The University Perspective on Audit and Compliance Issues

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GOALS AND PRIORITIES

- 1. Promoting Integrity
- 2. Setting Ethical Standards

How Is this Done?

- Building a Culture of Compliance
  - Policy and procedures
- Staffing and Infrastructure
- Training
- Auditing and Oversight

Focus Areas of University Compliance

1. Education and Scholarship
2. Research and Service
3. Business Practices

How do we Know what is happening?

In an academic setting there are two primary ways of uncovering unethical or fraudulent practices:

- **Whistleblower Reports**
  - Academics and Research
- **Audits**
 - Business Functions

1. Education: Academic Integrity

- Promotes academic integrity in the classroom
- Policies:
    - Plagiarism
    - Academic standards for students
   - Faculty Handbooks for Policy and Procedures
    - Grievance Procedures

Integrity

- The Integrity of the students and faculty is assumed to be of the highest standard. Unethical practices are generally brought to light by whistleblower reports.

- Reviews and investigations are generally handled by a Provost office.
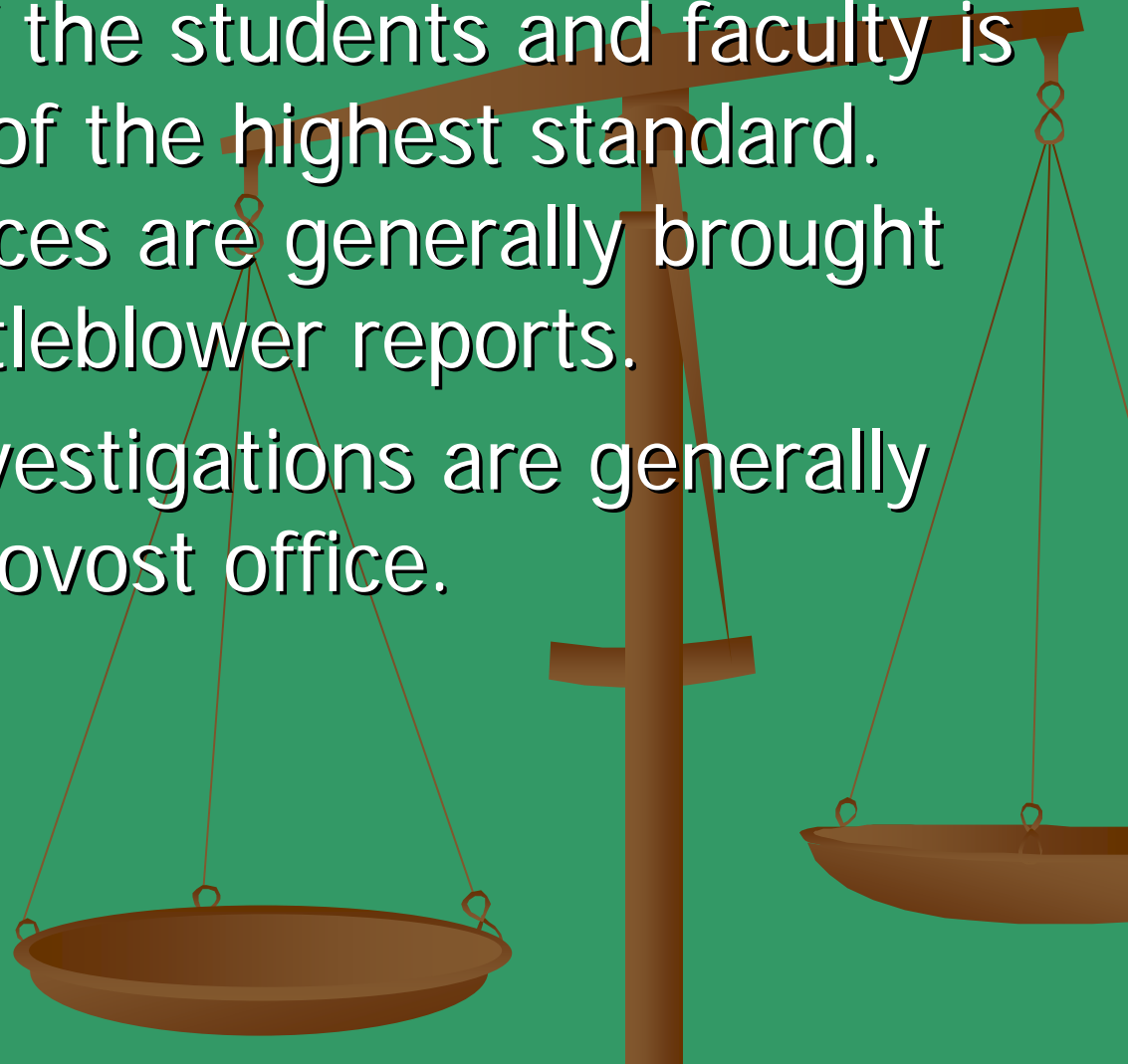
2. Research: Integrity and Compliance

