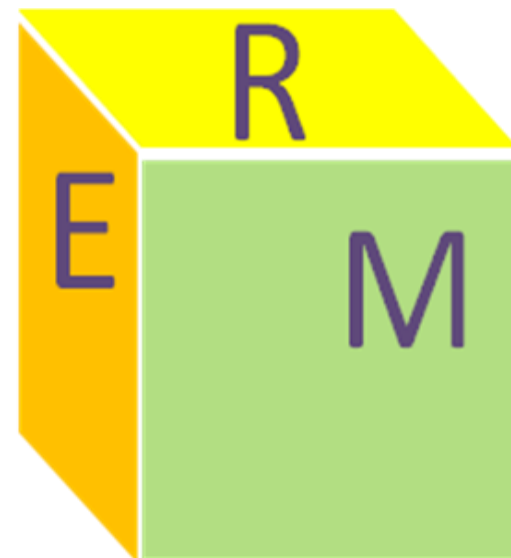


University of Washington

ENTERPRISE RISK MANAGEMENT

2010 Annual Report



“Enterprise Risk Management” (ERM) - *a process* - to integrate risk into strategic deliberations, identifying the interrelations of risk factors across an organization’s activities

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December 2010

To: Interim President Phyllis Wise

From: President's Advisory Committee on Enterprise Risk Management

Subject: Enterprise Risk Management 2010 Annual Report

This report is to update you on our efforts to advance enterprise risk management (ERM) at the University of Washington.

President's Advisory Committee on Enterprise Risk Management (PACERM) meetings in 2009 – 2010 focused on demographics to understand current profiles and provide a forum to discuss how changes among students, faculty and donor demographics may produce challenges and opportunities to the University in coming years. Information was presented at PACERM by Ana Mari Cauce, Cheryl Cameron, Mindy Kornberg, and Connie Kravas.

PACERM wrapped up the 2009 – 2010 year of meetings by raising the question, How do we stay competitive? Committee members responded by pointing out that increasing organizational alignment of existing strategic initiatives would help the University maintain its competitiveness, and that today's environment requires the University to be nimble enough to react quickly to institutional needs.

Therefore, the main goal for ERM in 2010 – 2011 is to support organizational alignment efforts for greater institutional agility and improved competitive advantage. Our plan is to strengthen confidence in decisions by improving visibility of key institutional metrics and supporting the University's efforts to become better with changing resources.

We appreciate your continued interest and support of this work.

Introduction / Executive Summary

Enterprise Risk Management (ERM) at the University of Washington (UW) has only been in place for four years, and there have been great strides in making risks and opportunities visible to management and the University community. Since 2006, UW ERM has completed over thirty assessments to evaluate hundreds of risks and opportunities with input from faculty, staff, students, and outside subject matter experts.

The assessment work of the past few years has allowed UW ERM to collect information from many perspectives and organize it to provide a more holistic view of the University's risk and opportunity profile.

While this assessment-based approach to managing risks and opportunities holds significant promise, the process of involving people in assessments is only one part of the formula for ERM success. Successfully maintaining a large-scale organizational initiative such as ERM requires a comprehensive, broad based approach that is widely understood and used regularly to clearly articulate where risks and opportunities exist throughout the University.

The **UW ERM Integrated Framework**¹ (see page 7), derived from COSO (the Committee of Sponsoring Organizations of the Treadway Commission) model offers a schema to integrate the views of risk that have historically been addressed in silos or through a fragmented approach. The ERM framework

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bridges the gap between lower-level issues and upper-level issues, and it allows us to be explicit about the multiple levels on which the ERM process is deployed as a risk and/or opportunity management mechanism. Distinguishing between these four different levels is necessary to measure progress and balance ERM efforts.

