



COMPLIANCE ALERT

[Audit](#) [Compliance](#) [Investigations](#) [Presidential Policies](#) [Contact](#)

This Issue's Contents

UC Policies and Guidance.....	2
BFB-IS-3: ELECTRONIC INFORMATION SECURITY	2
TRADEMARK LICENSING CODE OF CONDUCT	2
DISCLOSURE OF FINANCIAL INTERESTS AND MANAGEMENT OF CONFLICTS OF INTEREST IN PRIVATE SPONSORS OF RESEARCH.....	2
PPSM-70: COMPLAINT RESOLUTION	2
PPSM-3: TYPES OF APPOINTMENT	2
PPSM-30: COMPENSATION	2
PPSM-21: SELECTION AND APPOINTMENT.....	2
PPSM-20: RECRUITMENT AND PROMOTION.....	2
Controlled Substances.....	2
DRUG THEFTS AT U-M HOSPITAL AND DEA SETTLEMENT	2
OPIOID PRESCRIPTION ENFORCEMENT.....	3
Reporting Misconduct	3
A TOP GOLDMAN BANKER RAISED ETHICS CONCERNS. THEN HE WAS GONE.....	3
NIH – NEW MISCONDUCT REPORTING RESPONSIBILITIES	3
NSF'S AWARD TERM AND CONDITION FAQs.....	3
Compliance Tips and Resources	3
CREDIT REPORT FREEZES ARE NOW FREE.....	3
Privacy and Security	3
WHAT DOES EUROPE'S NEW PRIVACY LAW MEAN FOR UC?.....	3
FIRST NOTICE FILED UNDER GDPR AGAINST CANADIAN ANALYTICS FIRM	3
TOOLKITS FROM OCTOBER'S NATIONAL CYBER SECURITY AWARENESS MONTH.....	3
TIPS TO PROTECT YOUR INFORMATION DURING THE HOLIDAY ONLINE SHOPPING SEASON.....	3
ANTHEM PAYS OCR \$16 MILLION IN RECORD HIPAA SETTLEMENT.....	4
Clery Act Findings.....	4
UNIVERSITY OF MONTANA FINED NEARLY \$1M FOR CLERY ACT VIOLATIONS.....	4
Health Care Fraud.....	4
SARATOGA DOCTOR SENTENCED TO PRISON FOR PROVIDING FALSE BILLING STATEMENTS	4
KALISPELL REGIONAL HEALTHCARE SYSTEM TO PAY \$24 MILLION	4
NORTHWESTERN UNIVERSITY DID NOT ALWAYS COMPLY WITH FEDERAL REQUIREMENTS TO PERFORM RISK ASSESSMENTS OF SUBRECIPIENTS, BUT CLAIMED ALLOWABLE COSTS	4
Conflicts of Interest	4
WORKING TOGETHER TO PROTECT THE INTEGRITY OF NIH-FUNDED RESEARCH.....	4
TOP OFFICIAL AT MSK RESIGNS AFTER FAILING TO DISCLOSE INDUSTRY TIES	5
PHYSICIANS UNDERREPORT CONFLICTS OF INTEREST FROM DEVICEMAKERS, STUDY SUGGESTS	5
Export Control Compliance	5
U.S. PICKS FORMER PROSECUTOR AS ZTE COMPLIANCE COORDINATOR.....	5
CHINESE INTELLIGENCE OFFICER EXTRADITED AND CHARGED WITH ECONOMIC ESPIONAGE.....	5
CANADIAN AUTHORITIES ARREST CFO OF HUAWEI TECHNOLOGIES AT U.S. REQUEST.....	5
OFAC REACHES \$5 MILLION SETTLEMENT WITH JPMORGAN CHASE BANK.....	5
What's Happening at UC.....	5
AUDIT AND COMPLIANCE SYMPOSIUM.....	5
UCB OPPORTUNITY: SENIOR INDUSTRY LIAISON AND CONTRACT MANAGER (#25790).....	6

UC Policies and Guidance

BFB-IS-3: Electronic Information Security

This policy is a major rewrite and adapts to changes in the security landscape and adopts a standards-based approach to information security using ISO 27001 and 27002. The revised policy replaces IS-2, IS-10, and the Incident Response Guide. It complies with academic research/grant requirements as well as Department of Education requirements as outlined in the July 1, 2016 Dear Colleague Letter. In addition, the new version conforms to cyber insurance underwriting principles, Office of Civil Rights HIPAA compliance guidance, PCI 3.X, and aligns with NIST 800-171.