- Integrity or compliance in research is a broad term and generally is thought of in terms of the CONDUCT of the research in the:
  - Design
  - Implementation
  - Reporting
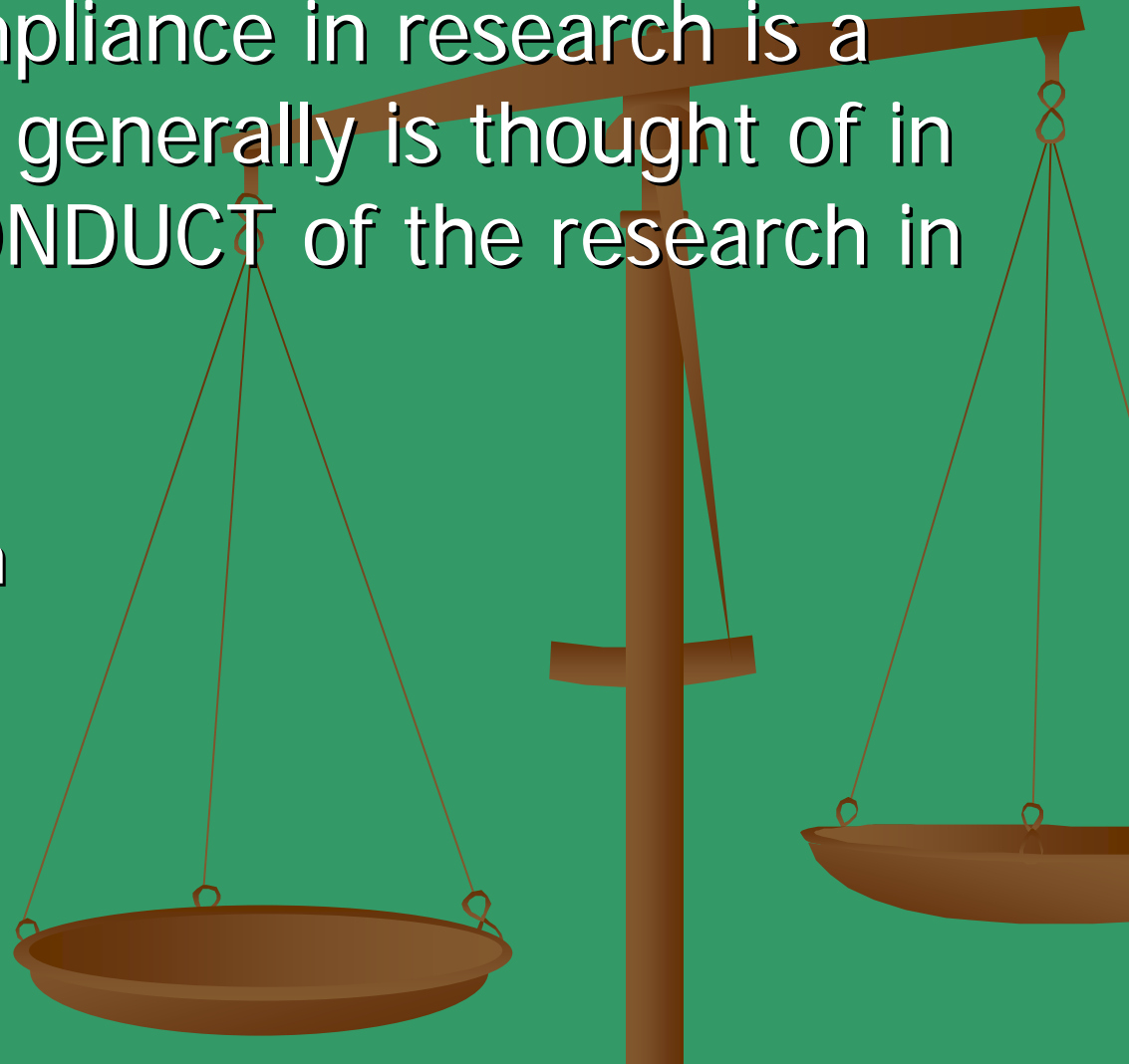
Compliance Mission

"The University's research compliance program is committed to the achievement of high ethical and legal standards of conduct through a culture of compliance and conscience that reflect our belief in the integrity and truth in science and scholarship."

University of Utah

What is Responsible Conduct of Research?

- Data Acquisition, Management, Sharing and Ownership
- Conflict of Interest and Commitment
- Human Subjects
- Animal Welfare
- Research Misconduct
- Publication Practices and Responsible Authorship
- Mentor / Trainee Responsibilities
- Peer Review
- Collaborative Science

Office of Research Integrity   www.ori.dhhs.gov

Oversight?

