Appendix Book - May 19, 2022 Regular Board of Regents Meeting

UNT System Acronym List

ACT	American College Testing: a standardized test used for college admissions
ASF	Assignable Square Feet
AUX	Auxiliary Reserves
BOR	Board of Regents
BSC	Business Service Center
BSS	Business Support Services
CAE	Chief Audit Executive
CAFR	Comprehensive Annual Financial Report
CIA	Chief Internal Auditor
CIP	Capital Improvement Plan
CIP	Construction in Progress
CM	Construction Manager
CMAR	Construction Manager at Risk
CO	Change Order
COL	College of Law
CP	Commercial Paper
DEI	Diversity, Equity and Inclusion
FTE	Full Time Equivalent: generally used in reference to Full Time Student Equivalent (FTSE) but can also be used in reference to Full Time Faculty Equivalent (FTFE). See FTSE or FTFE below for definitions.
FTIC	First Time in College: a student who has never enrolled in a college or university. Students who have earned college credits only through dual credit courses are still considered FTIC.

FTSE	Full Time Student Equivalent: is computed by dividing headcount enrollment by a set number of semester credit hours based on the rank of the student (Undergraduate FTSE = 15 SCH; Masters and Special Professional FTSE = 12 SCH; Doctoral FTSE = 9 SCH). FTSE is generally lower than headcount enrollment because of part time students.
FTFE	Full Time Faculty Equivalent: a measure of instructional faculty calculated from the percent of time directly related to teaching.
FY	Fiscal Year
GAI	General Academic Institution
GMAT	Graduate Management Admission Test: a standardized test for admission into graduate programs of business schools.
GME	Graduate Medical Education: clinical training following graduation from medical school leading to specialty certification. Texas, like most states, requires one year of graduate medical education to be eligible for state licensure. Also called residency training.
GSF	Gross Square Feet
HEAF	Higher Education Assistance Fund (also known as HEF)
HERRF	Higher Education Emergency Relief Fund
HR	Housing Reserve
HR	Human Resources
HRI	Health-Related Institution
HSC	Health Science Center
HUB	Historically Underutilized Business
IA	Internal Audit
LAR	Legislative Appropriations Request
MCAT	Medical College Admission Test: a standardized test for admission into medical school
MP	Master Plan

NACUBO	National Association of College and University Business Officers
OBS	Office of the Board Secretary
OGC	Office of General Counsel
OGCA	Office of Grants & Contract Administration
OFPC	Office of Facilities Planning and Construction
P3	Public-Private Partnership (also known as PPP)
PM	Project Manager
PP	Private Placement
PUF	Permanent University Fund: a sovereign wealth fund created by the State of Texas to support higher education at the University of Texas System and Texas A&M System, but not other public higher education systems or institutions in Texas
PSAT	Preliminary Scholastic Aptitude Test: used to prepare high school students who plan to take the SAT for admission to college. (See SAT below)
QEP	Quality Enhancement Plan**:** required for reaffirmation of accreditation by SACSCOC. The QEP describes a carefully designed and focused course of action that addresses a well-defined topic or issue(s) related to enhancing student learning.
RB	Revenue Bonds
RFP	Request for Proposal
RFQ	Request for Qualifications
RFS	Revenue Financing System Bonds
RPTC	Reappointment, Promotion, and Tenure Committee
RR	Regents Rules
SACS	Southern Association of Colleges and Schools: a shortened abbreviation for "SACSCOC." (See below).
SACSCOC	Southern Association of Colleges and Schools Commission on Colleges: the recognized regional accrediting body for institutions of higher education that

award associate, baccalaureate, masters or doctoral degrees in eleven U.S. Southern states.

SAT   Scholastic Aptitude Test: A standardized test for college admissions.

SCH   Semester Credit Hour: the unit of measuring educational credit, usually based on the number of classroom/instructional hours per week throughout a term.

SF   Student Fees

SF   Square Feet

SFP   Statement of Financial Position

SRECNP   Statement of Revenues, Expenses and Changes in Net Position

STEM   Science, Technology, Engineering and Math

TAMS   Texas Academy of Mathematics and Science: the nation's first early college entrance residential program for gifted high school aged students

THC   Texas Historical Commission

THECB   Texas Higher Education Coordinating Board: a nine member board appointed by the Governor that provides coordination of higher education in Texas and was created by the Texas Legislature in 1965.

TRB   Tuition Revenue Bond

T/TT   Tenured/Tenure Track Faculty: faculty who hold the ranks of assistant professor, associate professor, and professor prior to or after the awarding of tenure.

VC   Vice Chancellor

Backup Materials

Q2 Revenue

18.7% increase

- Total revenue increased by $156m/18.7%.
  - Tuition and Fee revenue increased by $41.5m/11.9% due to higher enrollment;
  - Sales of Goods and Services increased by $19.2m/22.3% due to campuses fully reopening;
  - Grants and Contracts increased by $58.2m/54.6% due to COVID relief funding;
  - State Appropriations increased by $19.1m/7.4% due to new appropriations in the FY22-23 biennium.

Q2 Expenses

14.1% increase

- Total expenses increased by $71.5m/14.1%.
  - Personnel costs increased $14.3m/4.3% due to higher enrollment support;
  - Maintenance & Operations increased by $32.4m/35.0% due to reopening campuses;
  - Scholarships and Financial Aid increased by $26.2m/40.1% due to COVID relief funding.

