



UNIVERSITY of WASHINGTON

FY2020 Annual Review Narrative Response for: **202 - Provost's Office - Compliance and Risk Services**
Programmatic & Academic Vitality Narrative

- 1) Please briefly describe your campus's annual internal budget development process. *Question Type: Free Text, Word Limit: 500, Required For: All Units*

Compliance and Risk Services (CRS) annually composes a budget reflecting strategic priorities and operational requirements to serve the University's mission and programs. Current activities are reviewed to assure alignment with strategic priorities and, where divergent, either modified or eliminated. Current activities are also reviewed for cost effectiveness, including position reviews, and adjustments are made to reduce operating expenses. Discussions are held between division leaders and contacts in University units to highlight emerging needs to develop needs assessments and resource plans for new expenditures. New funding is only requested when emerging needs pose a significant risk to the University. Additionally, CRS responds when directed to add capacity in specific areas of compliance (e.g. Title IX, ADA) by University leadership.

Of note, the funding model for CRS is currently under review. While operating expenses are currently recovered through a captive insurance premium model, other funding models are under consideration. Certain advantages and disadvantages are present in each funding model. Also, unspent funds from the past budget (typically from unfilled staff positions) are applied to the next year's budget request to reduce premium burden.

- 2) What are 3-5 key elements of your campus's current strategic plan? *Question Type: Free Text, Word Limit: 500, Required For: All Units*

The strategic goal for CRS is to support the University mission through cost-effective reduction in risk associated with negative outcomes. Each of the four divisions (Claims, Compliance, Risk Financing, Strategic Compliance) has a strategic plan to meet this goal. In addition, division are increasing strategic interactions to improve operational integration with the goal to reduce overall risk and improve cost-effective compliance.

- Claims
 - o Provides strategic assessments to decide for settlement, mediation, or litigation defense
 - Provides strategic and operational oversight for Specific Assistant Attorney Generals to represent the University
 - Provides excellent support for University students, staff, and faculty in situations with negative outcomes
 - Strategic development of supportive relationship with UW units with high loss experience (e.g. Medicine)
- Compliance
 - Provides strategic leadership for the University Title IX, ADA, and UCIRO programs
 - Provides both strategic and specific operational recommendations for response to specific concerns, complaints, or litigation
 - Provides strategic and operational oversight over the University Labor and Industries program
- Risk Financing
 - Provides both strategic and operational oversight for the University risk financing model utilizing both a captive self-insurance (Portage Bay Insurance) and vendor-based options as well as a small self-insurance program for equipment
 - Provides strategic and operational oversight over vendor interactions related to claims and litigation
 - Provides strategic leadership for the University re-insurance program to reduce risk while minimizing costs
 - Development of strategic relationship with Claims to reduce risk and thereby reduce costs for risk financing
- Strategic Compliance
 - Provides strategic leadership for development and implementation of an enterprise risk model to support University decisions relating to risk and resource allocation



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- Provides a resource for emerging training and compliance needs in areas of high compliance visibility (e.g. sexual harassment, racial discrimination)
- 3) What major obstacles or institutional barriers currently do, or likely will, hinder execution of your strategic plan? What are you doing to address these challenges? *Question Type: Free Text, Word Limit: 500, Required For: All Units*

Increasing regulatory/compliance pressures

· Unfortunately regulatory and compliance expectations continue to increase over time. As an example, the number of UCIRO complaints for issues related to employment (sexual harassment, discrimination, retaliation, etc) have nearly doubled over the preceding three years. Federal regulatory oversight continues to increase over time, requiring improved programs to manage a variety of expectations, nearly all of which are unfunded mandates from state or federal authorities. This challenge could impede achieving our strategic goals by overburdening our compliance and risk mitigation capacity, resulting in increased losses to the University. CRS continues to address these challenges by taking opportunities to increase efficiency and decrease risk through a variety of pro-active measures such as improved staff training, improved communications to reduce errors, forward-planning to avoid future compliance issues and coordinating across the University to improve enterprise-wide compliance. We have also added capacity in strategic areas to protect the University from significant losses, both monetary and reputational. Lack of enterprise training/learning management system

· Our lack of an enterprise training/learning management system poses a significant risk to the University. We are largely unable to ensure all staff have received required training in several critical compliance areas and we will likely be unable to prove institutional commitment during litigation. We have addressed this incompletely by individual units purchasing and implementing such systems on their own where required by federal or state regulatory agencies. This is both costly and inconsistent and only partially reduces our enterprise risk. The preferred solution is to purchase and install an enterprise training/learning management system which will allow us to ensure and document required training for critical issues.