Four different environments in which the ERM process is applied:

- **Entity Level** (e.g., assessment of institution-wide goals, risks, and opportunities such as faculty recruitment & retention);
- **Division or Function Level** (e.g., assessment of functional risk topics such as Student Safety, International Tax, Electronic Discovery, etc., or may focus on Division goals);
- **Unit Level** (e.g., assessment of unit goals, such as Chief Information Security Office, Environmental Health & Safety, etc.);
- **Tool for evaluating alternatives** (e.g., H&FS Credit Analysis Project II, etc.).

This year's annual report introduces the University's framework to aggregate and monitor risks and opportunities from an all-inclusive perspective. The ERM Framework is meant to help everyone at the UW, from staff to regents, understand risks and opportunities at each level and the actions planned to respond, to control, monitor, and measure them.

Summary of Enterprise Risk Management Assessments

	Entity Level	Division or Function Level	Unit Level	Alternatives
2006 – 2007		<ol style="list-style-type: none"> 1. Global Support Project 2. Pollution 3. Asbestos 4. Post Award Financial Admin. 5. Student Safety 6. Compliance Council 	<ol style="list-style-type: none"> 1. Office of the Chief Information Security Officer 	<ol style="list-style-type: none"> 1. eFECS 2. UWMC Credit Analysis
2007 – 2008		<ol style="list-style-type: none"> 7. Occupational Health & Safety 8. Patient Privacy / HIPAA 9. Cash Handling 10. SE Campus Impacts from Construction Projects 11. Research Laboratories 	<ol style="list-style-type: none"> 2. Environmental Health & Safety 6-year Strategic Plan 	<ol style="list-style-type: none"> 3. Google Cloud Application 4. Animal Research Facilities Plan
2008 – 2009	<ol style="list-style-type: none"> 1. Faculty Recruitment and Retention 2. Extended Financial Crisis 	<ol style="list-style-type: none"> 12. Study Abroad 13. UW Technology Investments 14. Financial Oversight of Self-sustaining Units 15. ARRA Recovery Plan for WA Agencies (Risk Identification only) 16. International Tax 		<ol style="list-style-type: none"> 5. Housing & Food Services Credit Analysis, Phase I
2009 – 2010		<ol style="list-style-type: none"> 17. Electronic Discovery 18. Data Management Committee 19. Portage Bay Insurance 		<ol style="list-style-type: none"> 6. Housing & Food Services Credit Analysis, Project II

UW ERM Framework

Enterprise risk management is an internationally accepted and growing field. As a result, a number of risk-based frameworks have been published to provide guidelines for conducting assessments. Two notable frameworks include:

- **Credit rating agencies:** Standard and Poor's and Moody's now consider an organization's ERM capabilities when assigning ratings to bonds, which reflect their evaluation of the creditworthiness of an issuer. A higher credit rating allows lower borrowing costs and improves access to capital.
- **COSO's ERM Framework:** The Committee of Sponsoring Organizations of the Treadway Commission (COSO) is a voluntary organization sponsored by five main professional associations and institutes based in the United States: the American Institute of Certified Public Accountants (AICPA), American Accounting Association (AAA), Financial Executives International (FEI), Institute of Internal Auditors (IIA) and the Institute of Management Accountants (IMA).

COSO² describes ERM as “...a process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.” The UW has defined ERM according to the institution's interpretation of the COSO model, creating a UW-tailored framework for implementation. UW views ERM as integrating risk discussions into strategic deliberations by identifying the interrelations of risk factors across functions and activities.

² Committee of Sponsoring Organizations (COSO). Enterprise Risk Management—Integrated Framework: Executive Summary. COSO, New York, 2004.