All $ presented as thousands

	FY21 Q2 Actuals	FY22 Q2 Budget	FY22 Q2 Actuals	Actuals vs. Actuals Variance ($000's)	Variance (%)
REVENUES					
Net Tuition and Fees	348,780	360,598	390,316	41,536	11.9%
Sales of Goods and Services	85,923	121,641	105,102	19,179	22.3%
Grants and Contracts	106,499	130,831	164,664	58,165	54.6%
State Appropriations	257,274	270,452	276,353	19,079	7.4%
All Other Revenue	36,831	30,224	54,853	18,022	48.9%
Total Revenues	**835,307**	**913,746**	**991,288**	**155,981**	**18.7%**
EXPENSES					
Personnel Costs	333,201	357,369	347,532	14,331	4.3%
Maintenance & Operation Co	92,524	120,080	124,887	32,362	35.0%
Scholarships, Exemptions and Financial Aid	65,339	92,170	91,542	26,202	40.1%
All Other Expenses	15,144	28,581	13,708	(1,436)	-9.5%
Total Expenses	**506,208**	**598,201**	**577,668**	**71,460**	**14.1%**
TRANSFERS					
Total Net Transfers	**(92,635)**	**(68,400)**	**(61,042)**	**31,594**	**-34.1%**
Estimated Budgeted Impact on Fund Balances	**236,464**	**247,145**	**352,578**	**116,114**	**49.1%**

Q2 Revenue

21.9% increase

- Total revenue increased by $134.6m/21.9%.
  - Tuition and Fees increased by $40.8m/13.3% due to increased graduate enrollment;
  - Sale of Goods and Services increased by $19.9m/33.9% due to campus reopening;
  - Grants and Contracts increased by $51.1m/70.2% due to COVID relief funding.
  - State Appropriations increased by $11.4m/6.8% due to new appropriations in the FY22-23 biennium.

Q2 Expenses

13.2% increase

- Total expenses increased by $44.5m/13.2%.
  - Personnel Costs increased by $7.4m/3.4% due to campus reopening and higher graduate enrollment;
  - Maintenance & Operation Costs increased by $19.4m/37.0% due to campus reopening support;
  - Scholarships and Financial Aid increased by $18.7m/32.4% due to awards via COVID relief funding.

All $ presented as thousands

	FY21 Q2 Actuals	FY22 Q2 Budget	FY22 Q2 Actuals	Actuals vs. Actuals Variance ($000's)	Actuals vs. Actuals Variance (%)
REVENUES					
Net Tuition and Fees	306,807	318,027	347,557	40,750	13.3%
Sales of Goods and Services	58,761	82,678	78,661	19,900	33.9%
Grants and Contracts	72,863	85,791	124,037	51,174	70.2%
State Appropriations	166,512	177,687	177,893	11,381	6.8%
All Other Revenue	8,792	10,172	20,176	11,384	129.5%
Total Revenues	**613,734**	**674,356**	**748,323**	**134,589**	**21.9%**
EXPENSES					
Personnel Costs	219,287	231,234	226,718	7,431	3.4%
Maintenance & Operation Costs	52,361	66,672	71,736	19,375	37.0%
Scholarships, Exemptions and Financial Aid	57,862	76,844	76,600	18,738	32.4%
All Other Expenses	8,233	18,232	7,235	(998)	-12.1%
Total Expenses	**337,742**	**392,982**	**382,289**	**44,547**	**13.2%**
TRANSFERS					
Total Net Transfers	**(84,342)**	**(79,224)**	**(89,858)**	**(5,517)**	**-6.5%**
Estimated Budgeted Impact on Fund Balances	**191,650**	**202,149**	**276,176**	**84,526**	**44.1%**

UNT SYSTEM

*Note: These are the main drivers, and do not total

- 2020 - 2021 - 2022

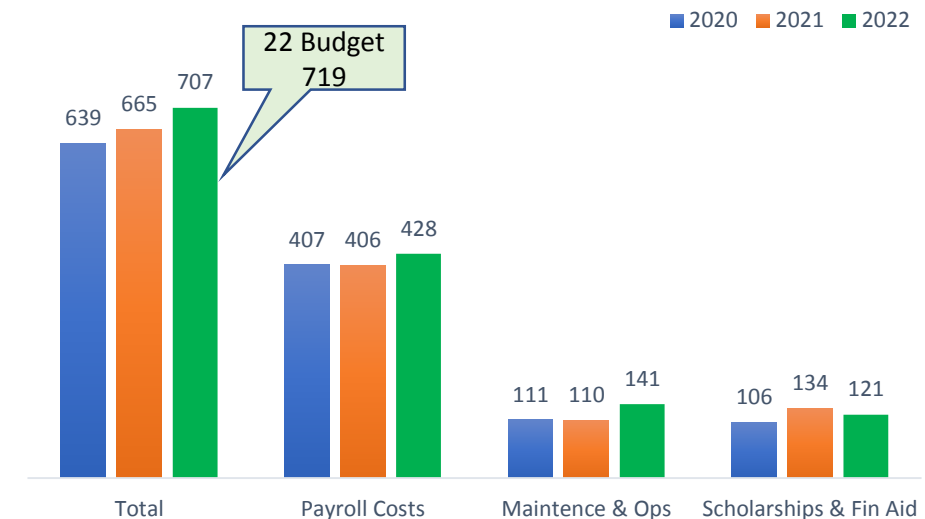- **Projected Revenue:**
  - FY22 Revenue projecting above prior year by $47m;
  - Tuition and Fees above FY21 by $38m due to increased enrollment;
  - Sale of Goods $14m more than prior year due to full reopening of campus;
  - Contracts & grants less than prior year by $32m due to COVID relief funding that mostly received in FY21.

Chart (Revenue):
- 22 Budget 839
- Total: 767, 831, 878
- Tuition & Fees: 348, 363, 401
- Sale of Goods: 83, 75, 89
- Grants and Contracts: 134, 199, 167
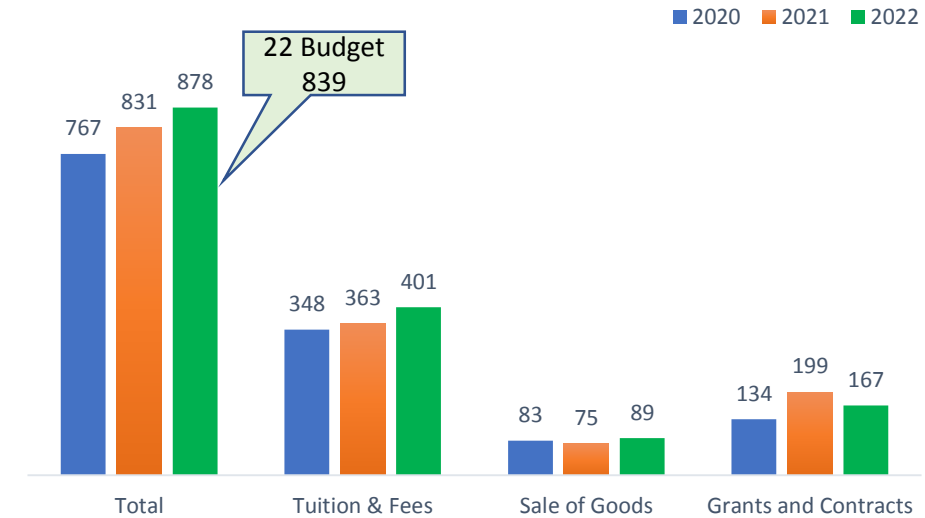
- **Projected Expenses:**
  - FY22 Expenses projecting above prior year by $42m;
  - Payroll costs above FY21 by $22m due to increased enrollment support;
  - Maintenance & Operations above prior year due by $31m to increased campus reopening support;
  - Scholarships & Aid projected behind prior year by $13m due to COVID relief funding in FY21.

