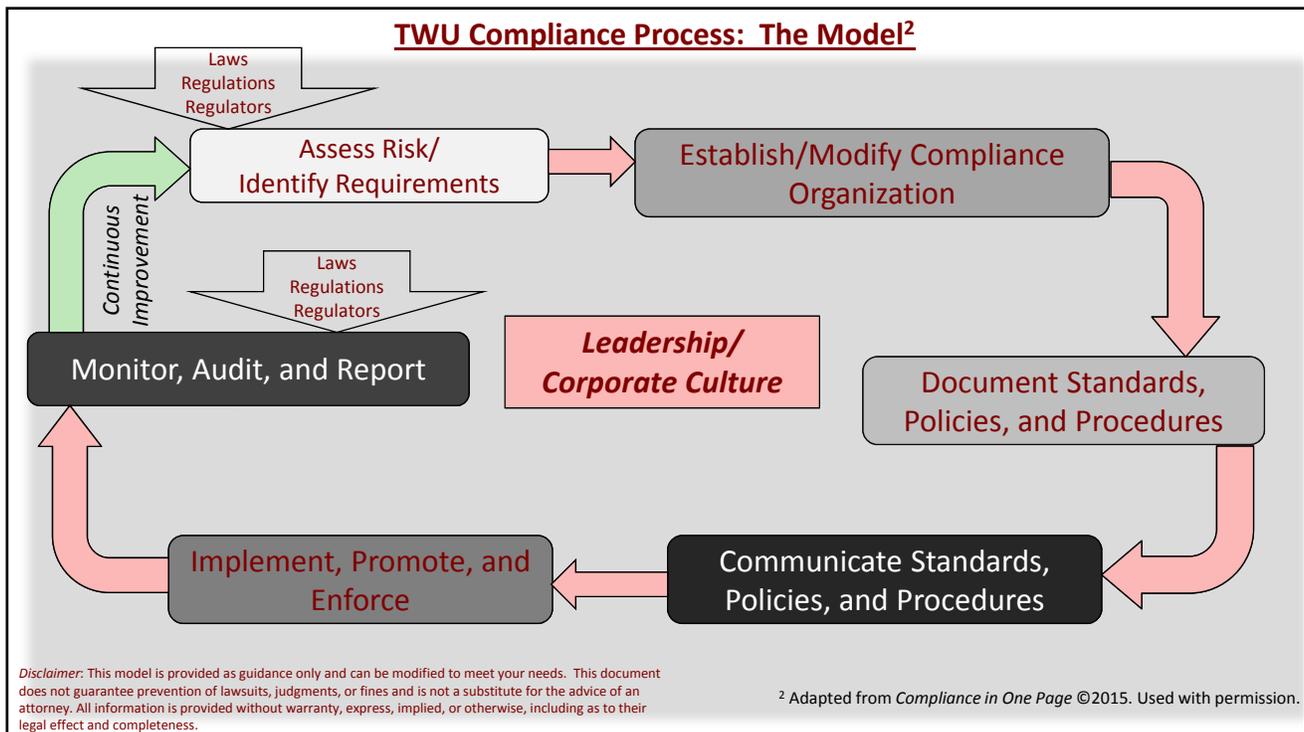


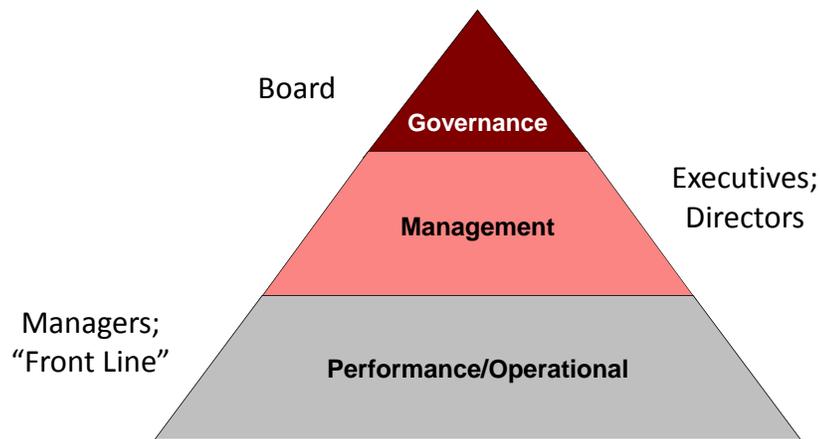
The “Eight Steps” at TWU¹

1. Identify Requirements/Assess Risk
2. Establish/ Modify Compliance Organization
3. Document Standards, Policies, and Procedures
4. Communicate Standards, Policies, and Procedures
5. Implement, Promote, and Enforce
6. Monitor, Audit, and Report
7. Continuous Improvement
8. Leadership/Corporate Culture

¹ Adapted from *Compliance in One Page* ©2015. Used with permission.



Typical Organizational Hierarchy



Management Principle

Give a man a fish, you feed him for the day; teach him how to fish, you feed him for a lifetime.

- Eastern Proverb

Adapted by Stephen R. Covey in *Principle-Centered Leadership*

The Legal Bit

*...shall be reasonably **designed**,
implemented, and **enforced** so that the
program is generally effective in preventing
and detecting criminal conduct.*

USSG §8B2.1

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Another way of saying it...



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Campus Carry: A Compliance Case Study

- | | |
|--|--------------------------------------|
| ✓ 1. Identify Requirements/Assess Risk | ✓ 5. Implement, Promote, and Enforce |
| ✓ 2. Establish/ Modify Compliance Organization | ✓ 6. Monitor, Audit, and Report |
| ✓ 3. Document Standards, Policies, and Procedures | ✓ 7. Continuous Improvement |
| ✓ 4. Communicate Standards, Policies, and Procedures | ✓ 8. Leadership/Corporate Culture |

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Compliance Program Self-assessment

- Pilot tested last fall
- About a dozen programs on campus
- Lessons learned:
 - “Doing” is going great
 - “Planning” could use a boost

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Management Principle

Concentrate on building an organization—building a ticking clock—rather than telling time...take an architectural approach and concentrate on building organizational traits...

- Jim Collins & Jerry Porras

Built to Last, pp. 199-201 (paraphrased)

Online, Automated Options