- Policies and Procedures
- Government Assurances
- Professional Associations
  - AAMC Standards e.g.
- Self-reporting
  - Conflict of Interest
  - Scientific Misconduct
- Accreditation
  - AAALAC
  - AAHRP

More than Whistleblowing

- Journals are checking images. Kristin Roovers of the University of Pennsylvania fabricated images. Discovered by *The Journal of Clinical Investigations, 2005.*

- *NSF routinely checks for plagiarism on grant proposals.*

International Programs

- Global Support Project at the University of Washington

Public Notices
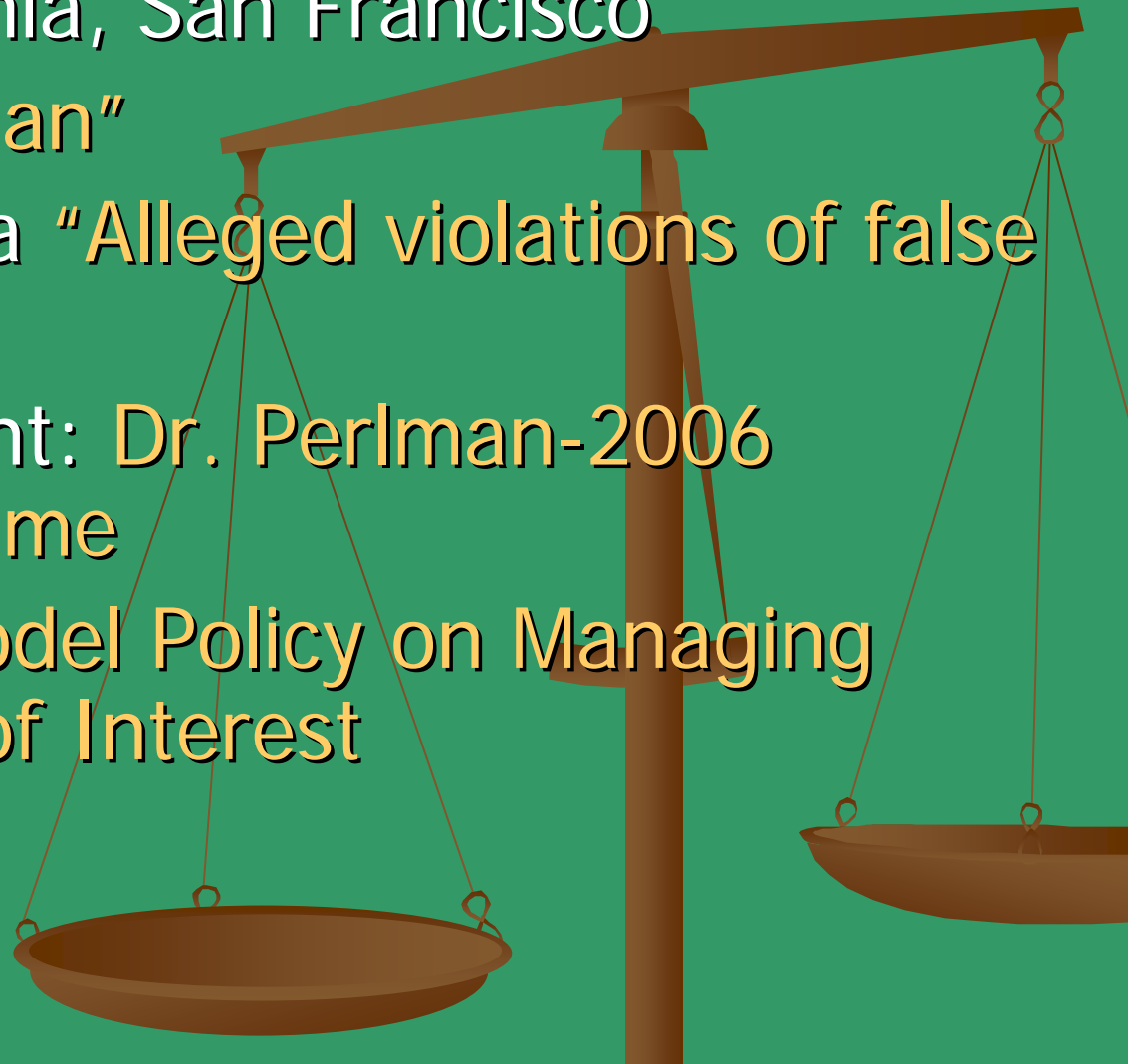
University of California, San Francisco

"Corrective Action Plan"

University of Georgia "Alleged violations of false claims act"

University of Vermont: Dr. Perlman-2006 sentenced to jail time

AAMC/AAU Issue Model Policy on Managing Financial Conflict of Interest

Report on Research Compliance

Laws and Policies

- Federal Sentencing Guidelines (Dept of Justice)
- False Claims Act
- Regulatory Requirements

