



COMMITTEE ON COMPLIANCE AND AUDIT
November 19, 2009

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

The Committee presents the following from its meeting of October 28, 2009:

There were 11 public speakers who addressed the Committee regarding the University's use of student fee revenue, the proposed increases in student fees, and the treatment of animals used for research in UC laboratories.

There were four discussion items:

1. **ANNUAL REPORT ON COMPLIANCE**

Chief Compliance and Audit Officer Vacca presented the Office of Ethics, Compliance and Audit Services' (ECAS) Annual Report on Compliance. She noted that this extensive report is the first one produced by ECAS and called attention to the various activities represented in the report. ECAS' approach was programmatic. Ms. Vacca explained that, during the first full year of ECAS operations, the Office was focused on establishing its processes and programs.

2. **FAIR AND ACCURATE CREDIT TRANSACTIONS ACT (RED FLAGS RULE) STATUS UPDATE**

Chief Compliance and Audit Officer Vacca reported that the Identity Theft Prevention Implementation Plan, adopted in January 2009, is being implemented at the campus level. ECAS has assisted the campuses in identifying accounts which might be subject to identity theft. ECAS has discussed with the campuses their campus-specific implementation efforts over the last year. The campuses have developed plans, submitted them to their campus risk committees for approval, and implemented them. The University has hired a privacy officer who will have authority over this area.

3. **ANNUAL REPORT ON INTERNAL AUDIT ACTIVITIES 2008-09**

Chief Compliance and Audit Officer Vacca presented the Annual Report on Internal Audit Activities for 2008-09. The internal audit program has identified no material weaknesses through any of its audits. There are no significant financial disclosures that would be of concern to the Committee. Ms. Vacca and Systemwide Audit Manager Hicks responded to Regents' questions regarding cash controls, allocation of audit hours, advisory activities, Management Corrective Actions, and segregation of duties.

4. REPORT ON ENVIRONMENT, HEALTH AND SAFETY

Chief Risk Officer Crickette provided an update on the Risk Services program. The University continues to make good progress in managing accidents and claims and is working to improve its safety culture. Ms. Crickette outlined how the culture of safety might be improved on the campuses. She compared this culture at the campuses and the medical centers. She recalled that the University has a Policy on Management of Health, Safety, and the Environment. It was adopted in 2005 and recently endorsed by President Yudof in a letter to the chancellors. Risk Services is carrying out a survey on implementation and awareness of this policy.