- Guidance from Center for Research Design & Analysis
 - Thank you, Greg Gengo and Rene Paulson
- “Automated” the basic process
 - Pilot tested again...Thank you:
 - Autumn Stinchcomb
 - Bobby Lothringer
 - Matt Moustakas
 - Charolette Hunt

The Online Planning “Survey”

- Today: Three “workshop” segments
- Walk through basic compliance planning
- You will receive in a few days:
 - First Draft of a Basic Compliance Plan

Management Principle

Technology Accelerators.

- Jim Collins

Good to Great, pp. 145-163

The Preliminaries

Basic information about your
compliance area

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The Online Survey: Part 1

- Go to <https://www.psychdata.com/s.asp?SID=172685&ID=EnterData>
- Walkthrough the first 9 questions

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Step 1

Identify Requirements/ Assess Risk

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1. Identify Requirements/Assess Risk

A process must be established to identify all compliance requirements applicable to the organization and to evaluate the risk these compliance requirements pose to the organization's success. Next, effective compliance and ethics programs must be able to identify compliance risks.⁴



⁴ *Compliance in One Page*, p. 7 and 45

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Identify Requirements

Why is this step so important?

Management Principle

Begin with the end in mind.

- Stephen R. Covey

The Seven Habits of Highly Effective People, p. 95

Identify Requirements: A Plan

Survey Question #4

- If you do not have a list of legal requirements, what is the process you will perform to get that list and keep it up-to-date, including how often?

OR

- If you already have your list of legal requirements, what is the process you will perform to keep it up-to-date, including how often?

**** SAMPLE ANSWERS ****

Assess Risk: A Plan

Survey Question #4

- ...what is the process you will perform to assess which requirements/issues pose the most risk to TWU? This answer should include how often you will assess these risks.