- 2020 - 2021 - 2022

Chart (Expenses):
- 22 Budget 719
- Total: 639, 665, 707
- Payroll Costs: 407, 406, 428
- Maintence & Ops: 111, 110, 141
- Scholarships & Fin Aid: 106, 134, 121

FY 2022 Q2 Performance: UNTHSC

All $ presented as thousands

Q2 Revenue

- Total revenue increased by $14.0m/9.6%.
  - Tuition and Fees increased by $1.0m/5.8%;
  - Sales of Goods and Services decreased by $1.0m/4.2% due to timing;
  - Grants and Contracts increased by $0.8m/3.4% due to increased grant activity;
  - State Appropriations increased by $6.9m/12.6% due to increased appropriations and Rape Kit funding.

Q2 Expenses

- Total expenses increased by $13.3m/12.6%.
  - Personnel Costs increased by $4.4m/6.1% due to new hires and performance payment plan;
  - Maintenance & Operations increased by $8.2m/28.9% due to new incentives and programs;
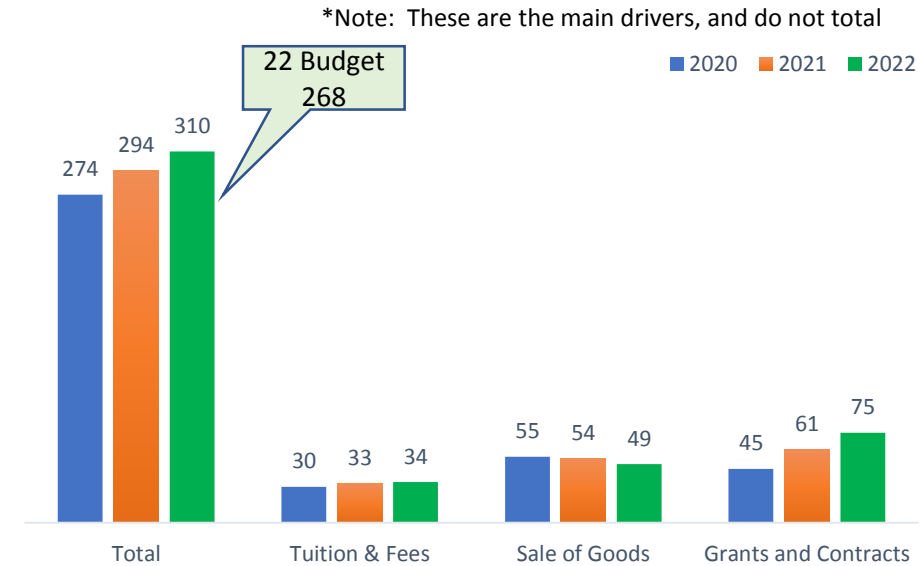 - Scholarships increased $1.1m.

	FY21 Q2 Actuals	FY22 Q2 Budget	FY22 Q2 Actuals	Actuals vs. Actuals Variance ($000's)	Variance (%)
REVENUES					
Net Tuition and Fees	17,262	16,818	18,256	994	5.8%
Sales of Goods and Services	24,573	36,238	23,532	(1,041)	-4.2%
Grants and Contracts	24,875	26,425	25,729	854	3.4%
State Appropriations	55,345	55,684	62,294	6,949	12.6%
All Other Revenue	23,938	16,209	30,261	6,323	26.4%
Total Revenues	**145,994**	**151,375**	**160,073**	**14,079**	**9.6%**
EXPENSES					
Personnel Costs	72,071	77,933	76,456	4,385	6.1%
Maintenance & Operation Costs	28,499	37,208	36,733	8,234	28.9%
Scholarships, Exemptions and Financial Aid	0	439	1,083	1,083	0.0%
All Other Expenses	5,268	6,883	4,865	(403)	-7.6%
Total Expenses	**105,838**	**122,463**	**119,137**	**13,299**	**12.6%**
TRANSFERS					
Total Net Transfers	**(23,570)**	**(20,696)**	**(18,780)**	**4,790**	**-20.3%**
Estimated Budgeted Impact on Fund Balances	**16,586**	**8,217**	**22,156**	**5,570**	**33.6%**

THE UNIVERSITY *of* NORTH TEXAS
HEALTH SCIENCE CENTER *at* FORT WORTH

9.6% increase

12.6% increase
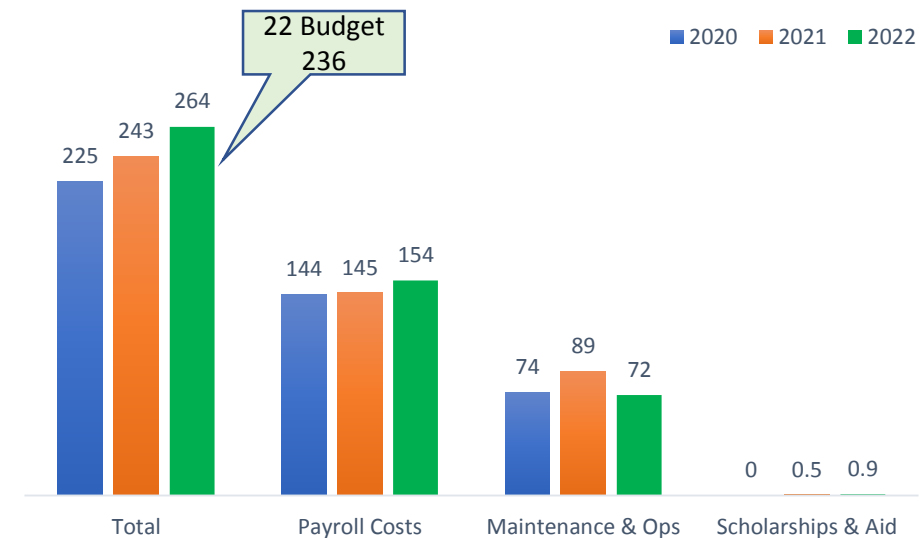
*Note: These are the main drivers, and do not total

- Projected Revenue:
  - FY22 Revenue projecting $16m above prior year;
  - Tuition & Fees projecting above prior year by $1m;
  - Sale of Goods and Services projecting $5m below, but $4m over budget;
  - Grants and Contracts projecting $14 above prior year due to higher grant activity.