3. Business Functions

- Standards (Gov Accounting Standards)
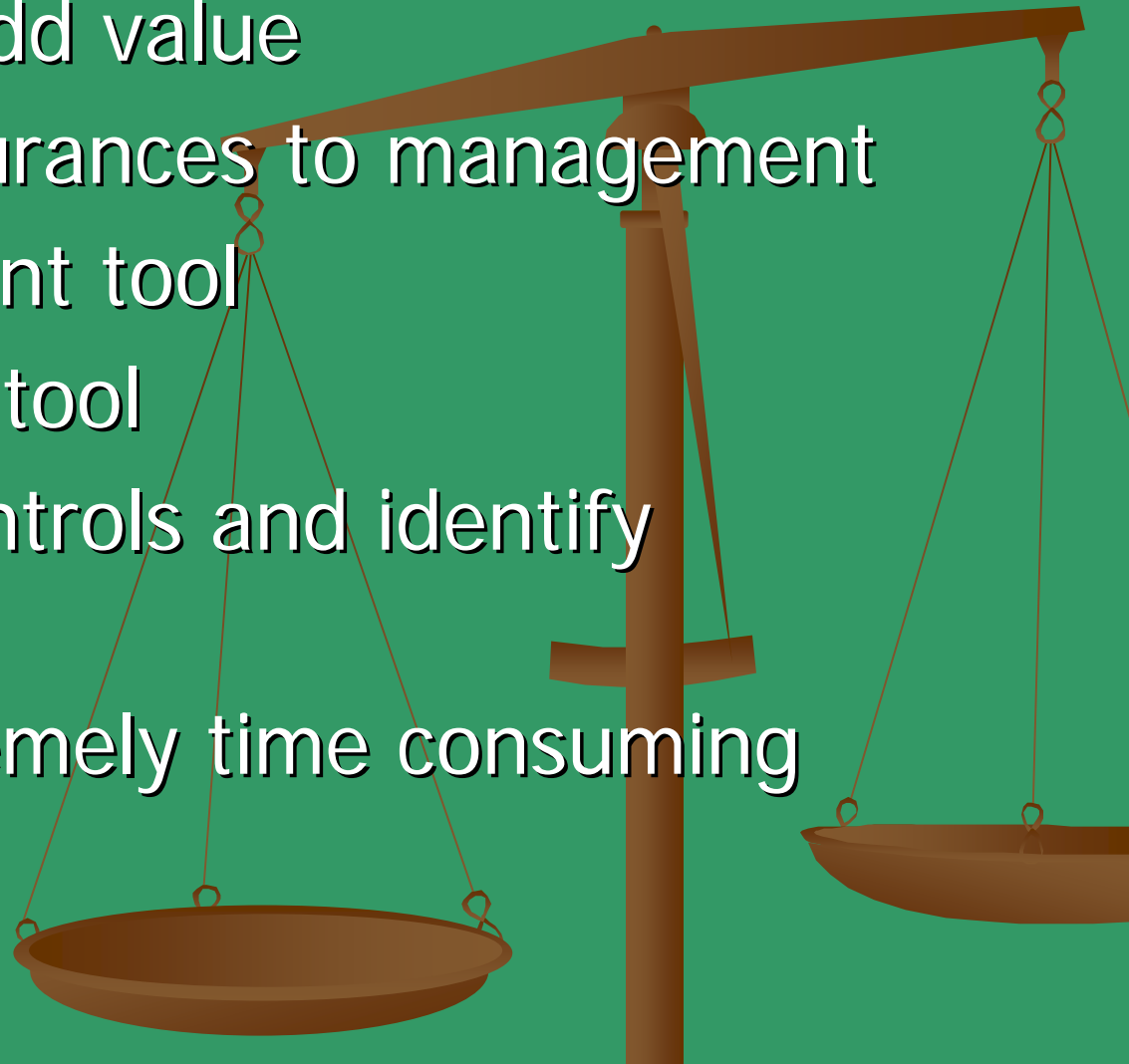- Policies
- Internal Controls
- Audits

Who Audits?

- Internal Audit
- State Auditors
- Private Audit/Accounting Firms
- Federal Government

Perspectives on Audits

- Audits should add value
- Audits give assurances to management
- A risk assessment tool
- A management tool
- Find gaps in controls and identify problems
- Audits are extremely time consuming