**** SAMPLE ANSWERS ****

Step 2

Establish/ Modify Compliance Organization

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Step 2: Establish/Modify Compliance Organization

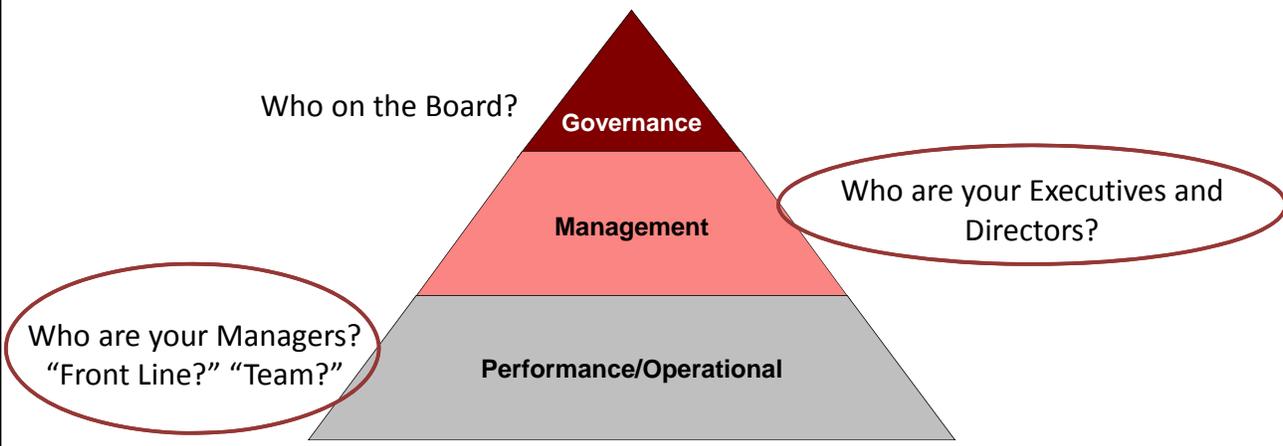
Compliance responsibility must be assigned. Executives and managers should have the authority and resources necessary to achieve compliance in their respective areas. Compliance coordinators, partners, and/or subject-matter experts should also be identified.⁵



⁵ *Compliance in One Page*, p. 7 and 55

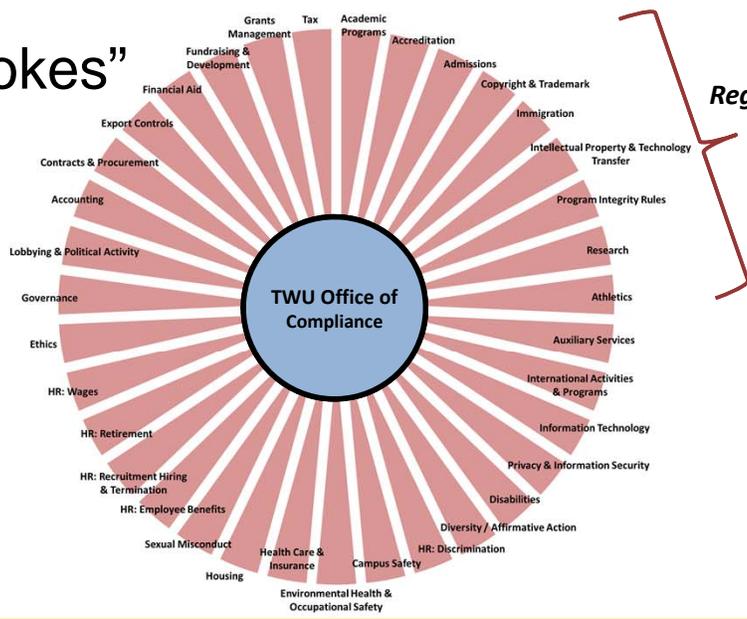
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The "Who" of the Compliance Organization



"Hub and Spokes"

37 Federal Compliance Areas



Management Principles

First who...then what.

- Jim Collins
Good to Great, p. 41

Let them become more of who they already are...do everything you can to cultivate [existing] talents.

- Marcus Buckingham & Curt Coffman
First, Break All the Rules, p. 141

Compliance Organization: A Plan

Survey Question #6

- *Establish*: If you have not identified who has compliance responsibilities, what is the process you will perform to document these roles and responsibilities, including job descriptions and reporting structure?
- *OR***
- *Modify*: If you have identified who has compliance responsibilities, what is the process you will perform to keep these responsibilities, job descriptions, and reporting structure up-to-date, including how often.

