STANDING COMMITTEES

Finance and Asset Management Committee

Quarterly Compliance Update

INFORMATION

This report is for information only.

BACKGROUND

The University launched a coordinated compliance program in January 2016, and over the course of its first 18 months, the Board of Regents received a quarterly report on each of the five institution-wide compliance areas: Research, Health & Safety, Information, Financial, and Civil Rights/Employment. Each report included an overview of the compliance area and two or three projects selected for focused attention over an 18-month period. Projects were selected because they:

1) represented an undermitigated area of compliance at the University; 
2) addressed an area experiencing increased regulatory enforcement, or where laws and regulations were in flux; 
3) could demonstrate substantial progress in an 18-month period; 
4) relied on existing budgetary and staff resources (including support from Compliance Services); 
5) aligned with the goals of other University strategic programs and initiatives (e.g., ease administrative burden, minimize duplication of effort); and, whenever possible, 
6) promoted health and safety.

Updates on the Financial and Civil Rights/Employment compliance projects are presented in this report.

Attachments

1. Financial and Civil Rights/Employment Compliance Project Updates: Overview, Impact and Lessons Learned
2. Financial Compliance Project Update: Expenditure of State Provisos and Federal Funds
5. Civil Rights/Employment Compliance Project Update: Disability Services Governance Task Force
Financial and Civil Rights/Employment

Compliance Project Updates

Overview
To strengthen compliance in the Financial and Civil Rights/Employment areas, four mitigation projects were undertaken: Expenditure of State Provisos and Federal Funds, Payment Card Industry Data Security Standard (PCI DSS), Implementation of Student Conduct Code Revision, and Disability Services Governance Task Force.

Impact of these projects to the University
- The University has improved and better coordinated its training and education practices as they relate to expenditure of state provisos and federal funds.
- The University is working toward a long-term strategy for secure and compliant payment card processes, as contractually required by the major card brands.
- The University’s revised student conduct code has been effectively implemented, with appropriate and ongoing outreach to students.
- Developing an institution-level strategy with centralized oversight will improve the effectiveness, efficiency, and coherence of delivering disability services and carrying out the mandates of relevant laws and regulations.

Lessons learned
- A dedicated subject matter expert, with defined scope of responsibility and authority, is often necessary for high-risk compliance areas, such as PCI DSS.
- The University’s size and decentralized operations often result in lack of clear ownership, accountability and authority for managing complex risks – for example, with payment card processing requirements, expenditure of state provisos and federal funds, and access and accommodation for disabled individuals.
- Opportunities for collaboration among units with compliance responsibilities – for example the Office of Student Life and Compliance Services working together on implementation of the revamped Student Conduct Code – should be encouraged and can result in successful process improvement and improved compliance.
Financial Compliance

Project Update: Expenditure of State Provisos and Federal Funds

Challenge Statement
The University of Washington receives state appropriations and thousands of federally-sponsored grants, each of which requires compliance with complex conditions and limitations regarding expenditure. Failure to comply with funding requirements may result in expenditures being disallowed; funds not spent within the required timeline may expire; and administrative burden may increase due to strict, sponsor-imposed controls. Competition for federal and limited state resources is tight. The University must spend funds in accordance with legislative and funder intent, and within specified timelines, in order to maintain its reputation as a worthy investment for taxpayers and federal and state lawmakers.

Mitigation Outcomes
The project team – comprised of representatives from the Office of Planning & Budgeting (OPB), Procurement Services, and Research Accounting & Analysis addressed several elements of the original mitigation plan, including:

1. *Assessment of Administrator Toolkit.* The review confirmed that the existing Administrator Toolkit is the primary resource for faculty and unit administrators seeking training and education on proper expenditure of awarded state and federal funds. Procurement Services supplemented the toolkit’s content, and added information to the Frequently Asked Questions (FAQs) section. The project team recognized the need for more frequent updates to the toolkit, and the potential benefit of identifying an “owner” to coordinate updates and review content.

2. *Improvements within Office of Planning and Budgeting.* OPB updated several of its “local” policies, and created new information on spending rules and best practices for provisos and special state appropriations. OPB integrated information on state proviso spending from state-appropriated accounts into the Business Intelligence (BI) portal; this change allows units to generate real-time reports on proviso expenditures, instead of relying on periodic status updates from OPB.

3. *Extensive updates to information provided by the Post Award Fiscal Compliance Office.* The office offers new on-demand data analytics reports for administrators to identify high-risk activity (e.g., cost transfers, equipment purchases, travel and food expenditures). Training and education include: the launch of an extensive webpage with guidance, FAQs and best practices in the management of sponsored award funds, with an emphasis on federally-sponsored grants and contracts; several free courses available through the Cooperative for Research Education (CORE), including post-award fiscal compliance and preparing for an audit; eleven online tutorials on operational best practices for grant and contract administration; and, information presented at the Monthly Research Administration Meeting (MRAM) on current compliance trends and new or evolving laws and regulations, and University policies.
**Assessment and Next Steps**

The project accomplished several elements of the original mitigation plan. Ongoing efforts will: 1) better integrate and present all relevant information on proper use of federal, state, and private sponsor funds, 2) ensure a “customer service” focus for faculty and staff seeking support, and 3) promote efficient, effective coordination among relevant units, and centralize resources whenever possible. These efforts may be realized through the UW Finance Transformation Program, now in progress.