Empirical Study

- Keating, Gordon, Fischer, Greenlee, *The Single Audit Act: How Compliant Are Nonprofit Organizations?*, the Hauser Center for Nonprofit Organizations, The John F. Kennedy School of Government, Harvard University, March, 2003, Working paper #16
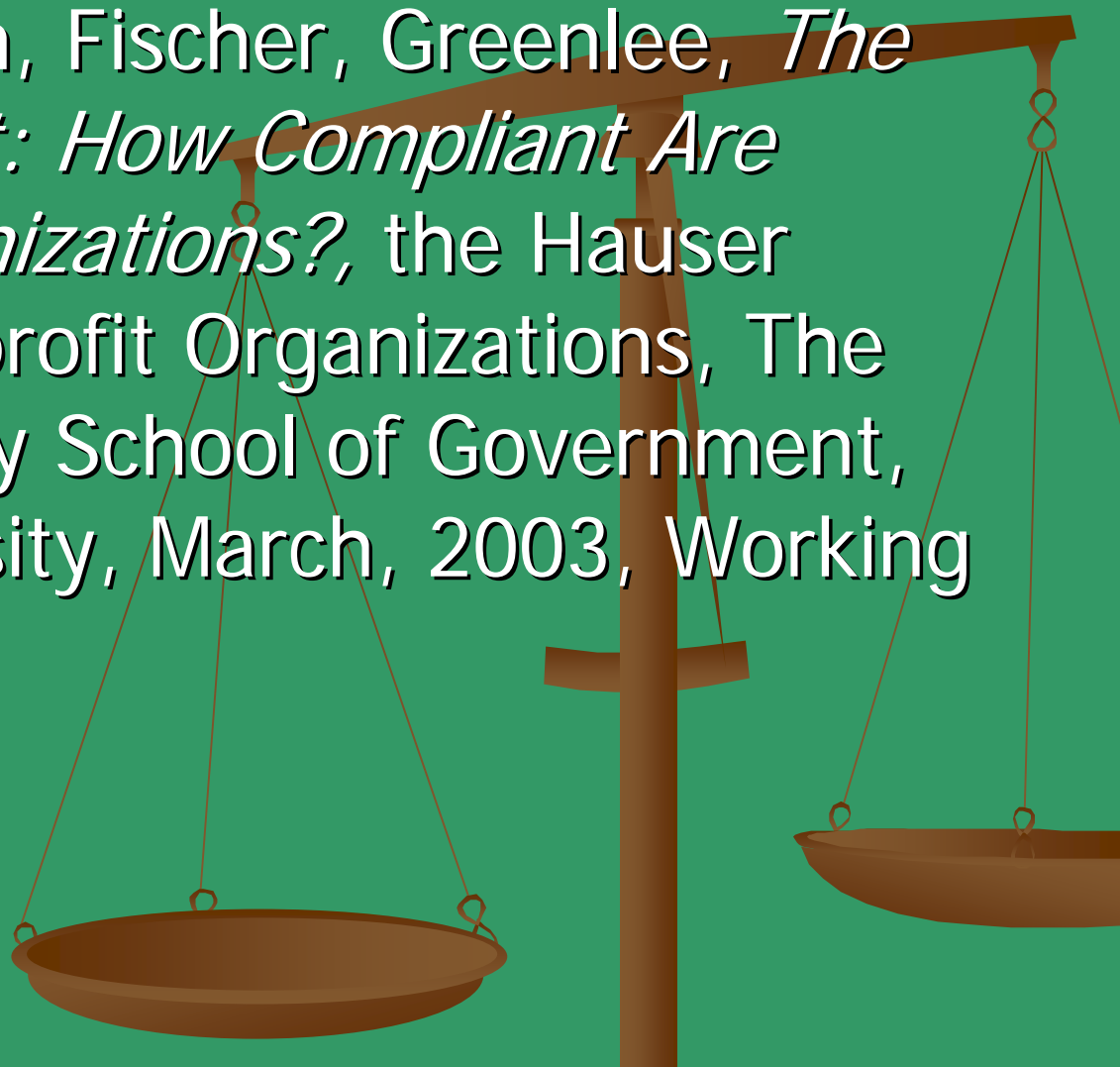
Audit Findings