22 Budget 268

	2020	2021	2022
Total	274	294	310
Tuition & Fees	30	33	34
Sale of Goods	55	54	49
Grants and Contracts	45	61	75

- Projected Expenses:
  - FY22 Expenses projecting $21m above prior year;
  - Payroll Costs higher than FY21 by $9m, but $2m below FY22 budget;
  - Maintenance & Operations projecting lower by $17m due to the Tarrant County vaccine contract in FY21;
  - Scholarships higher by $0.4m due to increased grant activity.

22 Budget 236

	2020	2021	2022
Total	225	243	264
Payroll Costs	144	145	154
Maintenance & Ops	74	89	72
Scholarships & Aid	0	0.5	0.9

All $ presented as thousands

Q2 Revenue

10.6% increase

- Total revenue increased by $7.1m/10.6%.
  - Tuition and Fees are flat to prior fiscal year;
  - Sales of Goods increased by $0.3m/29.9% due to campus reopening;
  - Grants and Contracts increased $6.1m/70.0% due to COVID relief funding;
  - State Appropriations increased by $0.8m/3.0% due the new Center for Socioeconomic Mobility through Education funding.

Q2 Expenses

29.8% increase

- Total expenses increased by $9.7m/29.8%.
  - Personnel Costs increased by $1.7m/8.5% in order to support enrollment growth;
  - Maintenance & Operations increased $1.6m/32.8% due to COVID relief funding;
  - Scholarships and Financial Aid increased by $6.4m/85.3% due to COVID relief funding.

	FY21 Q2 Actuals	FY22 Q2 Budget	FY22 Q2 Actuals	Actuals vs. Actuals Variance ($000's)	Variance (%)
REVENUES					
Net Tuition and Fees	24,711	25,753	24,503	(208)	-0.8%
Sales of Goods and Services	1,114	1,268	1,448	334	29.9%
Grants and Contracts	8,761	18,615	14,899	6,137	70.0%
State Appropriations	28,315	30,687	29,153	839	3.0%
All Other Revenue	3,989	3,743	3,960	(30)	-0.8%
Total Revenues	**66,890**	**80,065**	**73,962**	**7,071**	**10.6%**
EXPENSES					
Personnel Costs	20,204	25,982	21,930	1,726	8.5%
Maintenance & Operation Costs	4,885	8,535	6,485	1,601	32.8%
Scholarships, Exemptions and Financial Aid	7,478	14,888	13,859	6,381	85.3%
All Other Expenses	28	1,466	33	4	14.4%
Total Expenses	**32,595**	**50,871**	**42,306**	**9,712**	**29.8%**
TRANSFERS					
Total Net Transfers	**(12,204)**	**(10,853)**	**(10,937)**	**1,267**	**10.4%**
Estimated Budgeted Impact on Fund Balances	**22,092**	**18,342**	**20,718**	**(1,374)**	**6.2%**

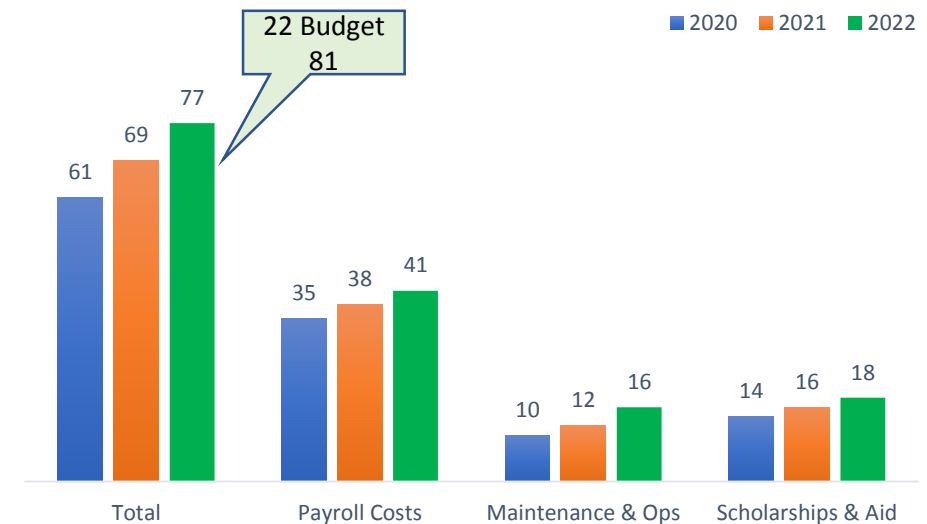*Note: These are the main drivers, and do not total

- **Projected Revenue:**
  - Total Revenue flat to prior year;
  - Tuition & Fees revenue projecting below prior year by $2m due to lower than expected enrollment;
  - Sales of Goods & Services $1m above prior year due to campus reopening;
  - Grants & Contracts $4m below prior year due to COVID relief funding inflating FY21.