**Impact to the Institution**

The University has improved and better coordinated its training and education practices as they relate to expenditure of state provisos and federal funds.

**Project Leaders**

Jed Bradley | Senior Policy Analyst, Office of Planning & Budgeting  
Pramilla Chand | Director of Operations, Procurement Services  
Kirsten DeFries | Executive Director, Research Compliance & Operations, Grant & Contract Accounting

**Relevant Laws and Regulations**

- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards | 2 CFR § 200  
- Use of State Resources | WAC 292-110-010  

*This compliance topic was originally presented to the Board of Regents in January 2017. Detailed context information and the original mitigation plan can be found in that report:  
https://www.washington.edu/regents/files/2017/01/2017-01-B-5.pdf*
Challenge Statement
Processing of payment card transactions is critical to the University of Washington’s ability to conduct business, and protection of cardholder data collected through such transactions is crucial to the institution and its community. Protection is accomplished via significant information security and financial control requirements, which are codified in the Payment Card Industry Data Security Standard (PCI DSS). In 2015 alone, the Standard applied to five million transactions totaling more than $220M – at Meany Hall, UWMC, Parking Services, ICA venues, University Advancement, Housing and Food Services, and hundreds of other locations across the UW. The University’s decentralized operations, and a low barrier of entry for units that wish to accept the cards, pose challenges for the institution’s compliance with the PCI DSS. Non-compliance with its requirements and possible security breaches could result in fines levied by individual card brands, higher processing fees paid by the University or, in rare cases, suspension of the ability to process payment cards altogether.

Mitigation Outcomes
An assessment conducted by an outside consultant helped the project team to better understand the essential goals and tasks relevant to UW’s compliance obligations. This resulted in a shift in the strategy for PCI compliance, which will include all in-person, online, mail order and telephone sales. Completed work includes:

1. **Addition of dedicated subject matter expertise.** The UW Controller’s Office created a new Merchant Services unit and hired a Director to oversee its work. UW Connect – a tool for management of service delivery and support activities – is now utilized for incoming Merchant Services’ support requests, resulting in more efficient customer service interactions.

2. **Creation of a PCI Working Committee.** The committee will provide feedback on potential PCI DSS solutions and facilitate communications to and from stakeholders. Members include representatives from the CISO’s Office, Housing & Food Services, Intercollegiate Athletics, UW Libraries, UW Medicine and UW Tacoma.

3. **New education, outreach and collaboration efforts.** Merchant Services’ new website provides information and resources and will eventually house policy guidance and training materials. The launch of a newsletter provides compliance tips, best practices and other content relevant to UW merchants (any University office, unit, department or organization that accepts credit cards as a form of payment for goods and/or services).

Assessment and Next Steps
The project addressed many elements of the original plan. The shift in strategy resulted in identification of the following next steps, which are currently underway: 1) completion of a cardholder inventory,
which includes relevant devices, software and applications across the UW enterprise, 2) creation of a plan and timetable for completing an Attestation of Compliance, in collaboration with the University’s largest merchant acquirer, and 3) updates to Administrative Policy Statement (APS) 35.1: *Compliance Policy for Payment Card Industry Data Security Standards.*

**Impact to the Institution**
The University is working toward a long-term strategy for secure and compliant payment card processes, as contractually required by the major card brands.

**Project Leaders**
Dan Schaaf | Associate Controller, Office of the Controller
Kevin Doar | Director, PCI Merchant Services

**Relevant Laws and Regulations, and Other Compliance Obligations**
- PCI Data Security Agreement (PCI Security Standards Council, LLC License Agreement)
- Personal Information – Notice of Security Breaches | Chapter 19.255 RCW
- American Express Data Security Operating Policy
- Discover Information Security & Compliance Program
- MasterCard Rules; Security Rules and Procedures
- Visa Core Rules; Visa Product and Service Rules

*This compliance topic was originally presented to the Board of Regents in January 2017. Detailed context information and the original mitigation plan can be found in that report:*
Civil Rights/Employment Compliance

Project Update: Implementation of Student Conduct Code Revision

Challenge Statement
The UW maintains a code of student conduct to help foster a positive learning and living environment on its three campuses and in its educational programs. Effective implementation and application of the code as it applies to all types of misconduct – discriminatory and sexual harassment, intimate partner violence, sexual assault, stalking, and other behavioral and academic misconduct – is essential to preserving that environment. Processes and procedures for code enforcement must comply with applicable federal and state laws and regulations, be prompt and equitable, and utilize the expertise of faculty and staff process partners across the University. Compliance mandates, coupled with increasing national attention to the problem of sexual assault on college campuses and the needs of students participating in the conduct process, dictated the need for a revamped Student Conduct Code.