- ## NSF Labor Effort Audit

  - ### Report on Research Compliance, June 4, 2008-NSF IG released a March, 2008 report on a review of the payroll distribution-effort reporting at University of Illinois. "generally well established and sound Federal grants management program...:. IU however needs to improve its controls.
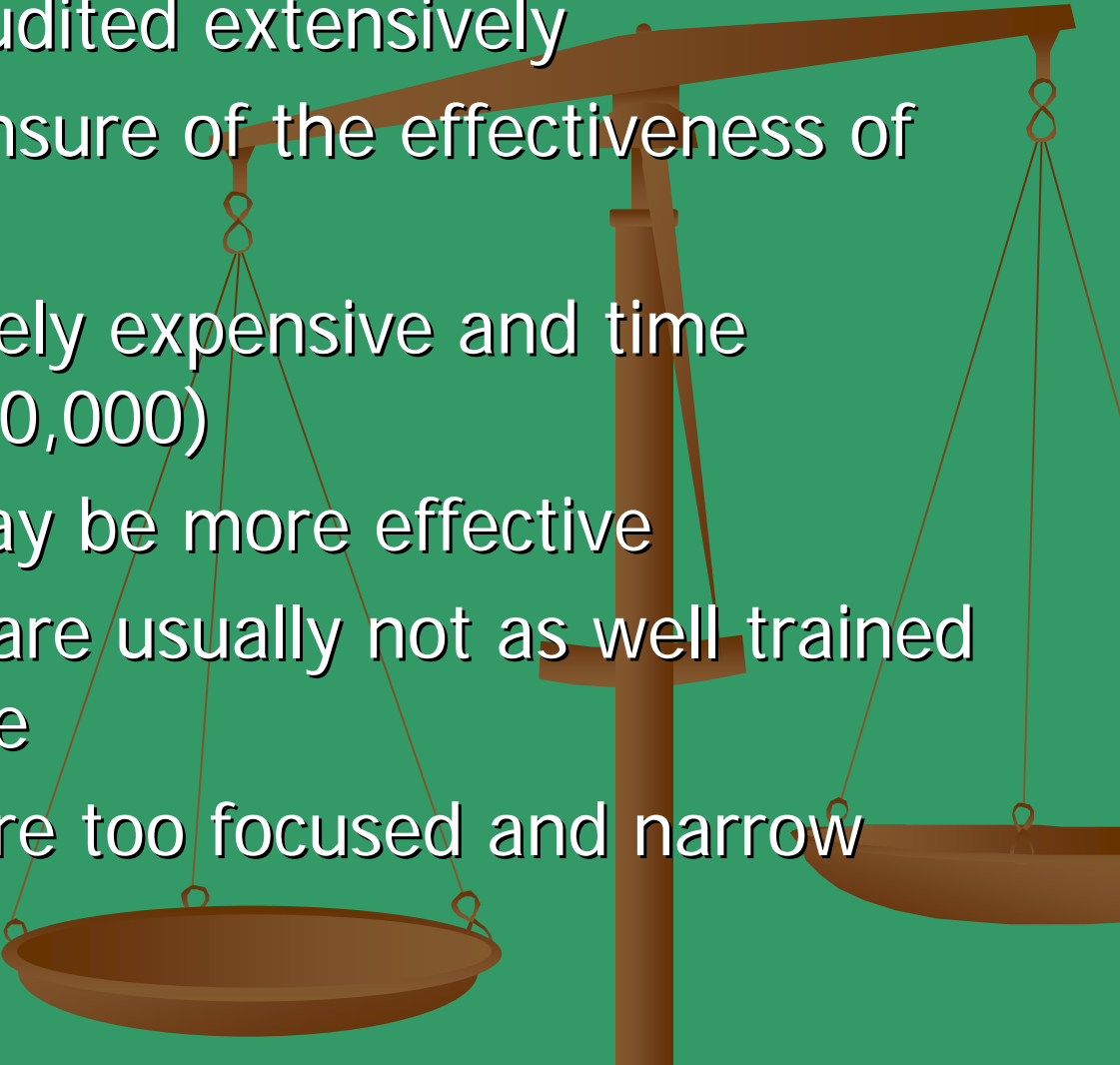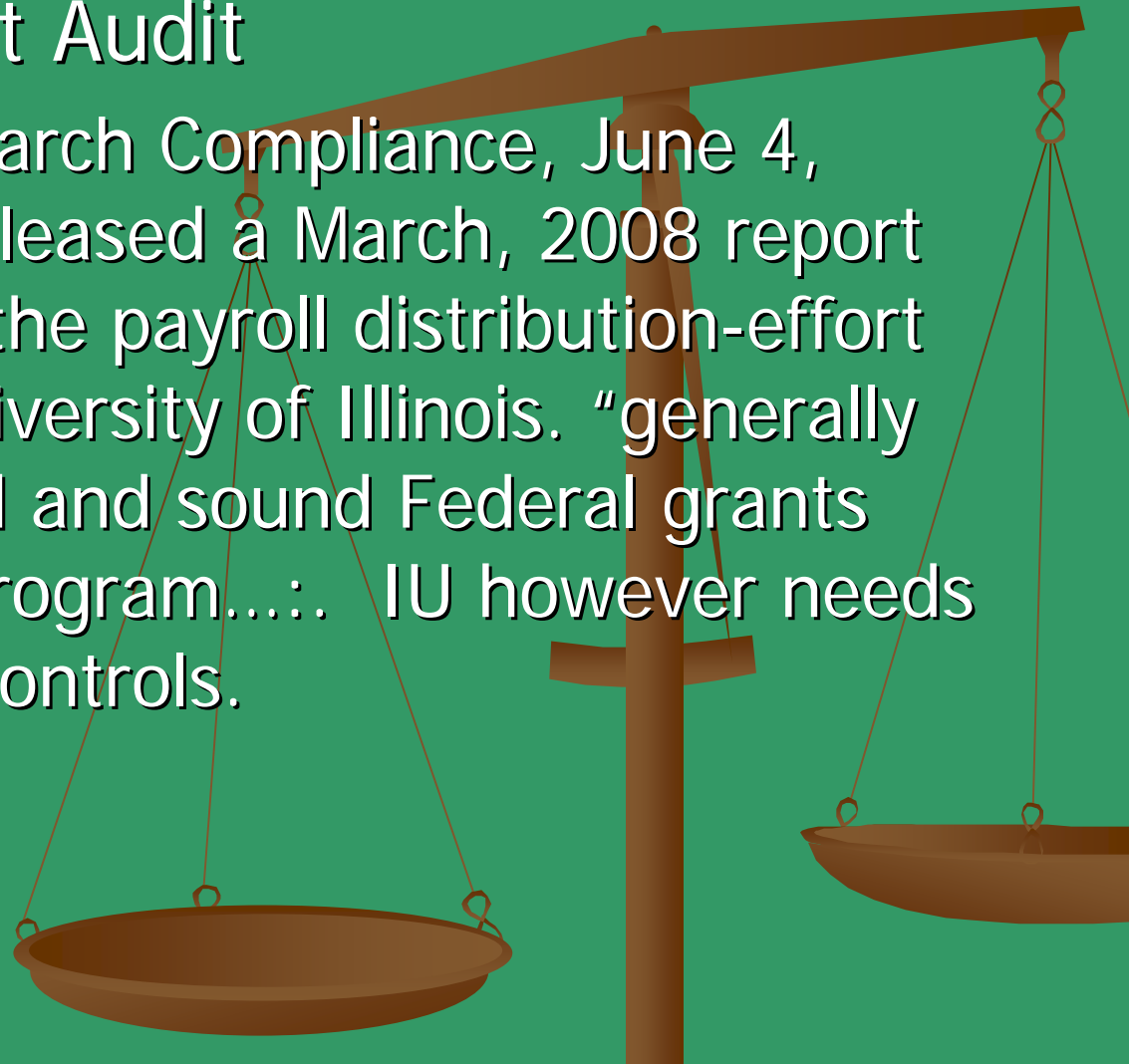
Proactive Audits: U of Washington