22 Budget 93

2020 2021 2022

	Total	Tuition & Fees	Sale of Goods	Grants and Contracts
2020	74	27	1	14
2021	90	30	1	26
2022	90	28	2	22
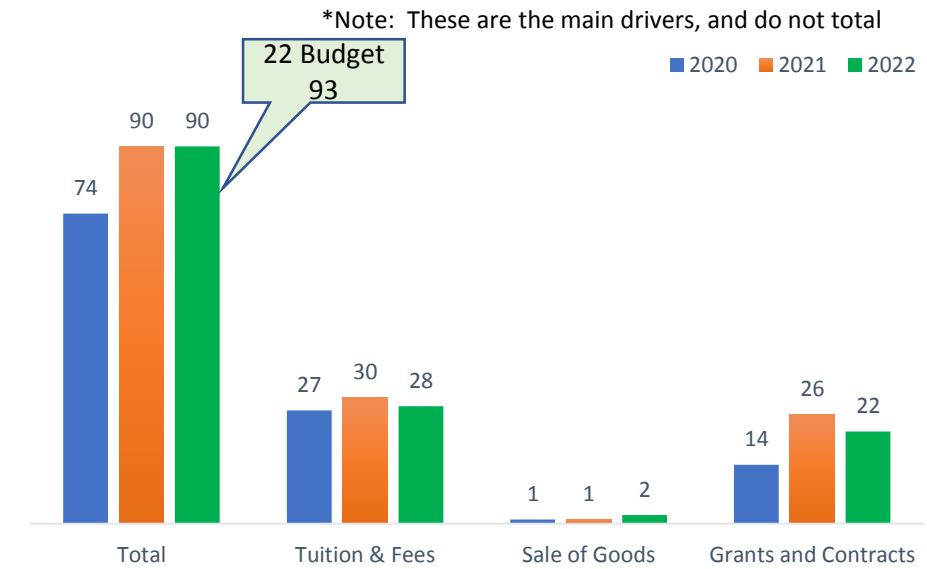
- **Projected Expenses:**
  - Total Expenses above prior year by $8m;
  - Payroll Costs higher than prior year by $3m, but will come in $1m under budget;
  - Maintenance & Operations projecting higher than prior year by $4m, but $1m under budget;
  - Scholarships & Aid above prior year by $2m due to delayed COVID relief funding being expensed.

22 Budget 81

2020 2021 2022

	Total	Payroll Costs	Maintenance & Ops	Scholarships & Aid
2020	61	35	10	14
2021	69	38	12	16
2022	77	41	16	18

All $ presented as thousands

Q2 Revenue

2.8% increase

- Total revenue increased by $0.2m/2.8%.
  - Sales of Goods and Services slightly decreased;
  - State Appropriations also slightly decreased;
  - All Other Revenue increased by $0.3m due to higher investment income.

Q2 Expenses

13.0% increase

- Total expenses increased by $3.9m/13.0%.
  - Personnel Costs increased by $0.8m/3.6% due to strategic initiatives;
  - Maintenance & Operations increased by $3.2m/46.5% due to FY22 strategic initiatives and delayed expense off-set fees;
  - Other Expenses slightly decreased.

	FY21 Q2 Actuals	FY22 Q2 Budget	FY22 Q2 Actuals	Variance ($000's)	Variance (%)
REVENUES					
Net Tuition and Fees	0	0	0	0	0.0%
Sales of Goods and Services	1,475	1,456	1,462	(13)	-0.9%
Grants and Contracts	0	0	0	0	0.0%
State Appropriations	7,103	6,393	7,012	(90)	-1.3%
All Other Revenue	111	100	456	345	309.5%
Total Revenues	**8,689**	**7,950**	**8,930**	**241**	**2.8%**
EXPENSES					
Personnel Costs	21,639	22,220	22,428	789	3.6%
Maintenance & Operation Costs	6,780	7,665	9,932	3,152	46.5%
Scholarships, Exemptions and Financial Aid	0	0	0	0	0.0%
All Other Expenses	1,615	2,000	1,575	(40)	-2.4%
Total Expenses	**30,033**	**31,885**	**33,935**	**3,902**	**13.0%**
TRANSFERS					
Total Net Transfers	**27,480**	**42,373**	**58,533**	**31,053**	**113.0%**
Estimated Budgeted Impact on Fund Balances	**6,136**	**18,438**	**33,528**	**27,392**	**446.4%**

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*Note: These are the main drivers, and do not total

- **Projected Revenue:**
  - Total Revenue above prior year by $1m due to higher than expected investment income;
  - Sale of Goods & Services are projecting flat to prior year, as well as budget;
  - State Appropriations are also projecting flat to prior year and annual budget.
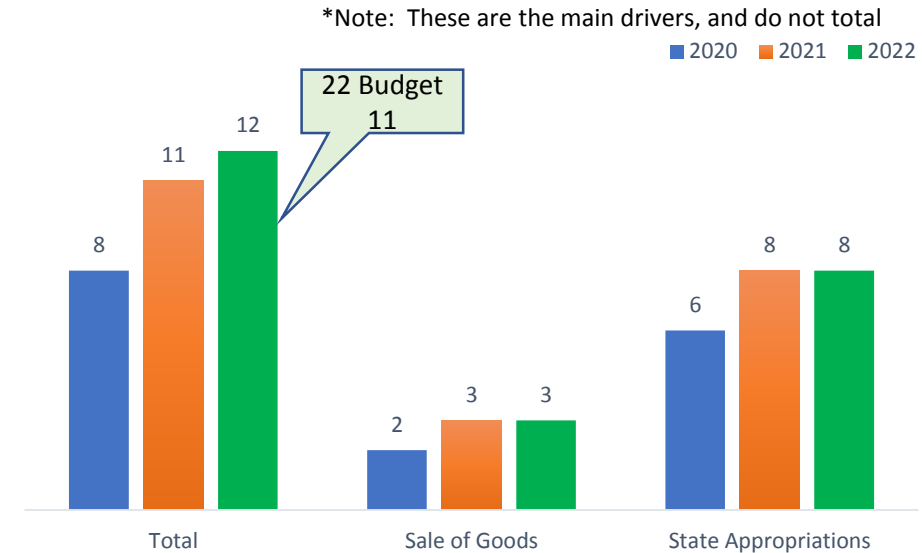
- **Projected Expenses:**
  - Total expenses above prior year by $7m, which is $2m over budget;
  - Payroll Costs are projecting over prior year by $1m due to FY22 strategic initiatives;
  - Maintenance & Operations above prior year by $7m, or $2m over budget due to FY22 strategic initiatives.
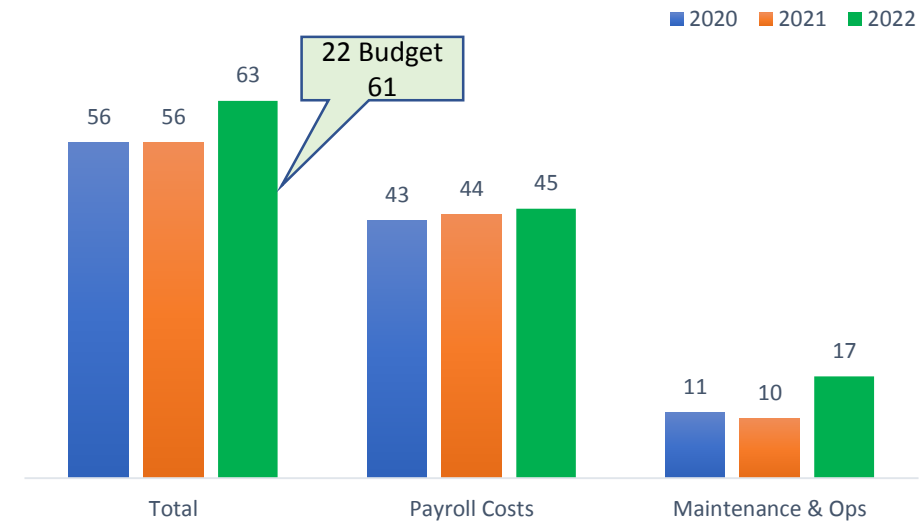
Memorandum

