

Regulations of the University of North Texas System	Chapter 02
<b>02.1000</b> <b>Compliance and Integrity Program</b>	Administration

**02.1001**      **Regulation Statement.**

The University of North Texas System is committed to ethical and lawful conduct at every level of the organization; providing education and implementing practices that prevent and detect violations of the law and encourage all members of the System to conduct themselves lawfully, honestly and with integrity; and preventing retaliation against individuals who make good faith reports of suspected misconduct.

**02.1002**      **Application of Regulation.**      All employees and individuals acting on behalf of the UNT System or an Institution in the System.

**02.1003**      **Definitions.**

1. Compliance and Integrity Program. “Compliance and Integrity Program” means the structure and process designed to identify, assess, monitor, oversee and ensure officers and employees of the Institutions comply with applicable laws, Regents Rules, System Regulations and Institution policies.
2. Compliance Risk. “Compliance risk” means conduct (action and inaction), practices or circumstances that expose an Institution to legal or regulatory sanctions, including fines or penalties; or damage to an Institution’s reputation due to an officer’s, employee’s, agent’s or independent contractor’s failure to comply with applicable laws, Regents Rules, System Regulations or Institution policies.
3. Compliance Risk Assessment. “Compliance risk assessment” means the periodic identification and evaluation of conduct (action and inaction), practices, and circumstances that expose an Institution to sanctions or reputational harm.
4. Compliance Work Plan. “Compliance work plan” means a method or tool developed after completion of a risk assessment to focus compliance activities on an Institution’s highest compliance risks.

5. Good Faith Report. “Good faith report” means a reasonable belief that conduct violates law, Regents Rule, System Regulation or Institution policy based on the reporting individual’s training and experience.
6. Institution. “Institution” means an institution of higher education in the UNT System, including the System Administration.
7. Management Official. “Management official” means an individual who has supervisory responsibilities over one or more faculty or staff employees; exercises substantial discretionary authority when acting within the course and scope of employment; or acts as an agent on behalf of an Institution.
8. Mandatory Training. “Mandatory training” means regularly scheduled training related to federal and state laws, Regents Rules, System Regulations, Institution policies or specific operational practices that are essential to developing consistent ethical and compliant conduct.
9. Misconduct. “Misconduct” means wrongdoing as described in Regents Rule 04.1100, including any action or a knowing failure to act that results or has potential to result in fraud, waste, abuse, illegal activity, financial misstatements, accounting irregularities, or violations of federal or state laws, Regents Rules, System Regulations, or Institution policy.
10. Responsible Senior Official. “Responsible Senior Official” means the chief executive officer of the UNT System or an Institution.
11. Retaliation. “Retaliation” means any action, treatment or condition likely to dissuade a reasonable person from reporting or causing to report, or from participating in an investigation of suspected misconduct or a related proceeding, including an action that affects an individual’s enrollment or business relationship, or an employee’s compensation, promotion, transfer, work assignment, or performance evaluation.
12. Substantial Discretionary Authority. “Substantial discretionary authority” means authority to make discretionary decisions within the course and scope of employment that affect the financial, organizational or operational posture of the System or an Institution (e.g. set prices, negotiate contracts, etc.) regardless whether the authority is formally delegated in writing pursuant to state law, Regents Rules or Institution policy.

**02.1004**      **Responsibilities**

Institutions shall maintain policies and implement practices that encourage ethical conduct and the prevention and detection of misconduct, and establish a Compliance and Integrity Program that is consistent with the requirements set out in this regulation.

**02.1005**      **Components of Compliance and Integrity Program**

Compliance and Integrity Programs established pursuant to this regulation shall apply to all employees and individuals acting on behalf of the Institutions and include, at a minimum, the following:

1. Policies Related to Ethics and Standards of Conduct. Institutions shall adopt and maintain policies essential to establishing a culture of compliance through the detection and prevention of criminal activity, and that promote integrity, ethical behavior, and compliance with federal and state laws, Regents Rules, Institution policies and standards adopted by applicable accrediting bodies. These policies must include, at a minimum, those related to:
  - a. Ethics and standards of conduct;
  - b. Conflict of interest disclosure;
  - c. Background checks;
  - d. Dual employment and other outside activities;
  - e. Prohibition against sexual assault/sexual harassment;
  - f. Reporting suspected misconduct;
  - g. Rights and responsibilities of employees under the Compliance and Integrity program; and
  - h. Fraud.
  
2. Chief Compliance Officer. Institutions shall designate an individual to have full-time, day-to-day operational responsibility for the Compliance and Integrity Program. The Chief Compliance Officer shall have direct and unrestricted access to the Institution's Responsible Senior Official; administer the Compliance and Integrity Program reporting system; have unrestricted access to individuals and information throughout the System as necessary and consistent with applicable legal privileges; and be given adequate resources to develop and maintain an effective Compliance and Integrity Program, including resources necessary to conduct an annual compliance risk assessment and compliance work plan.
  