- **A-133 Single Audit**
  - Are costs allowable ,reasonable, allocable
- **Performance Audits**
  - Are we in compliance-are we performing?
- **Agency/Program Audits**
  - Are we carrying out the science?
- **Systems Audits**
  - Payroll Systems
- **Sarbanes-Oxley (public and private)**
  - Fraud and Abuse
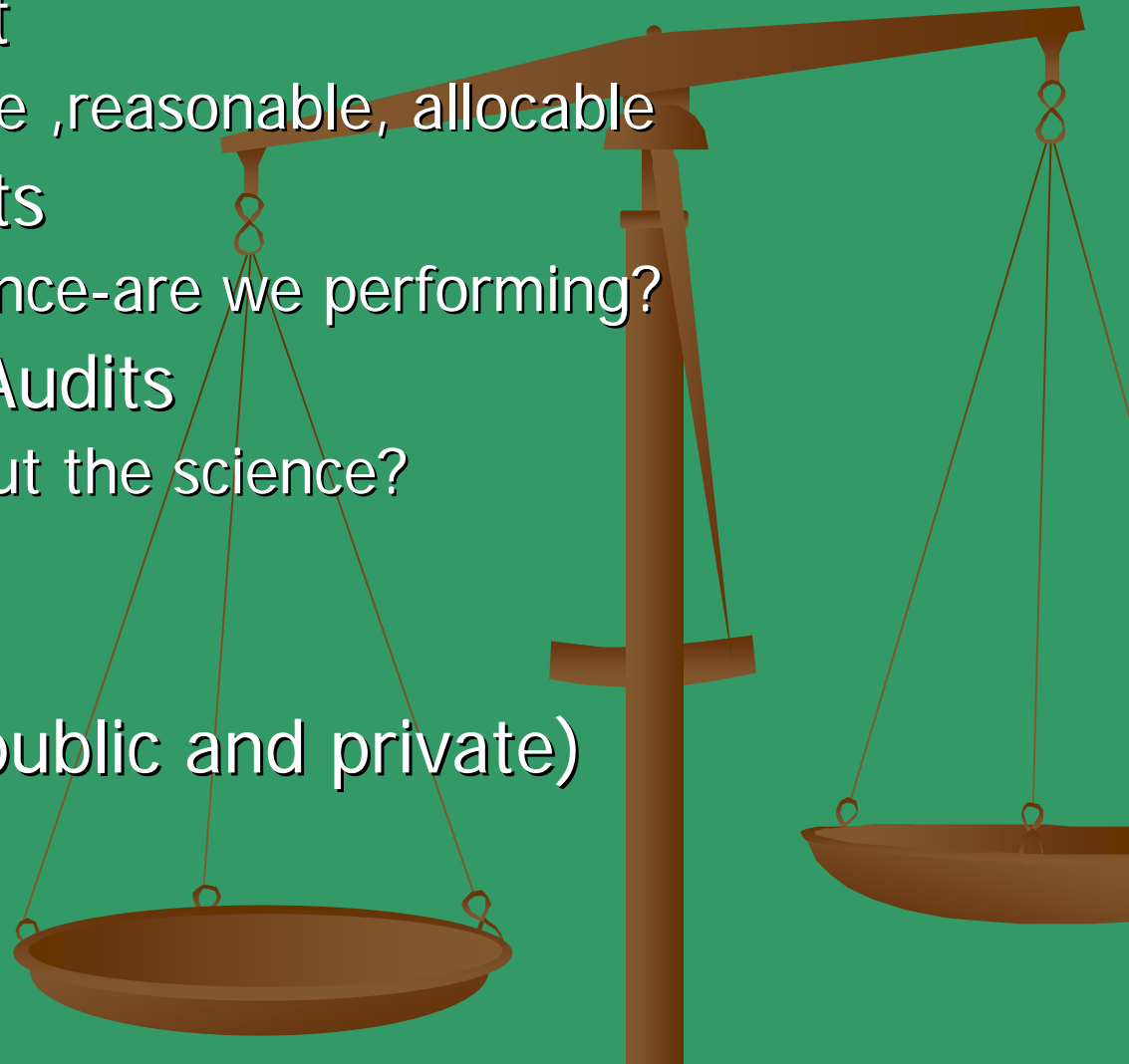
Concerns

