Inconsistent Standards Across the Institution

The University has long been committed to high ethical standards and compliance with applicable laws, regulations, and policies. However, most University standards, policies, and processes are developed, implemented, interpreted, and enforced at the unit level through disparate teams. The existence of incongruent standards in various units—as well as the inconsistent application of universal standards—creates legal, regulatory, and reputational risks, and challenges inter-unit coordination and communication.

Move from Excellence to Eminence

The University continues aggressively to pursue its vision of becoming the world's preeminent public comprehensive university. This vision includes the pursuit of strategic opportunities involving teaching and learning, research and innovation, outreach and engagement, and resource stewardship. Bold efforts to meet such opportunities expose the University to increased regulation, public scrutiny, financial risk, and other challenges associated with growing organizations.

Succeeding in Our Strategic Focus Areas

Over the next five years, we are committed to building a centralized compliance function at Ohio State that is best in class and a model for higher education. We are dedicated to providing independence and ensuring that the root causes of compliance issues are effectively and timely addressed. We will work each day knowing the University's unique culture and embracing its commitment to shared governance.

In working to implement this vision, our Office stands on three pillars: (1) strengthening integrity culture; (2) mitigating compliance risks; and improving issue response. Together, these components enable us to ensure compliance with applicable laws, regulations, and policies, while advancing the university's strategic goals.

Integrity Culture

Goals:

- All members of the University are responsible for building and maintaining a culture of integrity, which includes ethical conduct and compliance with applicable laws, regulations, and policies. We will enable all members of the University to embrace a culture of integrity and accountability throughout the university.
- University leaders are responsible for owning their compliance risks and ensuring integrity in their colleges or units. We will assist leaders by enabling them to identify and manage their compliance responsibilities, including promotion of ethics and integrity.
- Faculty and staff are responsible for understanding their legal and policy obligations. We will assist all members of the university by ensuring appropriate compliance training and by responding to questions and concerns, including those raised through the University's anonymous reporting line, EthicsPoint.

Objectives:

- Develop a **Code of Values** for the University, as directed by the Board of Trustees; support with appropriate training, including expectations for University leaders.
- Conduct a **survey of integrity culture** and develop benchmark measures to identify challenges, gauge progress, and compare ourselves to peer institutions.
- Establish **strong governance** processes to support compliance and integrity, including compliance reporting to unit-level committees responsible for compliance, the University Risk Management Committee, and the Audit and Compliance Committee of the Board of Trustees.
- Clarify roles and responsibilities for compliance, including individuals in embedded compliance units; identify resource gaps limiting the success of compliance efforts.

Mitigating Compliance Risks

Goals:

- University leaders are responsible for compliance with all applicable laws, regulations, and policies. We work with University leaders to identify and substantively mitigate top compliance risks.
- Support appropriate central processes in the University, including the University policy process.

- Build consistent core compliance processes for the University to ensure the identification, assessment, and mitigation of compliance risks. (See Figure 1.)

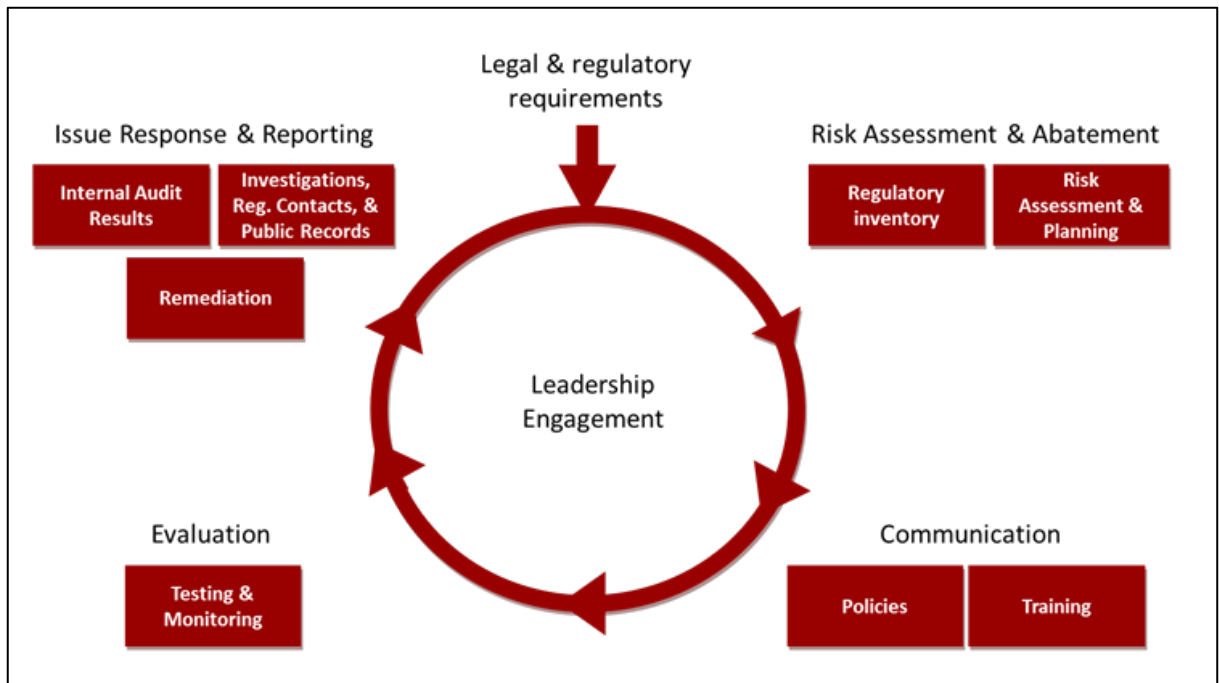


Figure 1: Core Compliance Processes

Objectives:

- Ensure the ongoing mitigation, tracking and reporting of material compliance risks.
- Develop core compliance processes to support ongoing mitigation efforts, including:
 - Partner with the Office of Legal Affairs to maintain a **Regulatory Inventory** of all material laws and regulations applying to the University;
 - Conduct an annual **Compliance Risk Assessment** by determining the materiality of requirements and the effectiveness of current controls;
 - Develop **Annual Compliance Plans** for the University and key units to ensure operational ownership and proactive mitigation planning for all top compliance risks;
 - Develop, review, update, and implement compliance **policies**;
 - Establish comprehensive University oversight of **training** processes to ensure the delivery of efficient, effective, and appropriate training to all members of the University community;
 - Work with key University stakeholders to ensure the establishment of sufficient **operational controls** to comply with key legal and regulatory requirements;
 - Develop comprehensive, risk-based **testing** and **monitoring** to measure the effectiveness of controls in meeting legal and policy requirements; and
 - Ensure appropriate **issue response** and **reporting** by clarifying roles, responsibilities, and standards for compliance issues, including regular reporting

to the University Risk Management Committee and the Audit and Compliance Committee of the Board of Trustees.

- Build or simplify University processes critical to the mitigation of top compliance risks, including:
 - The University process for approving and revising policies;
 - An early warning process to identify regulatory and operational changes critical to meeting the University's compliance requirements external to the University;
 - The conflicts of interest disclosure process; and
 - The Clery Act disclosure process.

Issue Response

Goals:

- Ensure appropriate response to top compliance issues, whether originating externally or internally, to enable accurate, timely and fair resolution of each issue.
- Improve reporting for senior leaders and the Board of Trustees on compliance issues to support appropriate accountability and ensure completion of necessary corrective actions.

Objectives:

- Develop core processes to support University leaders in responding to top compliance issues. Those processes include:
 - Track and manage all **public records requests** to ensure appropriate and timely response to all such requests received by the University;
 - Create consistent standards for the conduct and reporting of **investigations** across the University;
 - Manage EthicsPoint, the University's anonymous reporting line;
 - Develop a framework to ensure proper response to **regulatory contacts and enforcement subpoenas**; and
 - Track and report **Internal Audit findings**, to identify common root causes and leverage this valuable partner in mitigating compliance risks.

Advancing the University's Strategic Goals

Our Office places special focus on those objectives that directly support goals articulated in the University Strategic Plan, including:

- **Teaching and Learning:** "To provide an unsurpassed, student-centered learning experience led by engaged, world-class faculty and enhanced by a globally diverse student body." Our Office will:

- Ensure gender equality and equal access to educational programs and financial assistance through the Title IX program;
 - Provide reasonable accommodations and equal access to the disabled through the Americans with Disabilities Act (ADA) program; and
 - Improve student safety through the collection and reporting of crime, fire, and safety statistics.
- **Research and Innovation:** “To create distinctive and internationally recognized contributions to the advancement of fundamental knowledge and scholarship and to solutions of the world’s most pressing problems.” Our Office will:
 - Work with faculty and staff across the University to maintain Ohio State’s high standards for research by:
 - Ensuring compliance with Export Control regulations;
 - Protecting human subjects in clinical research;
 - Attaining compliance with applicable grant requirements;
 - Identifying and managing conflicts of interest in clinical settings and through the technology commercialization process; and
 - Working to maintain research integrity.
- **Outreach and Engagement:** “To establish mutually beneficial partnerships with the citizens and institutions of Ohio, the nation, and the world so that our communities are actively engaged in the exciting work of The Ohio State University.” Our Office will:
 - Ensure that contractual agreements with international entities and universities comply with Export Control regulations; and
 - Work with coaches, athletics staff, and student athletes to ensure compliance with NCAA regulations.
- **Resource Stewardship:** “To become the model for an affordable public university recognized for financial sustainability, unsurpassed management of human and physical resources, and operational efficiency and effectiveness.” Our Office will:
 - Protect financial resources through compliance with applicable healthcare billing laws, regulations, and procedures; and
 - Promote greater efficiency and effectiveness of University resources through compliance risk management and appropriate training on policy obligations.

Tracking Our Performance

Our Office will assess the effectiveness of our university-wide compliance program using standard metrics developed by the Compliance and Ethics Leadership Council (CELC), an independent organization. We will report progress annually to the Board of Trustees' Audit and Compliance Committee on these measures, using the Protiviti assessment (reported to the Board in June 2012) as our baseline.

In addition, we will use an Excel scorecard to track progress towards achieving the strategic objectives set out in this plan.

Audit & Compliance Scorecard

	2014 Actual	YTD Goal	Current Status
Annual Compliance Plans: University			
Integrity Culture			
Risk Mitigation			
Issue Response			
Annual Compliance Plans: Key Units			
Medical Center			
Research			
Athletics			
Environmental Health & Safety			
	Previously Reported Data	Current Year	Current Status
Issue Response			
Public Records			
Number of record requests received			
Average days to fill all records requests			
Internal Investigations			
Number of investigations opened			
Percent of investigations with findings			
Internal Audit			
1st follow-up audits: Percent with remaining issues			
2nd follow-up audits: Percent with remaining issues			

Scorecard Key:

Meets or Exceeds Goal

Caution

Below Goal- Action Needed

Data Pending



Performance Up

No Change in Performance

Performance Down