Trademark Licensing Code of Conduct

The University expects its Trademark Licensees to conduct their business to use and follow its Trademark Licensing Code of Conduct (the Code). This Code applies to all UC Trademark Licensees and will be incorporated into each UC Licensing Agreement. As a condition of being permitted to produce and/or sell licensed products bearing UC Trademarks, all Licensees must comply with this Code and ensure their Contractors comply with this Code. In addition, the Responsible Officer and Office will now be the SVP - External Relations. This Code will be amended as appropriate to reflect any subsequently developed standards - either by the University or a national higher education organization whose code the University adopts.

Disclosure of Financial Interests and Management of Conflicts of Interest in Private Sponsors of Research

This Policy applies to any research activity that is funded or supported by a non-governmental entity in whole or in part (a) through a contract or grant, (b) by a gift which is designated by the gift donor for a specific research project, or a specific Principal Investigator, or a laboratory or research program headed by a Principal Investigator, or (c) through in-kind support provided under a material transfer agreement (MTA).

This policy supersedes RPAC Guidance Memo 17-03 and established the terms of that Guidance Memo as policy. It replaces the Policy on Disclosure of Financial Interest in Private Sponsors of Research (APM-028). The Guidelines for Disclosure and Review of Principal Investigator's Financial Interest in Private Sponsors of Research (APM-028-10) is still in effect and can be found in the [Academic Personnel Manual](#).

PPSM-70: Complaint Resolution

This policy provides direction and authority to resolve complaints made by employees in the Professional & Support Staff (PSS) and Managers & Senior Professionals (MSP) personnel groups. Effective November 20, 2018 references to PPSM-12 (Nondiscrimination in Employment) are replaced with references to the Discrimination, Harassment, and Affirmative Action in the Workplace policy.

PPSM-3: Types of Appointment

This policy describes the types of appointments covered by personnel policies applicable to employees in the Professional & Support Staff, Managers & Senior Professionals, and Senior Management Group (SMG) personnel groups. Effective November 20, 2018, references to PPSM-12 (Nondiscrimination in Employment) and PPSM-14 (Affirmative Action) were replaced with references to the Discrimination, Harassment, and Affirmative Action in the Workplace policy. PPSM-12 and 14 were rescinded.

PPSM-30: Compensation

This policy describes compensation, hours of work, and related components for employees in the Managers & Senior Professionals and Professional & Support Staff personnel groups. In support of the University's commitment to pay equity, the annual salary increase limit in Section III.B.4 was removed.

PPSM-21: Selection and Appointment

This policy describes the process for selecting and appointing candidates for employment, including background checks, reference checks, and employment eligibility verification, as well as the employment of near relatives. Policy changes are effective as of November 20, 2018:

- Added language to clarify that consideration of an applicant's criminal history will be requested only after the University has made a conditional offer of employment to the candidate.
- In support of the University's commitment to pay equity and in light of Assembly Bill 168 (AB 168), language was added to state that the University will not request or rely on an applicant's or candidate's salary history in determining salary or whether to offer employment. The University also will provide the pay scale for a position upon reasonable request by the applicant or candidate.

PPSM-20: Recruitment and Promotion

This policy describes recruitment requirements for staff appointments in the PSS, MSP, and SMG personnel programs. Effective November 20, 2018, in support of the University's commitment to pay equity and in light of AB 168, language was added to state that the University will not request or rely on an applicant's or candidate's salary history in determining salary or whether to offer employment. The University also will provide the pay scale for a position upon reasonable request by the applicant or candidate.