1. Universities are audited extensively
2. Universities are unsure of the effectiveness of external audits
3. Audits are extremely expensive and time consuming. ($500,000)
4. Internal Audits may be more effective
5. External auditors are usually not as well trained as they should be
6. A-133 SS audits are too focused and narrow

Response

- Audits, especially A-133 Audit's, are Critical-but the process needs improvement!
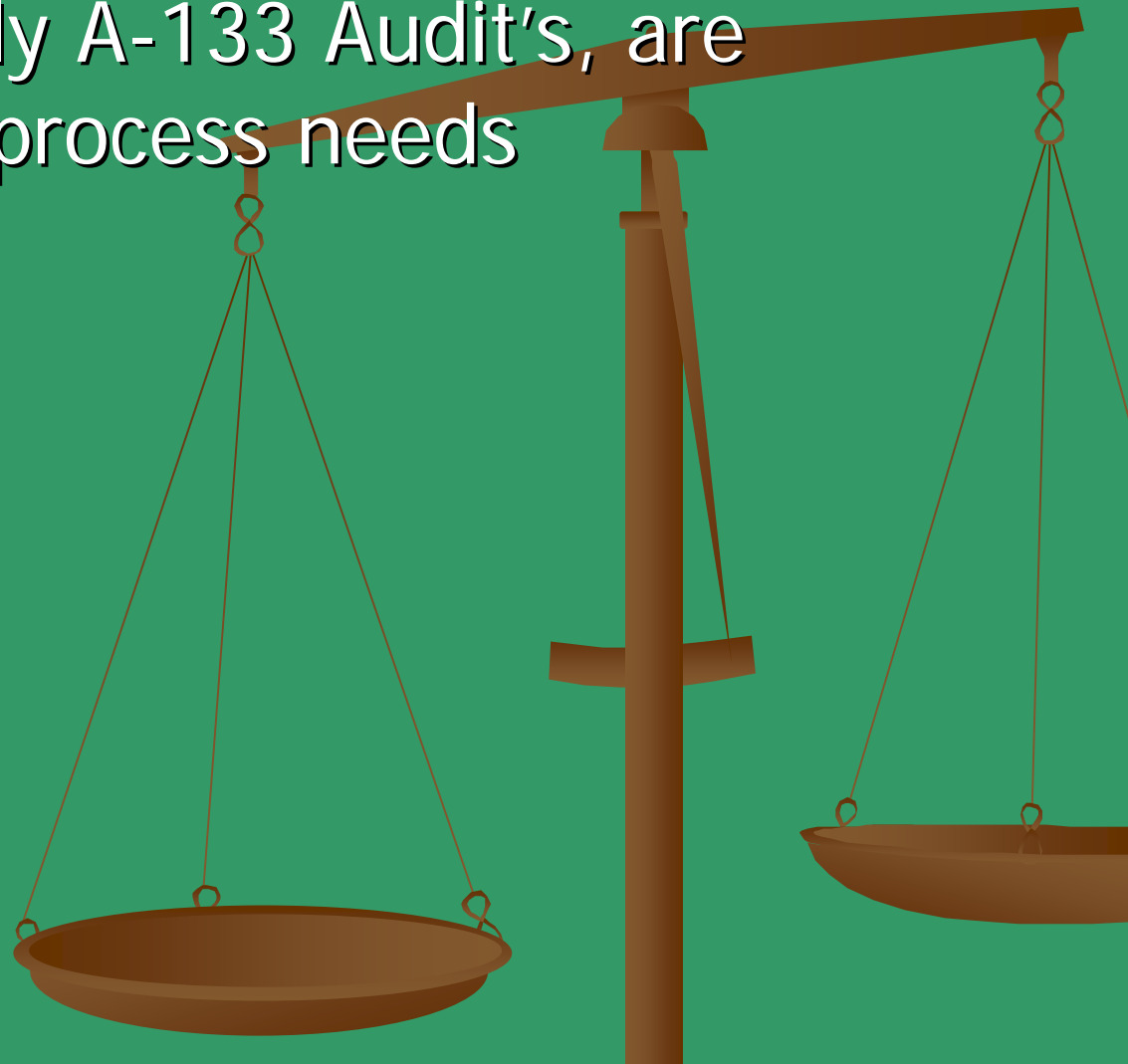
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