

**UNIVERSITY OF HOUSTON SYSTEM
ADMINISTRATIVE MEMORANDUM**

SECTION: General Administration

NUMBER: 01.I.01

AREA: Institutional Compliance and Ethics

SUBJECT: Institutional Compliance and Ethics Program

1. PURPOSE

This policy reflects the philosophy and provides the foundation upon which the University of Houston System (UH System or UHS) will promote a culture of compliance and ethics, adhere to [Board of Regent Policy 42.01, Institutional Compliance](#), and ensure compliance with applicable federal and state laws.

2. POLICY STATEMENT

The UH System endeavors to fulfill its responsibilities to the people of Texas in an environment based upon ethical behavior and compliance with applicable laws and in assuring that all UH System business is conducted with honesty and integrity.

3. DEFINITIONS

- 3.1. UHS Compliance and Ethics Program: A system-wide framework providing the structure, coordination, support, guidance and oversight to ensure that UH System universities implement, maintain and conduct an effective compliance program and promote a culture of ethical conduct.
- 3.2. System-wide Compliance Officer: The senior compliance official of the UH System, appointed by the Chancellor. See [Board of Regents Policy 42.01.1](#).
- 3.3. University Compliance Officer: The individual appointed by the president of the respective university in the UH System to oversee that university's Institutional Compliance and Ethics Program.
- 3.4. System-wide Compliance Officers Council: The multi-disciplinary UHS committee established in accordance with Section 4.5 of this System Administrative Memorandum (SAM).
- 3.5. Institutional Compliance Committee: A multi-disciplinary committee established at each university in the UH System in accordance with Section 5.3 of this SAM.
- 3.6. Institutional Compliance and Ethics Program: The compliance and ethics program established at a UH System university, consistent with this SAM.

- 3.7. Responsible Person: The accountable senior officer who is a member of administration with overall operational responsibility for the designated compliance area.
 - 3.8. Manager: An individual who has supervisory responsibilities over one or more faculty, staff or student employees; or who exercises substantial delegated authority when acting within the course and scope of employment; or as an agent acting on behalf of UH System administration or a university.
 - 3.9. UHS Code of Ethics: Ethical conduct required of UH System employees as described in [Board of Regents Policy 57.01](#) and [SAM 02.A.29](#).
 - 3.10. Retaliation: Retaliation includes, but is not limited to, any adverse employment or educational action taken for reporting or causing to report, or participating in an investigation of suspected wrongdoing or non-compliance. Any action, treatment or condition that is likely to dissuade a reasonable person from reporting or causing to report, or participating in an investigation of suspected wrongdoing or non-compliance, including an action that effects an individual's enrollment or business relationship, or an employee's compensation, promotion, transfer, work assignment, or performance evaluation.
 - 3.11. Wrongdoing: Fraud, waste, abuse, criminal conduct or violation of federal or state law.
 - 3.12. Good Faith Report: A report made by an individual under the reasonable belief that the reported conduct was a violation of law, policy or standards of conduct, based upon the reporting individual's training and experience.
4. UHS COMPLIANCE AND ETHICS PROGRAM
- 4.1. Purpose. The UHS Compliance and Ethics Program supports the four universities of the UH System as they endeavor to ensure compliance with the UHS Code of Ethics and all applicable policies, laws and regulations and to promote a culture of ethical behavior.
 - 4.2. Scope. The UHS Compliance and Ethics Program encompasses the Institutional Compliance and Ethics Programs established by the UH System universities and provides a structure for collaboration, communication, guidance and support of the Institutional Compliance and Ethics Programs by the System-wide Compliance Officer and the System-wide Compliance Officers Council, as well as management and oversight of such programs to ensure their effectiveness.
 - 4.3. Oversight. In accordance with [Board of Regent Policy 42.01, Institutional Compliance](#), the Chancellor is responsible for ensuring the implementation of an institutional compliance program. Ultimate responsibility for oversight and

direction of the UHS Compliance and Ethics Program rests with the Board of Regents.