**** SAMPLE ANSWERS ****

Compliance Organization: A Plan

Survey Question #7

- What is the process used to ensure persons with compliance responsibilities and those with substantial authority are reliable and have good character?

**** SAMPLE ANSWERS ****

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**** Break ****

“Fruit Basket Turnover”

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Step 3

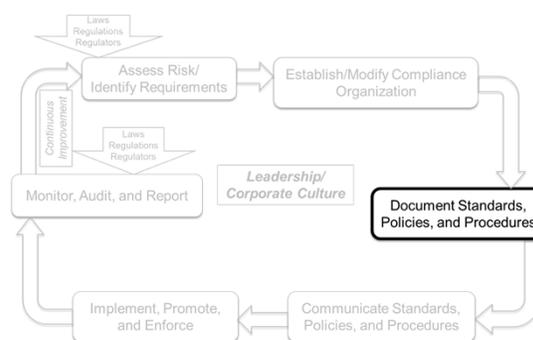
Document Standards, Policies, and Procedures

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Step 3: Document...Everything

This step may be a review for managers who have experience in writing organizational standards, policies, and procedures. However, one of the key responsibilities of compliance and ethics professionals is to evaluate current policies and procedures to ensure they adequately address all compliance and ethics requirements facing the organization.⁶



⁶ *Compliance in One Page*, p. 69

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Step 3: Document...Everything

In planning, this step is more about “how” than “do.”

Management Principle

Concentrate on building an organization that is not a ticking clock—rather than a ticking clock—rather than an architectural approach. Focus on building organizations that are not a ticking clock—rather than a ticking clock—rather than an architectural approach. Focus on building organizations that are not a ticking clock—rather than a ticking clock—rather than an architectural approach.

Especially Procedures

by Jerry Porras

From First to Last, pp. 199-201 (paraphrased)

Documentation: A Plan

Survey Questions #8

- *Establish:* What is the process you will perform to create new standards, policies, and/or procedures that ensure TWU is in compliance with relevant laws and regulations?

** SAMPLE ANSWERS **

Documentation: A Plan

Survey Questions #9

- *Modify:* What is the process you will perform to ensure existing standards, policies, and/or procedures are kept up-to-date when there are changes in relevant laws and regulations?

** SAMPLE ANSWERS **

Documentation: A Plan

Survey Question #10

- *This Compliance Plan:* What is the process you will perform to ensure this compliance plan is established and kept up-to-date?

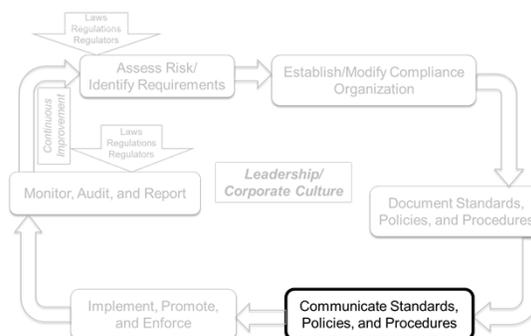
**** SAMPLE ANSWERS ****

Step 4

Communicate Standards, Policies,
and Procedures

Step 4: Communicate...Everything

The term communicate is used broadly in this context. It includes verbal, email, newsletters, posters, training, and workshops. Communication is among the most significant components of an effective compliance and ethics program *and* is often the most difficult.⁷



⁷ *Compliance in One Page*, p. 81

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Federal Guidelines for Compliance

Communicate periodically and in a practical manner its standards and procedures, and other aspects of the compliance and ethics program, to the individuals by conducting effective training programs and otherwise disseminating information...

- USSG §8B2.1.b.4.A&B

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Step 3: Communicate...Everything

In planning, this step is also more about “how” than “do.”

Management Principle

Seek first to understand, then to be understood.