To: Laura Wright, Chair, UNT System Board of Regents
        Carlos Munguia, Chair, Audit & Finance Committee
        Dr. Michael R. Williams, Chancellor, UNT System

From: Renaldo L. Stowers, UNT System Administration Chief Compliance Officer

Date: May 10, 2022

Subject: UNT System Administration Compliance & Integrity Program Internal Assessment

SITUATION: Previously, the UNT System Administration compliance function was performed by a single employee who was responsible for managing the compliance programs for both the System Administration and UNT Dallas. The compliance function migrated under the UNT System Office of General Counsel for operational purposes, effective March 1, 2022. The program currently is undergoing an internal operational assessment using the framework established by the UNT System Compliance and Integrity Program Regulation (Regulation 02.1000), and an external assessment utilizing the framework developed by the U.S. Department of Justice for evaluating corporate compliance programs. The assessments are an opportunity for the System Administration to answer the three fundamental questions the Department of Justice asks when evaluating the effectiveness of corporate compliance programs:

1. Whether the program is well designed (and in compliance with the System regulation);
2. Whether the program is adequately resourced and empowered to function effectively; and
3. Whether the program works in practice.

BACKGROUND: The UNT System Administration established a formal compliance program in December 2007. In its 15-year existence, the program has had two part-time Chief Compliance Officers (CCO). The first CCO was responsible for the compliance functions at UNT, UNT Dallas and the System Administration and the office was comprised of a staff of three individuals, including the CCO. The second iteration of the office was responsible for the compliance functions at UNT Dallas and System Administration, and eventually was staffed by two employees, including the CCO.

The UNT System adopted a Compliance and Integrity Program regulation in October 2017. The purpose of adopting a regulation was to promote the establishment of compliance programs across the System that are "designed for maximum effectiveness in preventing and detecting wrongdoing by employees" as mandated in section 9-28.800 of the U.S. Department of Justice Manual.

The regulation, in addition to requiring compliance programs to conduct annual assessments of the organizations' compliance risks and the measures implemented to control the identified risks, requires programs: (1) to conduct a 10-item internal assessment of each component of the compliance program for effectiveness every five-years; and (2) to be evaluated by the Chief

Audit Executive periodically. The requirements to conduct periodic internal and external assessments establishes a process intended to promote continuous program improvement.

ASSESSMENT: The internal assessment consisted of a 70-item review of the compliance program infrastructure and operational effectiveness, and was conducted over a 45-day period. The review evaluated the current operational sufficiency of: (1) the inventory of *compliance program* and *operational compliance* policies (an operational compliance policy is a policy that affects a defined System Administration function and relates to a compliance risk, e.g. financial reporting (Finance Operations), family medical leave administration (Human Resources), etc.); (2) the CCO's access and empowerment, and compliance function resources; (3) the identification of System Administration officials who hold positions or make decision that expose the organization to the highest compliance risks; (4) the inventory and delivery of mandatory compliance program and operational compliance training (including training for members of the Board of Regents); (5) the suspected misconduct reporting system (including the anonymous component); (6) the suspected misconduct investigation and resolution process; (7) the whistleblower protection program; (8) communications between the CCO, Board of Regents, Chancellor, General Counsel and Chief Audit Executive; (9) the compliance program's process for protecting the confidentiality of compliance program information; (10) the annual compliance risk assessments and the monitoring of measures put in place to control identified risks; (11) the System Executive and System Administration Compliance Committees; (12) the process to collect, monitor and evaluate enforcement and corrective actions taken following a compliance violation or receipt of a false report of suspected misconduct; (13) immediate (i.e. after significant compliance violations) and periodic reviews of the compliance program to assess effectiveness; and (12) external review of the compliance program.

In addition to contributing to a desired business culture and to operational efficiency, an effective compliance program will prove invaluable should the System Administration face federal enforcement actions. The previous CCOs worked under less than optimum conditions in building the compliance program. Based on the internal assessment, focused attention and resources are required for the System Administration Compliance and Integrity Program to realize its full effectiveness and value.

RECOMMENDATION: The System Administration has invested in the Compliance & Integrity Program by creating a full-time position to manage the program, and by retaining a third-party consultant to conduct an external assessment of the compliance programs across the UNT System. I recommend the System Administration continue moving in its current direction regarding the compliance program's organizational structure so the program can continue implementing the changes necessary to be effective.

