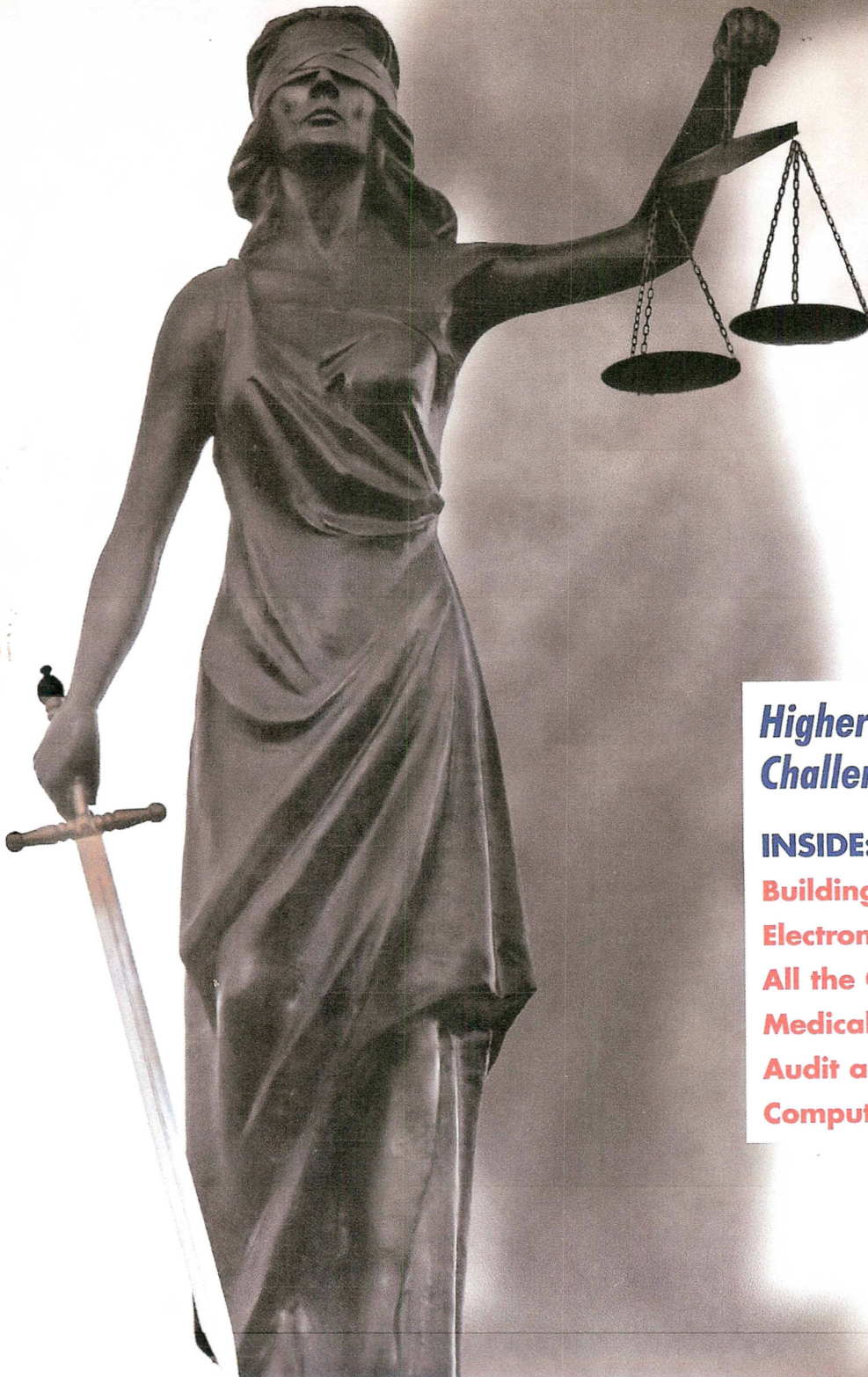


| VOLUME 52 | NUMBER 3 | SPRING 2009 |

COLLEGE & UNIVERSITY

AUDITOR



Higher Education Compliance Challenges

INSIDE:

- Building a Compliance Program**
- Electronic Workpapers**
- All the Cash, Much of the Risk**
- Medical Records**
- Audit and Compliance**
- Computer Assisted Audit Techniques**



Audit and Compliance – A Natural Partnership

By J. Richard Dawson, CPA, CIA,
President

The close working relationship necessitates significant coordination and collaboration between the two functions [of audit and compliance] ...