Mitigation Outcomes
Student Life and Compliance Services collaborated with a broad base of campus stakeholders to implement the revised code of conduct, which went into effect in August 2017. Activities included:

1. *Roles, resources and practices.* Most administrative functions associated with the new code were integrated into current staffing structures; two new positions, a Hearing Coordinator and a Review Coordinator, were created to support the new model and achieve stated goals. Several “summits” have occurred, bringing together professionals from all four conduct offices (Bothell, Seattle, Tacoma, Title IX) to align practices and procedures for operationalizing the code institution-wide. Online training modules were developed to provide background and training for faculty serving in the new Reviewing Officer role.

2. *Outreach and integration.* A President-appointed Advisory Committee on Student Conduct (ACSC), with faculty representation from at least four schools and colleges, was developed as a forum for discussing and vetting code-related questions and practices. The Director of Community Standards & Student Conduct, the Review Coordinator and others have met with faculty to provide training and updates on the new code. Information about the new code has been integrated into First Year Programs’ Advising & Orientation sessions for students. A centralized website was created, with links to and explanations of the code and its related policies and processes.

3. *Monitoring and review.* The ACSC has ongoing responsibility for reviewing and evaluating conduct policies, processes and outcomes to ensure efficiency, consistency, and best practice. The Committee makes recommendations to the Faculty Council on Student Affairs on potential revisions. The Committee met six times in the 2017-18 academic year and will provide an annual report to the President.
Assessment and Next Steps
The project team accomplished all elements of the original mitigation plan. Next steps include ongoing monitoring, review and outreach, as described above.

Impact to the Institution
The University’s revised student conduct code has been effectively implemented, with appropriate and ongoing outreach to students.

Project Leaders
Jill Lee | Executive Director, Compliance Services
Ellen Taylor | Associate Vice President, Office of the Vice President for Student Life

Sample of Relevant Laws and Regulations
- Title IX of the Education Amendments of 1972 | 20 U.S.C. § 1681
- Administrative Procedure Act (APA) | Chapter 34.05 RCW

This compliance topic was originally presented to the Board of Regents in April 2017. Detailed context information and the original mitigation plan can be found in that report:
Civil Rights/Employment Compliance

Project Update: Disability Services Governance Task Force

Challenge Statement
Every day, tens of thousands of people – faculty, staff, students, patients, and visitors – access University of Washington facilities, programs and services. University websites and online documents, classrooms and residence halls, research labs and offices, venues for sports and arts, and hospitals and clinics, should be accessible to anyone who uses them. While dedicated offices across the institution provide individual accommodations and work diligently to ensure accessibility, the large and decentralized nature of the University means that identifying and implementing improvements is challenging. UW needs an operational structure that can effectively assess, prioritize and coordinate institution-wide strategic priorities for an inclusive and accessible campus environment.

Mitigation Outcomes
A task force with members from Student Life, Academic and Student Affairs, Continuum College, Human Resources, Facilities Services, UW Bothell, UW Tacoma, and Compliance and Risk Services was convened and developed the following recommendations, which were submitted to the Provost:

1. *Create an institution-wide ADA Committee.* The charge of this President-appointed committee would include promoting universal design and values-driven accessibility strategies and services; identifying, prioritizing and making recommendations to address operational needs; determining annual strategic priorities; evaluating, recommending, updating, and drafting relevant UW policies; and more. Membership would include faculty and staff from across the institution and represent all three campuses and UW Medicine. The Committee would be chaired by the ADA Coordinator.

2. *Develop and implement a three-five year strategic plan.* The University should assess and coordinate institution-wide strategic priorities for accessibility, and develop and implement a plan to meet those priorities. The ADA Committee would primarily lead this effort, with commitment and support from various units and service providers to develop and implement the plan.

3. *Establish a full-time ADA Coordinator.* The duties of the ADA Coordinator would include promoting values-driven accessibility strategies and services; monitoring implementation of the University’s annual strategic priorities; identifying emerging issues and tracking regulations; interpreting policy and operational implications of decision-making; ensuring an effective and consistent grievance process; coordinating education about disability accommodation and accessibility; supporting the identification and implementation of best practices; and encouraging and supporting a University-wide perspective, including in training and education.
**Assessment and Next Steps**

The task force accomplished all elements of the original mitigation plan and submitted its recommendations to the Provost. Hiring for the full-time ADA Coordinator is underway. Implementation of the other recommendations awaits Provost approval.

**Impact to the Institution**

Developing an institution-level strategy with centralized oversight will improve the effectiveness, efficiency, and coherence of delivering disability services and carrying out the mandates of relevant laws and regulations.

**Project Leaders**

David M. Anderson | Interim Associate Vice President, Compliance and Risk Services
Phil Reid | Vice Provost for Academic and Student Affairs and Deputy Chief Information Officer

**Relevant Laws and Regulations**

- Americans with Disabilities Act (ADA) | 42 U.S.C. § 12101 *et seq.*

This compliance topic was originally presented to the Board of Regents in April 2017. Detailed context information and the original mitigation plan can be found in that report: [https://www.washington.edu/regents/files/2017/04/2017-04-B-4.pdf](https://www.washington.edu/regents/files/2017/04/2017-04-B-4.pdf)