Title: Executive Summary

To: UNT System Board of Regents
         Chancellor Michael R. Williams

From: Clay Simmons, Chief Compliance Officer

Dept.: University Compliance and Ethics (UCE)

SITUATION: *(What is our problem or opportunity?)*

"Is the corporation's compliance program well designed?" *Evaluation of Corporate Compliance Programs 2020, US Department of Justice.*

The Department of Justice (DOJ) directs prosecutors to examine the comprehensiveness of the compliance program and ensure that there is not only a clear message that misconduct is not tolerated, but also ensures the program is well integrated into the company's workforce and operations. DOJ provides that credit may be extended to companies that can show the quality and effectiveness of a risk-based compliance program that devotes appropriate attention and resources to high-risk transactions, even if it fails to prevent an infraction, and will consider revisions to the program in light of lessons learned as an indicator of risk-tolerance.

BACKGROUND: *(Why is this important?)*

The adequacy and effectiveness of a compliance program centers around whether the program has evolved over time to address existing and changing compliance risks. All aspects of the program, including risk assessment, policy, training, and confidential reporting and investigations should be designed to fit the culture and organization in which the compliance program resides. DOJ states that the company must periodically evaluate the effectiveness of the organization's program. UNT's Compliance and Ethics Program (CEP) was set on a radically different path in 2018 when Chief Compliance Officers were hired for each institution. Up to that point, compliance for all UNT System Enterprise institutions was handled by one office with very limited resources. As a consequence, the compliance function at UNT was underdeveloped and not well integrated into the organization. The new program, which is just over three years old, is designed to meet and exceed the requirements of the Federal Sentencing Guidelines, but periodic checks must be made to ensure that the program is properly designed to address the risks found in the institution. Only a program tailored to

the needs of the University of North Texas will be able to function appropriately and become integrated into the everyday activities of the university. Now that the program is functioning and the elements are in place, an evaluation of the way the program functions is necessary.

ASSESSMENT: *(Factors to consider)*

Three years into the creation of the program, UCE is taking a close look at the design and operation of the program to ensure it is adequately designed. All aspects of a compliance and ethics program are present at UNT, and the program is functioning and serving its intended purpose. Most elements are present in an early form and there is substantial work to do to increase the sophistication and capabilities of the CEP as a whole. The two areas deemed most critical by early risk assessments were the areas of training and policy. These two elements form the foundation of an effective compliance program that other elements then build off. Both internal and external assessment rate policy and training as more developed than other areas of the CEP due to the amount of effort devoted to them in the preceding years. Both of these areas have also benefited from additional resources provided by the university, with an LMS purchased to improve training and a full-time position created to oversee the policy management process. Coupled with improvements in coordination, oversight, and process, the two elements are poised to meet all necessary requirements currently placed upon them. Continued improvements are possible but are less urgent and provide marginally less improvement for the resources invested in them.

In addition to this assessment work, UCE has improved documentation throughout the CEP, especially in the areas of policy. Documentation of other compliance elements is under way and progress is being made, with documentation of the investigation process substantially completed in the last month.

RECOMMENDATION/SUMMARY:

While further work in policy and training can be done, we have reached a point where it is more beneficial to focus UCE efforts on less developed systems. Both are currently operating in an effective manner such that priorities can shift. Using internal and Internal Audit-provided feedback, we will shift our development priorities to risk assessment and investigations, which will be the next targets for our CEP improvement process. Risk assessment serves as the method by which the efforts of the compliance program are focused on the areas presenting the most risk to the institution. We will formalize and improve documentation in this area. Similarly, investigations have taken a back seat to other program improvements, but UCE can now free up resources to work on this area of the CEP.

UCE will continue to devote resources to documenting the program for continuity and review purposes. This documentation will also improve responses to risk areas and help point out potential gaps in CEP activities. Documentation efforts will initially focus on mitigation of priority risks and the risk assessment process itself and how those reviews are performed.

Title: Executive Summary

To: UNT System Board of Regents
Chancellor Michael R. Williams

From: Desiree K. Ramirez, Senior Vice President and Chief Integrity Officer

Dept.: Institutional Integrity and Awareness

SITUATION: *(What is our problem or opportunity?)*

Does the corporation's compliance program work in practice?" *Evaluation of Corporate Compliance Programs 2020, US Department of Justice.*

The Department of Justice (DOJ) references the "continuous improvement, periodic testing and review" of effective compliance programs. In fact, it states that prosecutors may reward organizations' efforts to review and update their compliance programs, as the business and surrounding environment change over time. The effectiveness of a compliance program can be judged by how it improves and changes over time and in response to incidents and new or newly identified risks. The DOJ guidance makes clear that compliance should be viewed as an iterative process, and its reporting, training, auditing, investigating, and remediating functions must be integrated into a company's day-to-day business activities and culture.

BACKGROUND: *(Why is this important?)*

Definition: *Measure of Effectiveness (MOE)* **means:** *A criterion used to assess changes in system behavior, capability, or operational environment that is tied to measuring the attainment of an end state, achievement of an objective, or creation of an effect.*

The adequacy and effectiveness of a compliance program centers around whether the program has evolved over time to address existing and changing compliance risk. Policy and procedures and root cause analysis are helpful as predictors of what the compliance programs should utilize for education and training. Most programs report completion rates as an indicative measure, however that does not equate to measuring the effectiveness of training. Robust policies and procedures are measures of effectiveness. Policies and procedures must be comprehensively and effectively communicated. It is difficult to follow a policy if you don't know what it is, creates uncertainty to what the employees must comply, and may create challenges to measuring adherence. As Compliance officers are leading the change for measuring effectiveness this includes engaging leadership and enhancing education and awareness. Changes to culture and engagement have led to support of the ongoing transformation of the role of Chief Compliance Officer to the rise of the Chief Integrity Officer. A Chief integrity Officer serves as an advocate for a culture and philosophy of integrity and sound ethical conduct.

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ASSESSMENT: *(Factors to consider)*

The development and implementation of regular, effective education and training programs is one of the seven essential elements for a compliance program. Effectiveness is a factor of outcome. Using data such as the number of people trained, is not a measurement of outcome. Consistent communication and education on policies creates productivity, proficiency and performance for the institution. Effective policies and procedures build a stronger culture when all employees and students have a clear understanding of the WHY. Policies and procedures provide routines, align with the Code of Culture, set priorities and expectations, and build a unified campus culture.