3. Background Checks. Institutions shall require criminal history background checks for all positions with financial or substantial discretionary authority, with proximity to minors, or in security sensitive positions upon hiring or upon

assumption of materially different responsibilities. Criminal history background, excluded-parties/persons, and debarment checks shall be conducted, as applicable, for all third parties conducting substantial business with the organizations and for all individuals acting on behalf of an Institution.

4. Mandatory Education and Training. The Compliance and Integrity Program will regularly communicate compliance standards and procedures to all employees by requiring participation in compliance education and training related to the policies identified in Section 02.105 and emerging compliance areas. Education and training also shall inform employees, students and other individuals of the ways to report suspected misconduct.
  - a. Mandatory Training. Each year employees shall participate in compliance education and training. At a minimum this training must cover each of the policies identified in section 02.105 and should include emerging compliance topics affecting the Institution.
  - b. Format of Annual Education and Training. Education and training required under this regulation may be delivered on multiple platforms or in-person, as determined by the Chief Compliance Officer.
  - c. Record and Notification of Education and Training. Institutions shall develop a system for verifying when each employee completes mandatory education and training. This verification must include confirming full compliance with these training requirements, the date of the training, and document the format by which training was delivered. Employees shall be notified of their obligations to complete mandatory training no less than 30 days before the date by which it must be completed.
  - d. Enforcement of Education and Training Responsibilities. An employee who fails to complete education and training required under this regulation shall not be eligible for salary increases of any type during the year in which the employee did not complete the training and is subject to disciplinary action, including termination. Institutions also may adopt additional measures to ensure compliance with this requirement, including denying access to information technology resources until training is completed.
5. Reporting System. The Compliance and Integrity Program shall administer and publicize a system for reporting suspected misconduct. The reporting system shall operate in coordination with the Compact with Texas.
  - a. Reporting System. The reporting system, at a minimum, shall allow for good faith anonymous reporting that protects the identity of individuals who make reports of suspected misconduct or who participate in a

compliance investigation, and for individuals who request guidance regarding reporting suspected misconduct.

- b. Publicizing Reporting System. Access to the reporting system must be prominently maintained on the home page of the Institution's webpage.
6. Informing the Chief Compliance Officer and Appropriate Officials of Compliance Concerns. Institutions shall develop processes for informing the Chief Compliance Officer, Responsible Senior Official, Chancellor, Vice Chancellor and General Counsel and Board of Regents of compliance concerns.
- a. Informing the Chief Compliance Officer. Individuals who investigate reports of suspected misconduct, except law enforcement officials, shall inform the Institution's Chief Compliance Officer each time an investigation is initiated and completed, of the findings of the investigation, and of any disciplinary sanction imposed or corrective action taken to address a finding of misconduct. Individuals who are required to inform the Chief Compliance Officer pursuant to this section shall do so in a reasonable time, as determined by the Chief Compliance Officer, and in manner that maintains confidentiality and any recognized privileges.
  - b. Informing the Responsible Senior Official. The Chief Compliance Officers, in consultation with the Chief Audit Executive, shall establish uniform criteria for informing each Responsible Senior Official and the Chancellor of reports of suspected misconduct received by the Compliance and Integrity Programs. At a minimum, the criteria shall be designed to inform the Responsible Senior Official and Chancellor (i) of all reports of suspected misconduct or potential criminal conduct by Management Officials and individuals with substantial discretionary authority, (ii) of all reports alleging potential criminal conduct, and (iii) when the estimated financial impact is in excess of \$25,000 or involves the potential loss of federal or state funds.
  - c. Informing the Board of Regents. The Chancellor shall inform the Board of Regents or the appropriate committee of the Board (i) of all reports of suspected misconduct or potential criminal conduct by Management Officials and individuals with substantial discretionary authority, (ii) of all reports alleging potential criminal conduct, (iii) when the estimated financial impact is in excess of \$25,000 or involves a potential loss of federal or state funds, or (iv) when there is a material violation of a Regents Rule.
  - d. Periodic Compliance Report. Each 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.