- 4.4. System-wide Compliance Officer. The System-wide Compliance Officer is the individual appointed by the Chancellor to provide day-to-day management of the UHS Compliance and Ethics Program.
- A. Reporting Relationship. The System-wide Compliance Officer shall have a direct reporting relationship to the Chair of the Audit and Compliance Committee of the Board of Regents.
 - B. Responsibilities. The System-wide Compliance Officer is responsible for:
 - 1. Apprising the Chancellor and the Board of Regents of the institutional compliance functions and activities at the UH System and each university.
 - 2. Serving as the Chair of the System-wide Compliance Officers Council.
 - 3. Developing and maintaining a knowledge base of essential compliance and ethical issues and serving as a resource to University Compliance Officers and UH System community.
 - 4. Assisting UH System universities in their implementation of compliance initiatives in high-risk and emerging compliance areas.
 - 5. Regularly apprising the Audit and Compliance Committee of the Board of Regents regarding the ongoing compliance activities and risk assessments system-wide and at each university.
 - 6. Providing annual training to the Audit and Compliance Committee of the Board of Regents on their role in overseeing the UHS Compliance and Ethics Program, key compliance issues, and trends in higher education.
- 4.5. System-wide Compliance Officers Council. The System-wide Compliance Officers Council is responsible for providing advice, direction and guidance to the System-wide Compliance Officer concerning management of the UHS Compliance and Ethics Program.
- A. Composition. The System-wide Compliance Officers Council shall be comprised of the System-wide Compliance Officer, who shall serve as its chair, each of the University Compliance Officers, and such other UH System employees who have accountability for an area identified as high-risk by the System-wide Compliance Officer.

- B. Meetings. Meetings of the System-wide Compliance Officers Council shall be held not less than on a quarterly basis.

5. INSTITUTIONAL COMPLIANCE AND ETHICS PROGRAMS

Each UH System university shall establish, implement and operate an institutional compliance and ethics program designed to promote ethical behavior and ensure compliance with the UHS Code of Ethics, and all applicable policies, laws, and rules governing higher education, including research and health care, to the extent applicable.

- 5.1. Elements of Institutional Compliance and Ethics Programs. The Institutional Compliance and Ethics Program for each university should be suited to the unique needs of the institution, but should, at a minimum be structured to incorporate the following:

- A. The Elements of an Effective Compliance Program as Detailed by the U.S. Federal Sentencing Guidelines:

1. Establish compliance standards and procedures to be followed by employees that are reasonably capable of preventing and detecting criminal conduct;
2. Assign high-level personnel of the organization to have overall responsibility to oversee compliance with such standards and procedures;
3. Use due care not to delegate substantial discretionary authority to individuals who the organization knew, or should have known through the exercise of due diligence, had a propensity to engage in illegal activity;
4. Communicate effectively compliance standards and procedures to all employees by requiring participation in training programs or by disseminating publications that explain in a practical manner what is required;
5. Take reasonable steps to achieve compliance with standards by implementing monitoring and auditing systems reasonably designed to detect criminal conduct and to evaluate the effectiveness of the program;
6. Having in place and publicizing a reporting system whereby employees can anonymously and confidentially report potential misconduct and provide protection from retaliation;

7. Provide appropriate incentives to encourage employees to comply with the program and impose appropriate disciplinary measures when employees fail to do so; and
8. Take all reasonable steps to respond appropriately to detected offenses and to prevent further similar offenses.

B. Additional Elements:

1. Adopt Policies Related to Ethics and Standards of Conduct. Each university shall establish policies and standards of conduct to be followed by employees and members of the university community that are reasonably capable of preventing and detecting unethical behavior and criminal conduct.
2. Confidential Reporting Hotline. The program will have in place a confidential reporting hotline or other reporting system allowing employees, students and others to report, either confidentially or anonymously, criminal conduct or other non-compliant behavior by others without fear of retaliation. The identity of reporters of non-compliance shall be confidential in accordance with [Texas Education Code § 51.971](#). The confidential reporting system shall be coordinated with the System-wide Compliance Officer and System Office of the General Counsel.
3. Protect against Unlawful Retaliation. The program shall prohibit the taking of adverse action against any individual who in good faith reports or causes to be reported possible wrongdoing or non-compliance; participates in an investigation conducted under the program; or seeks guidance regarding any matter within the scope of a program.
 - a. Self-Reporting. An individual who reports suspected wrongdoing or non-compliance in which he or she was complicit or otherwise involved is subject to adverse action for engaging in the non-compliant behavior, including dismissal or termination of employment or business relationship. The fact that an individual voluntarily self-reported may be considered in mitigating any adverse action.
 - b. Sanctions. An individual who engages in retaliation is subject to disciplinary or administrative action, including dismissal or termination of business relationships.