A **good** compliance program helps employees to follow laws, reduce liability risks, and operate effectively; an **active** program continually updates content to reflect the latest developments, laws, and best practices. The **best** compliance programs go beyond basic requirements to contain the elements such as: (1) ease of use (2) **adaptive progression** (3) combining experience learning with training (4) customized content (5) a deep sense of why this is important to the organization (6) embracing analytics (7) support of leadership. Knowing what substance and context to train employees and students as well as articulating their use and impact in their day to day operations is crucial in measuring effectiveness. Input from employees and stakeholders is extremely useful in measuring employee comprehension, revision of policy and education and training.

The Chief Integrity Officer encompasses a visible manifestation of a wider shift towards a more strategic and inclusive approach to compliance in a changing landscape. This becomes a strategic differentiator.

RECOMMENDATION/SUMMARY:

Utilizing adaptive learning in integrity and compliance education to more opportunities for the employees and students to interact within their compliance and integrity education. By utilizing adaptive the employees and students will gain insight needs to improve based on their results, adjust their training plans and address specific knowledge gaps, and lessens the focus on an area that they demonstrate a higher proficiency.

The role of the Chief Compliance Officer is changing. The role has increasingly focused more and more on the institution's integrity and its role in ESG – environmental, social, and governance – strategies. The role of the Chief Integrity Officer is firmly rooted in establishing, maintaining, and monitoring the integrity of the institution and its commitment to values, ethics, code of conduct (culture), policies, regulatory obligations, contractual commitments. The change to a Chief Integrity Officer title, should not be taken lightly; they must be included in discussions and decision-making at the leadership level which reinforces the ethical standards of the institution. An effective Chief Integrity Officer can continue to drive a culture of honesty and integrity throughout the institution.

Title:	**UNT Dallas Quarterly Compliance Report (FY22 Q2) Executive Summary**
To:	**UNT System Board of Regents**
	UNT Dallas President Robert Mong
From:	**UNT Dallas Chief Compliance Officer Tim Willette**
Department	**Office of Institutional Compliance**
Date:	**04/22/2022**

1. **SITUATION:** Is UNT Dallas taking the required steps to periodically communicate the adequacy and effectiveness of its Compliance and Integrity Program (Program) to members of the governing authority (Board of Regents)?
Reference: USSC Guidelines §8B2.1. *Effective Compliance and Ethics Program*

Per UNT System Regulation 02.1000; *Compliance and Integrity* Program, "[e]ach Chief Compliance Officer shall report to the Board of Regents or the appropriate committee of the Board a minimum of one time per quarter. The report shall include information the Chief Compliance Officer, in consultation with the Chief Audit Executive or Vice Chancellor and General Counsel as appropriate, determines is necessary to promote an effective compliance program."

2. **BACKGROUND:** The UNT Dallas Office of Institutional Compliance (OIC) functions to provide regulatory oversight, as well as oversee a Program that fosters a culture of ethical, lawful, and responsible conduct. The OIC monitors and reports on a wide range of existing and emerging compliance risks.

The OIC at UNT Dallas is responsible for maintaining an effective Program that includes, but is not limited to: 1) serving as a resource to address compliance concerns and communicate emerging risks; 2) facilitating the identification, prioritization, and mitigation of compliance risk focus areas; 3) assisting in determining risk mitigation strategies and how to assess their effectiveness; 4) reviewing and-as needed-updating campus policies; 5) assisting in identifying and monitoring training requirements; and 6) helping with the implementation of corrective actions, as appropriate. The Program identifies, assesses, monitors, oversees, and helps ensure UNT Dallas complies with applicable laws and regulations, Regents rules, System regulations, and campus policies.

3. **ASSESSMENT:** The UNT Dallas Chief Compliance Officer regularly assesses and monitors the overall effectiveness of the Program. In addition, the Chief Compliance Officer regularly monitors the measures implemented to mitigate compliance risks identified in the annual compliance risk assessment, reporting to senior leadership, as well as the Board of Regents.

Each report provides a summary and highlights of compliance activities that have taken place during the previous quarter at UNT Dallas. It reviews the overall Program, addressing the seven federal sentencing guideline objectives and the status of key risk focus areas included in the annual compliance risk work plan.

For the FY22 Q2 Compliance report (covering 12/01/2021-02/28/2022), in addition to reporting the aforementioned, it should be noted that on 01/01/2022, the Board of Regents appointed Dr. Michael Williams as the new UNT System Chancellor. This change in leadership impacted all four institutions. As part of a sweeping transition, on 03/01/2022, UNT System Chancellor Williams reorganized System Administration. As part of the reorganization, the Office of Institutional Compliance was dissolved, and the role of the Chief Compliance Officer assigned to the Office of General Counsel. This move positively impacted the OIC at UNT Dallas by recognizing the need for a fully dedicated Chief Compliance Officer.

Additionally, the UNT System Chief Audit Executive, toward the end of 01/2022, charged a team of auditors (in-house and outside consultants) to evaluate each of the Programs at the four institutions. This engagement is the first audit of the Program. Working with members of the audit team, the UNT Dallas Chief Compliance Officer has been responding and continues to respond to document and meeting requests. This active engagement will run through the FY22 Q4.

4. **RECOMMENDATIONS:** The UNT Dallas OIC is committed to enhancing all elements of the Program with evolving "best practices" in place. This will require on-going involvement with a variety of internal and external collaborations that provide fora to discuss and review Program improvements. The Chief Compliance Officer is duty bound to periodically communicate these enhancements to campus leadership and to the Board of Regents.

As discussed by UNT Health Science Center Senior Vice President and Chief Integrity Officer, the role of the Chief Compliance Officer is evolving. This maturing is occurring in varying degrees at each of the four institutions. The role of the Chief Compliance Officer is adapting from that of fostering a culture of compliance to championing an eco-sphere of ethical thinkers focused on institutional integrity buttressed by Environmental, Social, and Governance (ESG) strategies. In strengthening the ethical well-being of all who serve at UNT Dallas, the Chief Compliance Officer should be a catalyst for igniting campus-wide discourse and sparking decision-making at the leadership level.

Continually monitoring and routinely reporting on the key elements of an effective Program is a must. To that end; the Chief Compliance Officer must be vigilant in establishing, maintaining, and monitoring the integrity of the institution and its commitment to values, ethics, code of conduct, policies, regulatory obligations, and contractual commitments. These quarterly compliance reports are key.