ACUA members have strong ties with compliance functions. Many of our members are responsible for the compliance functions at their institutions and our association has been very supportive of compliance activities. There is a compliance track at our annual conference and our midyear conference usually includes many compliance related subjects. Additionally, ACUA has been a sponsor over the last several years of the Conference for Effective Compliance Systems in Higher Education hosted by the Society of Corporate Compliance and Ethics.

Other than ACUA President, I am one of those ACUA members with dual responsibility. My job is executive director for Audit, Compliance & Risk Services at The University of Texas at San Antonio.

There are two separate offices that report to me. The Office of Auditing & Consulting Services functions as does any other audit activity. I view that office as a detective control providing assurance that high risks are being mitigated to an acceptable level and that the institution is operating efficiently and effectively. The Office of Institutional Compliance & Risk Services, on the other hand, functions as a preventive control. Its primary purpose is to provide tools to the campus community that enable the campus to know and understand compliance high risks and then to “do the right thing” and reduce negative outcomes. The close working relationship necessitates significant coordination and collaboration between the two functions.

Keeping in mind that my institution is an academic institution without a medical school, here are some of the primary responsibilities of the Compliance function:

- Risk Identification – assisting management with identification and prioritization of compliance risks
- Risk Ownership – identification of institutional risk owners
- Risk Management – assisting management with developing plans to manage high risks
- Awareness – promoting awareness and providing general compliance training
- Monitoring & Assurance Activities – providing a confidential reporting mechanism (hotline) and conducting inspections to ensure high risks are being adequately mitigated

RISK IDENTIFICATION

Annually, we perform a university-wide risk assessment by providing the President, Vice-Presidents and senior administrators with a comprehensive list of higher education areas. They score each risk for the impact it may have and probability of the risk occurring. This list is very similar to the list in the ACUA Risk Dictionary. We then assign a ranking to each item based upon the score given and determine which items are of highest risk to the institution. The final list is usually around ten to twelve areas and is approved by the Executive Compliance Committee. It is important to note that we will “drill down” from the executive level risks to the operational level in order to ensure that all risks identified have been addressed from the “C suite” to the cubicles.

RISK OWNERSHIP

After the high risk list has been approved by the Executive Compliance Committee, each high risk area is assigned to an Institutional Risk Owner (IRO). Although there may be crossover among vice presidents, we assign one individual as IRO. This is usually a vice president for whom the authority to take action is most appropriate.

RISK MANAGEMENT

Each department or area that has some responsibility for a high risk area is required to develop a management plan to mitigate the risk to an acceptable level. The Compliance Office will offer assistance in developing those plans, but the ownership of those plans remains with the responsible area. Management plans address the seven components of the Federal Sentencing Guidelines to include: adequate procedures, training, reporting, monitoring and responsible parties.

AWARENESS

The Compliance Office works with subject matter experts to deliver annual general compliance training for all employees. Much of this training is required to be completed by everyone on campus. This training includes:

- Ethics
- Fraud
- Sexual harassment
- Information security
- Campus safety

(continued from "Letter From the President," page 2)

The institution also requires annual management-level training and certification whereby anyone with account oversight must take on-line training and then certify that duties are being segregated and accounts are being reconciled.

Monitoring

The Compliance Office conducts some monitoring of high risk areas referred to as "inspections." The purpose of these inspections is to make sure the basic elements of the management plans for each high risk area are in place and are functioning as intended. Inspections are not meant to replace the audit function. The audit function will provide the assurance that controls are working as intended subject to the annual audit plan.

In order to prevent duplication between the Audit & Compliance functions, the Audit Office generally will not perform an audit of a high risk compliance area until the risk assessment and management plans have been completed by the responsible

individuals and the Compliance Office has conducted its inspection. At that point, the area is deemed "ready for audit" and can be included in the audit risk assessment and plan.

Finally, the University contracts with an outside provider for its confidential reporting mechanism. The details of the "hot line" call are received by the Compliance Office who determines which area most appropriately should handle the issue. The Compliance Office will investigate many of the issues. However, many issues will also be handled by Human Resources, Audit or the Public Safety department.

Both the compliance and audit functions perform important activities on our campus that maintain the integrity of our operating activities while attaining an effective compliance environment. Please contact me at dick.dawson@utsa.edu or visit our website at www.utsa.edu/acrs with questions on this topic or any other ACUA issue. ■