Controlled Substances

Drug Thefts at U-M Hospital and DEA Settlement

On December 6, 2013, a University of Michigan (U-M) Health doctor and nurse each and separately [overdosed on medication stolen from the hospital](#). Only the physician survived and he was subsequently

charged with a misdemeanor crime. The Drug Enforcement Administration (DEA) holds hospitals responsible for securing controlled substances. After four years of investigation, the DEA concluded the [U-M Health System violated parts of the Controlled Substances Act](#) and issued a \$4.3 million penalty, the largest involving drug diversion allegations. The DEA noted deficient record keeping, insufficient staff knowledge of controlled substance procedures and policies, and unauthorized use of a DEA registration.

Opioid Prescription Enforcement

The CEO of the Tri-County Wellness Group pleaded guilty to an indictment as part of a \$300 million health care fraud scheme. The indictment had two parts: distribution of over 6.6 million dosage units of controlled substances and the administration of medically unnecessary injections resulting in patient harm. The CEO admitted to conspiring with physicians to require Medicare beneficiaries who wished to obtain controlled substances to submit to expensive, medically unnecessary, and painful injections. The CEO also admitted that he owned a diagnostic laboratory and caused physicians to order medically unnecessary urine drug testing from the laboratory.

Reporting Misconduct

A Top Goldman Banker Raised Ethics Concerns. Then He Was Gone.

In 2014, a senior partner from Goldman Sachs submitted a whistleblower complaint regarding both unethical hiring practices and attempts to access confidential client information. After receiving peer pressure and the lack of an independent investigation, he left Goldman Sachs and agreed to be featured in an article in the NY Times.

NIH – New Misconduct Reporting Responsibilities

NIH has issued a new policy explaining how much personal information must be disclosed to NIH. Institutions should consider this policy when and limit disclosures to those who need to know, consistent with 42 C.F.R. 93.108, including: “Disclosure of the identity of respondent and complainants in research misconduct proceedings is limited, to the extent possible, to those who need to know, consistent with a thorough, competent, objective and fair research misconduct proceeding, and as allowed by law.” Link: [Notice Number NOT-OD-419-020](#).

NSF's Award Term and Condition FAQs

NSF updates FAQs, dated December 7, 2018, on the new Award Term & Condition entitled, “Notification Requirements Regarding Sexual Harassment, Other Forms of Harassment, or Sexual Assault.”

Compliance Tips and Resources

Credit Report Freezes Are Now Free

A new federal law permits consumers to freeze their credit for free starting September 21. Credit freezes restrict but do not lock access by third parties. When

contacted online or by phone, Equifax, Experian, and TransUnion reporting agencies implement the freeze within one business day. In addition, requested fraud alerts will last for one year, seven years for identity theft victims, and continue to be free.

Privacy and Security

What Does Europe's New Privacy Law Mean for UC?

UCOP Privacy Manager Scott Seaborn provides additional insight on how the General Data Protection Regulation (GDPR) affects UC, its responsibilities, the high level plan, and available resources to help staff and UC programs (link: [UC IT Blog](#)).

First Notice Filed Under GDPR against Canadian Analytics Firm

The United Kingdom's Information Commissioner's Office (ICO) issued a notice to AggregateIQ (AIQ) alleging the data analytics firm violated several articles of the General Data Protection Regulation (GDPR) when it:

- processed and utilized information from UK subjects for different purposes from its original intention when collected; and
- failed to inform data subjects.

If the ICO does not receive an appeal or confirmation from AIQ that it will comply, the enforcement office can issue a financial penalty.

Toolkits from October's National Cyber Security Awareness Month

The Systemwide Security Awareness Workgroup put together an extensive toolkit of resources for all of the campuses. These resources are the result of the work of a systemwide workgroup representing 12 UC locations.

- [Lock Down Your Login](#): Includes tips for selecting and managing passwords, how to lock down your login with MFA, posters, and video shorts.
- [Eight Smart Cybersecurity Habits](#): Provides eight habits through multiple media formats including a tip sheet, graphics, related Federal Trade Commission materials, and an [animated short](#) by UCSB (58s). [Tip – check out the video channel for additional shorts, including one for [holiday shopping](#) (59s).]
- [Connect Securely](#): In addition to posters and videos, this toolkit includes an FAQ with how to connect to the internet safely while on and off campus and using VPN.
- [IS-3 Protection Level Visuals](#): To complement the revised IS-3 policy, materials in this toolkit help visualize the new IS-3 Protection Levels.