Decentralized operating model Although our heavily decentralized culture is a strong component of our academic success, it struggles to support institutional consistency and efficiency in areas of compliance and risk. Currently individual programs carry most of the compliance and risk reduction burden and senior leadership does not have access to full information regarding compliance, risk, and resource allocation. Relatively few mechanisms are in place to develop and standardize risk information for leadership and limited capacity exists to coordinate risk reduction measures across programs. The result is inconsistent levels of compliance and resource allocations decisions made at varying levels in the organizational structure.

CRS has worked to coordinate across programs and served as an interdepartmental resource for information to support formation of the Compliance Working Committee. Opportunities exist to expand this function to a true enterprise risk management model where CRS would compile and standardize enterprise risk information for senior leadership, then serve to ensure implementation of leadership decisions for enterprise risk and resource allocations.

- 4) Over the next year, could any of your planned strategic activities result in material changes to revenues or expenditures, faculty or staff workload, or the student experience within your campus and/or another unit/campus? *Question Type: Free Text, Word Limit: 500, Required For: All Units*

CRS's strategic commitment to protect the University against negative impacts will likely continue to experience increasing challenges in two main areas, UCIRO complaints and ADA compliance. Significant increases in workload and regulatory oversight will likely require additional capacity to maintain our current ability to protect both the University and specific programs.



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- The strategic goal for the UCIRO office is to reduce the number of claims against the University through efficient, pro-active investigation of potentially non-compliant behavior by faculty, staff, or students. Meeting this strategic goal will require adding additional investigative staff capacity (described below). The overall impact of this increasing load has been evident in two main areas, delayed investigations and extended impact to work status (described below). While difficult to precisely quantify, these are significant costs impacting operational efficiency of operating units.
- The relatively recent increase in ADA-related complaints and claims is concerning and may impact expenditures, workload, and student experience. While the University is committed to meeting both the letter and intent of federal ADA regulations, there are recognized gaps in ADA compliance which have garnered attention from outside litigators. It is certain the University will be forced to direct more resources towards ADA compliance and CRS will serve to coordinate that effort.

5) What is your unit doing to effectively use resources in a way that benefits your campus and/or other units/campuses? *Question Type: Free Text, Word Limit: 500, Required For: UWB, UWT, UWS Administrative Units*

CRS employs a number of mechanisms to ensure effective use of resources in support of University programs. These include:

- Captive insurance model (Portage Bay Insurance (PBI)). The captive insurance model is widely considered to be the most cost-effective reinsurance model for institutional risk financing. It allows the University to minimize administrative costs and accrue income from investments on its own reserves. In addition, the captive model allows the University to set most of its own terms and conditions for coverage resulting in significant advantages to customize coverage to most efficiently meet programmatic needs. Also, it gives the University control over its reserve portfolio and attachment points for reinsurance, again providing flexibility for determination of risk and reducing fiscal volatility associated with negative outcomes.
- University Complaint Investigation and Resolution Office (UCIRO). UCIRO serves as an effective mechanism to investigate potential incidents of unprofessional behavior and allow appropriate responses before complaints develop into claims and litigation. UCIRO investigators provide early, objective assessment of complaints and recommend appropriate response by the University, allowing cost-effective settlement of meritorious claims. UCIRO investigations may also deny complaints, allowing the University to defend its practices and reputation as appropriate. Generally, the University falls well below industry standards for claims and litigation and much of this reduced rate is attributable to UCIRO functions.
- CRS has undertaken a number of Lean initiatives designed to streamline workflows and improve operational efficiency. As an example, UCIRO has improved its investigational efficiency allowing a partial offset, through increased efficiency, to the steadily increasing number of complaints.
- Cross-training and operational interchangeability have been emphasized recently, allowing units to flex staff assignments to meet shifting needs. As an example, staff in the structural compliance group have been reassigned to support the Title IX program when University leadership requested development of training materials around sexual harassment, racial discrimination, and general workplace expectations related to discrimination. No new staff were hired during the production of three new training videos over the last year. Similarly, CRS staff were tasked with supporting enhancement of the Safety of Minors program officially housed in the School of Education. Again, this was accomplished by flexing staff to support priority areas of concern without increasing overall FTEs.

6) What are you doing to improve the experience and outcomes of students on your campus? What could the University do to support your efforts? *Question Type: Free Text, Word Limit: 500, Required For: UWB, UWT, UWS Academic Units, UAA, Graduate School*

Not Applicable



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