7. Reviewing and Investigating Reports of Misconduct. The Institutions shall establish processes for promptly reviewing reports of suspected misconduct to determine whether an investigation should be conducted and for conducting investigations as warranted by the circumstances.
  - a. Reviewing Reports. The Chief Compliance Officer shall review reports of suspected misconduct to determine whether an investigation should be conducted. The Chief Compliance Officer may consult representatives from Internal Audit, the Office of General Counsel and law enforcement to ensure the report is referred to the appropriate official for investigation.
  - b. Investigating Suspected Misconduct. An official responsible for investigating a report of suspected misconduct shall investigate the report promptly and document the investigation.
  - c. Reporting Findings to External Entities. Upon completion of an investigation and when applicable, the Office of General Counsel, in consultation with the Chief Compliance Officer, shall advise the appropriate Responsible Senior Official whether a finding of misconduct should be disclosed to a federal or state governmental entity. Any such disclosure must be reported timely to the Chair of the Board of Regents or to the Chair of the appropriate committee of the Board.
8. Protection against Unlawful Retaliation. Institutions shall prohibit the taking of adverse action against any individual who in good faith reports or causes to be reported suspected misconduct; participates in an investigation conducted under the Compliance and Integrity Program; or seeks guidance regarding any matter within the scope of the program.
  - a. Self-Reporting. An individual who reports suspected misconduct in which he or she was involved is subject to disciplinary action for engaging in the behavior, including termination of employment or business relationship. The fact that an individual voluntarily self-reported misconduct may be considered in mitigating any disciplinary action.
  - b. Sanctions. An individual who engages in retaliation is subject to disciplinary or administrative action, including termination of employment or termination of a business relationship.

9. Confidentiality and Protection of Information. Compliance and Integrity Programs shall be designed to protect against the disclosure of information and establish criteria for the lawful disclosure of information in accordance with this section.
- a. Confidential Information. As permitted under section 51.971 of the Texas Education Code, information is confidential and shall not be disclosed, except as authorized in this section, if it directly or indirectly reveals the identity of an individual who reports suspected misconduct, who participates in an investigation conducted under a Compliance and Integrity Program, or who seeks guidance from the program. In addition, information that directly or indirectly reveals the identity of an individual accused of suspected misconduct is confidential if a compliance investigation determines the accusation is unsubstantiated or without merit.
  - b. Non-confidential Information Protected from Disclosure. Information may be protected from disclosure even when it is not confidential when it is:
    - i. collected or produced pursuant to a compliance investigation and releasing the information would interfere with an ongoing compliance investigation; or
    - ii. collected or produced by an Institution official for the purpose of reviewing a compliance process.
  - c. Authorized Disclosure of Information. Confidential information and information protected from disclosure under this section may be released, upon request:
    - i. with the written and signed consent of the individual whose identity would be disclosed;
    - ii. to a law enforcement agency or prosecutor;
    - iii. to a governmental agency responsible for investigating the matter that is the subject of a compliance report, including state and federal equal opportunity agencies, in consultation with the Vice Chancellor and General Counsel; or
    - iv. to an officer or employee of the System Administration or an Institution who is responsible for a compliance investigation or for reviewing an investigation conducted under a Compliance and Integrity Program.
10. Compliance Assessment and Monitoring. Each Chief Compliance Officer shall regularly assess and monitor the Institution's policies and practices related to

detecting and preventing potential or actual misconduct and for evaluating the overall effectiveness of the program.

1. Assessment of Practices. Each year the Chief Compliance Officer shall conduct a compliance risk assessment and the measures implemented to control identified risks.
  2. Monitor Effectiveness of Compliance Policies and Practices. The Chief Compliance Officer shall regularly monitor the measures implemented to mitigate compliance risks identified in the annual assessment and, in consultation with the Chief Audit Executive, design uniform criteria for determining when risks are sufficiently mitigated and a process for informing the Responsible Senior Official when risks are mitigated.
11. Review of Compliance Program. Each Institution shall evaluate the effectiveness of its Compliance and Integrity Program after each finding of misconduct and on a periodic basis.
- a. Following a finding of misconduct, the evaluation shall, at a minimum:
    - i. assess whether individuals involved directly or indirectly in the misconduct were in compliance with training requirements;
    - ii. assess the level of enforcement and corrective action for any prior misconduct;
    - iii. assess the timeliness of the response to the report of suspected misconduct;
    - iv. assess the completion rate and timeliness of the annual compliance risk assessment for the area in which the misconduct occurred;
    - v. ascertain the number of any external regulatory enforcement actions related to the nature of the misconduct;
    - vi. prepare a work plan, with the assistance of the Chief Audit Executive where appropriate, to assess whether corrective actions were effectively implemented; and
    - vii. include anonymous surveys of individuals who access the compliance reporting system.
  - b. Annually, each Compliance and Integrity Program shall assess, at a minimum:
    - i. whether the Responsible Senior Official and senior management communicated support for the program;
    - ii. the Institution's compliance with education and training requirements;
    - iii. compliance committee participation;

- iv. the frequency of communication between the Chief Compliance Officer and Responsible Senior Official and any oversight committee(s);
  - v. the level of enforcement and corrective action for compliance violations across the Institution;
  - vi. the effectiveness of incentives or rewards offered for contributing to a culture of compliance;
  - vii. the Institution's response rate on the annual compliance risk assessment;
  - viii. the number and resolution of internal investigations, including timeliness;
  - ix. the number and resolution of external regulatory enforcement actions against the Institution; and
  - x. the satisfaction of individuals who access the compliance reporting system through the use of surveys, including anonymous surveys.
- c. The Chief Audit Executive shall periodically evaluate each Compliance and Integrity Program in the System.