- 5.2. University Compliance Officer. The University Compliance Officer is the individual appointed by the President of a UH System university to manage the Institutional Compliance and Ethics Program for that university.
- A. Reporting Relationship. The University Compliance Officer shall have a direct reporting relationship to the President of the university or the Vice President of Legal Affairs.
- B. Responsibilities. The University Compliance Officer is responsible for:
1. Administering the day-to-day operations of the Institutional Compliance and Ethics Program for that university in accordance with this policy, including developing and maintaining a structure that is consistent with the university's policies that promote a culture of compliance and ethical behavior.
 2. Serving as the Chair of the University's Institutional Compliance Committee and a member of the System-wide Compliance Officers Council.
 3. Coordinating the confidential reporting system and ensuring that concerns reported through the system are reviewed, investigated when warranted, and resolved in accordance with applicable policies.
 4. Communicating with the appropriate Responsible Person and Manager regarding compliance program activities and issues of non-compliance.
 5. Assessing institutional risk on an ongoing basis by:
 - a. identifying high-risk compliance issues;
 - b. establishing a priority for the issues;
 - c. preparing an annual work plan; and
 - d. conducting periodic assessment to validate the effectiveness of the program and its controls.
 6. Supporting compliance initiatives by
 - a. assisting in the development of controls, activities or processes to improve compliance and decrease risk of non-compliance; and

- b. working with the relevant Responsible Person or their designee to establish monitoring activities designed to review processes and strengthen compliance.
 - 7. Establishing and maintaining a culture that builds compliance and ethics consciousness into daily activities.
 - 8. Providing the System-wide Compliance Officer information regarding compliance activities, improvement initiatives, compliance concerns and updates on a quarterly basis, or as otherwise requested by the System-wide Compliance Officer.
- 5.3. Institutional Compliance Committee. Each UH System university will establish an Institutional Compliance Committee, which shall be structured as follows:
- A. Composition. The Institutional Compliance Committee shall be comprised of the University Compliance Officer and such other university officials with expertise in and responsibility for an operational or compliance area of the university, as designated by the University Compliance Officer and/or the President of the university.
 - B. Meetings. Meetings of the Institutional Compliance Committee shall be held not less than quarterly.
 - C. Responsibilities.
 - 1. Committee members serve as a liaison to their department/division to communicate and implement relevant compliance and ethics initiatives and risk mitigation strategies and to advise and provide input to the Institutional Compliance Committee regarding operation of the Institutional Compliance and Ethics Program.
 - 2. Committee members oversee the completion of periodic risk assessments for their assigned compliance area and work collaboratively with the Responsible Person, the Managers and the University Compliance Officer to address improvement initiatives and monitoring activities designed to review processes and strengthen compliance.
 - 3. The Institutional Compliance Committee works collaboratively with the University Compliance Officer to prepare periodic reports to apprise the System-wide Compliance Officer and System-wide Compliance Officers Council of the status of the control of compliance risks and improvement initiatives.

6. ACCOUNTABILITY

- 6.1. Responsible Person. Each Responsible Person is accountable for ensuring that the department/division for which he/she has overall operational responsibility:
- A. is in compliance with all applicable laws, regulations, and policies;
 - B. provides its staff with the necessary education and training to have a sufficient understanding of all applicable laws, regulations, policies and compliance expectations;
 - C. conducts regular assessments to evaluate the adequacy of controls designed to reduce the risk of non-compliance with laws, regulations and policies;
 - D. implements effective improvements to strengthen controls and enhance staff training as identified by risk assessments and audits; and
 - E. promotes a culture of compliance and ethical conduct.
- 6.2. Managers. Each manager, regardless of his/her level in the organization, is responsible for:
- A. ensuring that their unit or function is in compliance with all applicable laws, regulations and policies;
 - B. ensuring all staff they supervise or manage receive compliance training, at a minimum, in accordance with institutional policy;
 - C. maintaining high ethical standards; and
 - D. promoting a culture of compliance and ethical conduct.
- 6.3. Employees. Each employee of the UH System and its universities is responsible for:
- A. complying with the [UHS Code of Ethics](#), all applicable federal and state laws and regulations, [rules adopted by the Board of Regents](#), [System Administrative Memoranda policies](#) and the policies of the applicable university and will be held accountable for his/her actions;
 - B. completing all required training;
 - C. maintaining high ethical standards; and
 - D. reporting suspected violations of law and policy in accordance with [SAM 01.C.04, Reporting/Investigating Fraudulent Acts](#).

7. REVIEW AND RESPONSIBILITY

Responsible Party: Vice Chancellor for Legal Affairs and General Counsel

Chief Audit Executive

Review: Every three years on or before December 1

8. APPROVAL

Approved: Don Guyton
Chief Audit Executive

Dona Cornell
Vice Chancellor for Legal Affairs and General Counsel

Renu Khator
Chancellor

Date: November 7, 2018

9. REFERENCES

[Board of Regents Policy 42.01](#)

[Board of Regents Policy 57.01](#)

[System Administrative Memorandum 02.A.29](#)

[Texas Education Code § 51.971](#)

REVISION LOG

Revision Number	Approval Date	Description of Changes
1	11/07/2018	Initial edition