- Stephen R. Covey

The Seven Habits of Highly Effective People

(Emphasis added)

Communication: A Plan

Survey Question #11

- What plans or processes will be performed to ensure that all relevant staff, faculty, and students are trained and/or informed regarding their expectations related to each TWU policy/procedure that comes from your area?

**** SAMPLE ANSWERS ****

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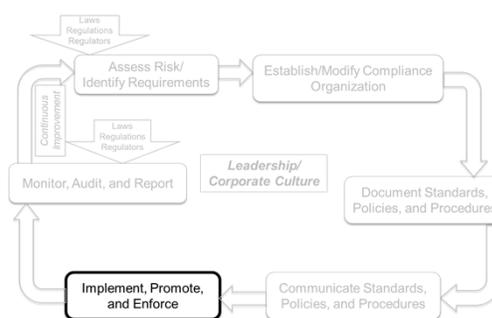
Step 5

Implement, Promote, and Enforce

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Step 5: Implement, Promote, and Enforce

As stated in the Federal Energy Regulatory Commission's Policy Statement on Compliance, "It is not enough to create a good compliance program on paper; the company must carry through to implement the program with effective accountability."⁵ This includes promoting and enforcing elements of each program as necessary.⁶



⁵ Policy Statement on Compliance, para 16.

⁶ Compliance in One Page, p. 7 and 89

The "Do It" Step

- Do what?
 - Conduct trainings
 - Send out emails, newsletters, etc.
 - Act on hotline reports
 - Follow policies and procedures
 - Enforce when necessary
 - Hold contests
 - Make speeches



Implement, Promote, Enforce

- Implement
 - execute, perform, enact
- Promote
 - advocate, advance, foster, nurture, boost
- Enforce
 - prosecute, sanction, take legal action

Management Principle

Sustained great results depend upon building a culture full of self-disciplined people who take disciplined action.

- Jim Collins

Good to Great, p. 143 (emphasis added)

Implement, Promote, Enforce: A Plan

Survey Question #12

- *Implement:* What plans or processes will be performed to ensure that this compliance plan will be implemented/used? What evidence will the plans/processes produce? How will you show an auditor or investigator that you are "doing" steps 1-4 and 5.2-8 of this compliance plan?

**** SAMPLE ANSWERS ****

Implement, Promote, Enforce: A Plan

Survey Question #13

- *Promote:* What plans or processes will be performed to ensure that compliance will be promoted in your unit or across campus (it is okay if some of this is the same as step 4)?

**** SAMPLE ANSWERS ****

Implement, Promote, Enforce: A Plan

Survey Question #14

- *Enforce:* What plans or processes will be performed to ensure that a violation of policy or the law in your area is properly enforced internally (and externally, if required). This should include reporting to senior leadership on compliance failures, particularly high-risk failures.

**** SAMPLE ANSWERS ****

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**** Break ****

“Fruit Basket Turnover”

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Step 6

Monitor, Audit, and Report

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Step 6: Monitor, Audit, and Report

Again, in this case these terms are used broadly. Monitoring, auditing, evaluating, assessing—anything that gives you a status on “compliance” or the effectiveness of a program. These assessments almost always result in reports. These can be self-administered, internal (Internal Audit or Office of Compliance), or external by peers, consultants, external auditors, or regulators.⁷



⁷ *Compliance in One Page*, p. 101+

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Monitoring is...

- An ongoing checking and measuring
- Usually “detective” (trying to catch problems quickly)
- Daily, weekly, monthly tests/reports
- Often self-administered by management or staff
- The Ethics and Compliance Hotline is a form of monitoring

Auditing is...

- A systematic review
- Usually “independent and objective”
- Financial, operational, compliance, fraud, ethics, etc.
- In compliance the standard is usually a law or regulation, but could also be policies and procedures

Federal guidelines require both monitoring and auditing

Program Evaluation

- Federal requirement
 - *“Evaluate periodically the effectiveness of the organization’s compliance and ethics program...”*
- Once a year or so, look at your plan/program to make sure it is working as intended
- The Office of Compliance will actually help with this

Management Principle

Facts are better than dreams...[When] you start with an honest and diligent effort to determine the truth of the situation, the right decisions often become self-evident...You absolutely cannot make a series of good decisions without first confronting the brutal facts.