**02.1006 Compliance Governance – Committees**

Each Institution shall establish an Executive Compliance Committee to provide leadership, oversight and direction for the Compliance and Integrity Program and to ensure the program has the necessary resources and support to fulfill its objectives.

1. System Executive Compliance Committee. The System Executive Compliance Committee shall consist of the Chancellor, the institution Presidents, the Chief Compliance Officers, the Chief Audit Executive and the Vice Chancellor and General Counsel, and may include the Chief Information Officer and any employee in the System that the Chancellor determines is necessary to fulfill the committee's oversight responsibilities. In addition to its general responsibilities, the committee shall:
  - a. Monitor the effectiveness of the compliance reporting system;
  - b. Review with the Chief Compliance Officers the status of compliance education and training and the results of other activities related to the Compliance and Integrity Program; and
  - c. Review each Institution's annual compliance work plan.
2. Institution Executive Compliance Committees. Each Institution shall establish an Executive Compliance Committee comprised of the Responsible Senior Official, the Vice Chancellors/Vice Presidents, the Chief Compliance Officer

and any other individual the Responsible Senior Official determines is necessary to fulfill the responsibilities of the committee. In addition to its general responsibilities, the committee may:

- a. review the annual compliance risk assessment and the Institution's compliance risks;
  - b. review the annual compliance work plan prior to approval by the Board of Regents;
  - c. review the effectiveness of the Compliance and Integrity Program, including the reporting system and education and training program;
  - d. review the resolution of compliance investigations and any enforcement and corrective measures imposed for violations; and
  - e. recommend incentives to comply with the Institution's Compliance and Integrity Program.
3. Compliance Workgroup. The Institutions may establish a Compliance Workgroup comprised of individuals who report directly to members of the Executive Compliance Committee and who have expertise in operational or compliance areas. The Compliance Workgroup is responsible for assisting and supporting the Chief Compliance Officer. In addition to its general responsibilities, the workgroup may:
- a. provide advice to the Chief Compliance Officer concerning specific education and training;
  - b. assist in identifying compliance risks and controls to mitigate those risks;
  - c. review results of the annual compliance risk assessment before it is submitted to the Executive Compliance Committee; and
  - d. assist in reviewing the annual compliance work plan before adoption.

## **2.1007**

### **Enforcement and Corrective Action**

The Institutions shall take immediate action to correct misconduct and address retaliation once detected, including taking disciplinary action when appropriate and modifying their Compliance and Integrity Programs to improve effectiveness. When taking corrective action, every effort shall be made to protect the confidentiality of individuals who report or participate in compliance investigations and to protect these individuals against retaliation.

1. Corrective Action. Corrective action includes remediating any harm resulting from misconduct and considering whether the misconduct must be voluntarily disclosed to federal or state governmental entities.
2. Disciplinary Sanctions. Individuals found to have engaged in misconduct or retaliation are subject to immediate disciplinary or administrative action, including termination of employment, termination of authority to act on behalf of the Institution or termination of business relationship or affiliation. In determining the disciplinary sanction, the official taking the action shall consider:
  - a. the nature and seriousness of the misconduct;
  - b. whether the individual is in a position with financial or substantial discretionary authority;
  - c. whether the individual has engaged in prior misconduct;
  - d. whether the proposed sanction is sufficient to enforce a culture of compliance or discourage others from future misconduct;
  - e. the disciplinary sanctions imposed by the Institution for similar acts of misconduct; and
  - f. whether the individual self-reported the misconduct and cooperated in any related investigation(s).

## **2.1008**

### **False Reporting**

An individual who knowingly makes a false report of suspected misconduct or who provides false information during a compliance investigation is subject to disciplinary action, including termination of employment, termination of authority to act on behalf of the Institution, or termination of business relationship or affiliation.

### **References and Cross-references.**

Federal Sentencing Guidelines for Organizations, USSG §8A1.2

Texas Education Code §51.971

Texas Government Code §572.051

Texas Education Code §51.9337(b)(2)

Regents Rule 04.1100 – Reporting Suspected Wrongdoing

Regents Rule 04.500 – Audit and Compliance

Regents Rule 10.700 – Fraud Policy

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