Tips to Protect Your Information during the Holiday Online Shopping Season

Online shopping continues to grow in popularity. Last

year's Cyber Monday was the biggest online shopping day in the history of the US, including record breaking mobile sales*.

Unfortunately, the ease and convenience of online shopping makes the holiday season the perfect time for cybercriminals to take advantage of unsuspecting online shoppers. Three common ways that attackers take advantage of online shoppers are:

- Creating fraudulent sites and email messages
- Intercepting insecure transactions
- Targeting vulnerable computers

Fortunately, many cyber-threats are avoidable. When you shop in person, it is habit to bring reusable bags, lock the car, and put away your cash or credit card when you're done with your purchase. Similar habits can protect you, your purchases, and your identity when you're shopping online during the holiday season and year-round:

- Shop reliable websites, and get there safely.
- Beware of seasonal scams.
- Conduct research.
- Always think twice before clicking on links or opening attachments. When in doubt, throw it out!
- Keep clean machines.
- Protect your passwords.
- Look for https:// (not http).
- Check your credit card and bank statements regularly.
- Secure your home Wi-Fi.
- Get savvy about Wi-Fi hotspots and public computers.

See the full cybersecurity awareness [toolkit for the Holiday Online Shopping Season](#) on the UC Systemwide Information Security website for further information.

[Anthem Pays OCR \\$16 Million in Record HIPAA Settlement](#)

Anthem reported a cybersecurity breach when a targeted spear phishing attack stole the ePHI of almost 79 million patients. In its settlement with the Office for Civil Rights (OCR), Anthem agreed to pay \$16 million, surpassing the \$5.55 million penalty issued by OCR in 2016, and implement corrective actions to comply with HIPAA Privacy and Security Rules.

Clery Act Findings

[University of Montana Fined Nearly \\$1M for Clery Act Violations](#)

The U.S. Department of Education (DOE) fined the University of Montana \$966,614 for underreporting various criminal violations as required by the Jeanne

Clery Act. The University's yearly campus safety reporting between 2012 and 2015 did not fully report crimes. Specifically:

- 18 crimes in the 2013 report
- 90 crimes in the 2014 report
- 22 crimes in the 2015 report
- 3 crimes in the 2016 report

The University accepts the findings, but plans to appeal the fine amount.

Health Care Fraud

[Saratoga Doctor Sentenced to Prison for Providing False Billing Statements](#)

Dr. Vilasini Ganesh of Saratoga, CA was sentenced 5 years in prison and a payment of \$344,916 for submitting false patient claims; that is, patients that were not seen by the medical practice and inaccurately charging insurers. In addition, the doctor's husband faces a 1-year prison term for his participation.

[Kalispell Regional Healthcare System to Pay \\$24 Million](#)

The Department of Justice announced the Kalispell Regional Healthcare (KRH) System and additional entities agreed to pay \$24 million for settling allegations of violating the False Claims Act, the Stark Law, and the Anti-Kickback Statute. KRH physicians gained financial incentives for referring services to other entities, often being paid over fair market value with reduced workloads.

[Northwestern University Did Not Always Comply with Federal Requirements to Perform Risk Assessments of Subrecipients, but Claimed Allowable Costs](#)

The OIG found that while Northwestern claimed allowable expenditures on subawards it awarded and received, it did not always perform required subaward risk assessments. As a result, Federal funds of approximately \$9.7 million were awarded to subrecipients without performing the required risk assessment. Specifically, for 24 of the 30 grants to subrecipients, Northwestern did not perform a risk assessment on 1 or more of the subrecipients. The 30 grants made subawards to 61 subrecipients, 48 of which should have had a risk assessment, but did not. The remaining 13 subrecipients either had a risk assessment or were not required to have a risk assessment.

Conflicts of Interest

[Working Together to Protect the Integrity of NIH-funded Research](#)

Dr. Michael Lauer, the NIH Deputy Director for Extramural Research, shares how setting standards, being proactive and strengthening partnerships

continues to be an integral piece in the NIH's handling of research misconduct.