- Jim Collins

Good to Great, p. 69, 70

Monitor, Audit, Report: A Plan

Survey Question #15

- *Monitor and Report.* What plans or processes will be performed to monitor compliance in this area?

**** SAMPLE ANSWERS ****

Monitor, Audit, Report: A Plan

Survey Question #16

- *Audit and Report.* What kinds of audits will be performed (and how often) to provide reasonable assurance that the university is in compliance? This should include self-audits and/or self-assessments.

**** SAMPLE ANSWERS ****

Monitor, Audit, Report: A Plan

Survey Question #17

- *Compliance Program Evaluation:* How will this compliance program be evaluated (and how often) for effectiveness?

** SAMPLE ANSWERS **

Monitor, Audit, Report: A Plan

Survey Question #18

- *Reporting:* How will you report compliance failures to senior leadership, particularly high-risk issues? For serious matters, how will the board be notified? If required by statute or regulation, how will reports be generated for external regulators?

** SAMPLE ANSWERS **

Step 7

Continuous Improvement

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Step 7: Continuous Improvement

Compliance and ethics programs should be designed to provide tools and resources to managers and employees so they can make their operations incrementally better at ensuring achievement of the core values and standards represented by laws and regulations.



⁷ *Compliance in One Page*, p. 7 and 117

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Continuous Improvement

*After criminal conduct has been detected, the organization shall take reasonable steps to ... prevent further similar criminal conduct, including **making any necessary modifications** to the organization's compliance and ethics program.*

- USSG §8B2.1.b(7)

Continuous Improvement Ideas

- Root Cause Analysis
- After Action Process
- Brainstorming
- Brainwriting (write first/talk second)
- Process Diagrams
- Fishbone Diagrams
- Etc. etc. etc.

Management Principle

People would always say to my father, “Gee whiz, you’ve done real well. Now you can rest.” And he would reply, “Oh, no. Got to keep going and do it better.”

- J. Willard Marriott, Jr., Chairman, Marriott, 1987
Quoted in *Built to Last*, p. 185

Continuous Improvement: A Plan

Survey Question #19

- What plans or processes will be performed to ensure this program is continuously improving?

** SAMPLE ANSWERS **

Step 8

Leadership/Campus Culture

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Step 8: Leadership/Campus Culture

This step in the *Compliance in One Page* process represents two key components that can make or break the entire compliance effort. First, lack of leadership can ultimately make any and all compliance and ethics efforts completely ineffective, and second, leaders are the key to setting the cultural tone.⁸



⁷ *Compliance in One Page*, p. 125+

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Management Principle: Leadership Matters

“...Early in the project I kept insisting, “Ignore the executives.” ... “No! There is something consistently unusual about them.” ...Back and forth the debate raged.

“Finally—as should always be the case—the data won.

“The good-to-great executives were all cut from the same cloth...*All* good-to-great companies had Level 5 leadership at the time of transition. Furthermore, the absence of Level 5 leadership showed up as a consistent pattern in the comparison companies...it is important to note that Level 5 is an empirical finding, not an ideological one.”

- Jim Collins, *Good to Great*, p. 22

Management Principle: Campus Culture

“While there are numerous issues to address and steps to take to create a sound compliance program, the best program will not succeed unless senior management actively embraces the importance of compliance and **sets the standard within a company for proactive compliant behavior**. Developing a **strong and continuing culture of compliance** is a critical task for every company...and the responsibility for a **culture of compliance rests squarely on the shoulders of senior management**.”

- FERC Statement on Compliance, para 13

Continuous Improvement: A Plan

Survey Question #20

- How will you get (if needed) and maintain support for compliance issues with from senior leadership, including resources?

**** SAMPLE ANSWERS ****

Continuous Improvement: A Plan

Survey Question #21

- What plans or processes will be performed to ensure the TWU culture (or sub-culture) is supporting compliance in your area(s) of responsibility?

** SAMPLE ANSWERS **

What's Next

- These drafts will be downloaded into our database
- We will send you your draft plan in about 1 week
- In 2-3 weeks, please submit a final compliance plan
 - Instructions to follow

Questions?

Thank you!

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