[Top Official at MSK Resigns After Failing to Disclose Industry Ties](#)

Chief Medical Officer José Baselga of Memorial Sloan Kettering Cancer Center failed to disclose in research publications company affiliations and financial payments received from various companies. Approximately 60 percent of Dr. Baselga's publications omitted the potential conflicts of interest information even when the cancer center confirmed the doctor had disclosed his industry ties to them. Dr. Baselga resigned as chief medical officer and physician in chief, citing the controversy as an impediment to his responsibilities.

Public interest in other industry relationships at the cancer center propelled [Chief Executive Officer Craig Thompson to resign from two company boards](#) of directors. A task force formed in response to the non-disclosures of Dr. Baselga continues to evaluate how the center will handle conflicts of interest by officials.

[Physicians Underreport Conflicts of Interest from Devicemakers, Study Suggests](#)

The Department of Surgery at UC Irvine's School of Medicine researched the relationship between payments physicians received in 2015 from medical device manufacturers and article publications in the same subject area. The [study](#) revealed that 55 percent of articles published by the top 100 paid physicians received payments from associated device makers. However, only 37 percent of those articles included disclosures of potential conflict of interest.

Export Control Compliance

[U.S. Picks Former Prosecutor as ZTE Compliance Coordinator](#)

Roscoe Howard, a former federal prosecutor, will lead a compliance team to monitor ZTE's compliance with U.S. export controls as settled by a June settlement between the Chinese company and the Commerce Department. The team includes an export controls specialist to ensure ZTE does not repeat violations of selling products with American parts to sanctioned countries.

[Chinese Intelligence Officer Extradited and Charged with Economic Espionage](#)

Yanjun Xu, an operative of the Chinese Ministry of State Security, was arrested in Belgium and extradited to the United States after being charged with attempting to steal aviation and aerospace trade secrets. For years the officer approached experts in aviation firms to offer paid travel to China under the guise of a science and technology association official. Behind the scenes the officer would exchange information with contacts at Nanjing University's engineering school.

[Canadian Authorities Arrest CFO of Huawei Technologies at U.S. Request](#)

After subpoenas from OFAC and the Commerce Department, the U.S. Justice Department launched an investigation on Huawei, a Chinese technology company suspected of violating Iranian sanctions, similar to rival company ZTE. Canadian authorities arrested Huawei's Chief Financial Officer, who now faces extradition to the U.S.

[OFAC Reaches \\$5 Million Settlement with JPMorgan Chase Bank](#)

JPMorgan Chase Bank settled with the Office of Foreign Assets Control (OFAC) for \$5,236,171 for 87 voluntary disclosed violations. The violations were a small portion of payments made to OFAC sanctioned subjects in violation of the Cuban Assets Control Regulations, the Iranian Transactions and Sanctions Regulations, and the Weapons of Mass Destruction Proliferators Sanctions Regulations, which prohibit these payments.

What's Happening at UC

Audit and Compliance Symposium

The dates and location for the 2019 UC Compliance and Audit Symposium have been finalized. The Symposium will be at the Newport Beach Hyatt from [Monday, October 28 – Wednesday, October 30, 2019](#). Please save the dates on your calendars.

Additional information:

- The main conference will consist of a ½ day on October 28 (starting at noon) and two full days on October 29 and 30th.
- CPE/CEUs will be offered.
- The conference will consist of both general and break-out sessions.
- Hotel room rate and parking rates are not yet finalized.
- Compliance, research, audit, and privacy-related topics will be interspersed throughout the conference.
- Breakfast and lunch will be provided during the conference (dinners will be on your own).
- Conference registration fee has not yet to be determined (but most likely will not be over \$200 per person).
- A Symposium website is under construction – and will contain additional information on symposium sessions, speakers, registration, et cetera.

**UCB Opportunity: Senior Industry Liaison
and Contract Manager (#25790)**

UCB seeks a Senior Industry Liaison and Contracts Manager. This position reports to the Industry Alliances Office (IAO) Director and works closely with its peer division within IPIRA, the Office of Technology Licensing (OTL), to craft intellectual property terms in industry agreements that further the education and research mission of the University of California while establishing and nurturing relationships with industry that ultimately benefit the public.