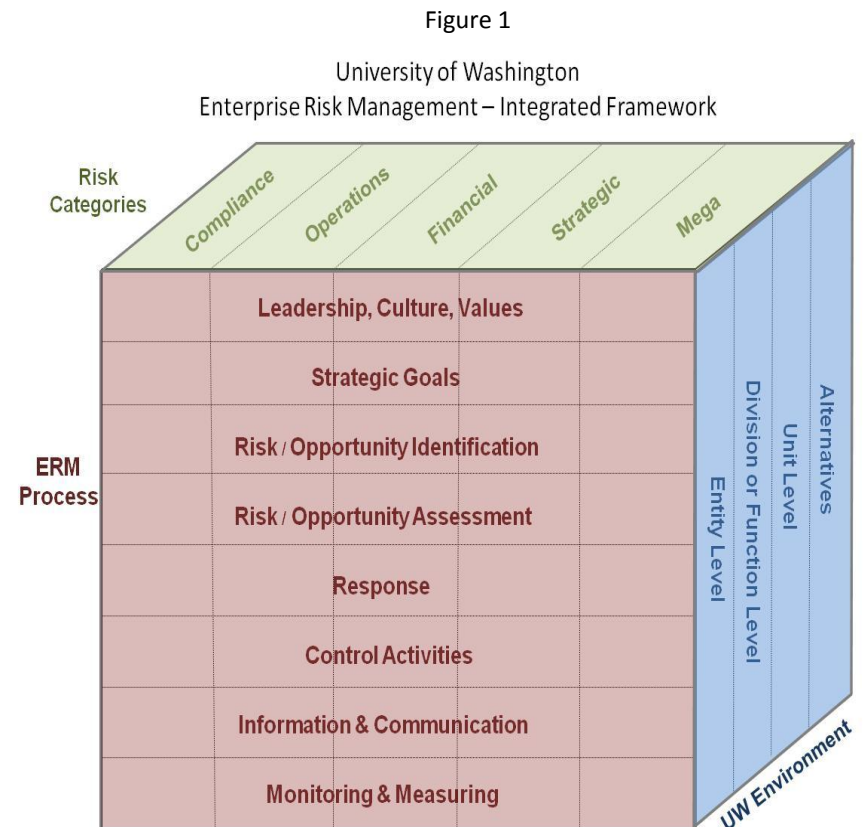
Three sides of the cube

UW’s ERM “cube” integrates different aspects of the COSO model, into a comprehensive approach for discussing all types of risks at any level of the institution. **Figure 1: UW ERM Integrated Framework**³

Risk Categories (top of cube) – Risk types range from compliance, operations, and financial; to strategic which impact our mission; to “mega” risks, major external events over which we have no control but for which we can be prepared.

UW Environment (right side) – Thinking about the organizational structure in three levels: Entity, which entails all operations and programs; Division or Function, looking at a major risk topic in depth; and Unit, where individual departments can use the tools to assess their risks. A fourth level of ERM use in our environment is to evaluate alternatives, such as project investment options, as part of larger credit and cost-benefit analyses.

ERM Process (front) – Eight steps from the COSO model, from setting the tone and context for ERM; identify what can go wrong and how bad it can be; determine the top risks and what can be done about them; through completing the cycle with implementation and follow up.



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UW ERM Structure

UW's "cube" integrates the several ERM facets into a whole, and enables ERM to be applied in a very **intentional** manner: Starting any new risk assessment requires identifying the appropriate **level** of the organization or environment at which the assessment will be made; focusing on which set of **risks** (compliance – strategic – mega risks) to cover; and applying all the steps in the ERM **cycle** to ensure a complete assessment and follow through.

There are three components to UW's ERM structure:

1. **President's Advisory Committee on Enterprise Risk Management (PACERM)** – Members of the executive leadership of the University who prioritize the risk areas for in-depth assessment, discuss key emerging risks, and report to the President annually on the institution's risk map and recommended mitigations.
2. **Compliance-Operations-Financial Council (COFi)** – Brings together campus experts to identify risk issues, ensure good information is available to the University community, and recommend ways for interested parties to report problems.
3. **Formal Risk Assessments** – Write risk statements, evaluate using standard measures of likelihood and impact, compare risks with current controls and if no controls were in place; prioritize residual risks and recommend possible mitigation measures. Guidance for conducting risk assessments is provided in UW's ERM Toolkit.

This illustration shows how ERM components relate to each other and with senior leadership

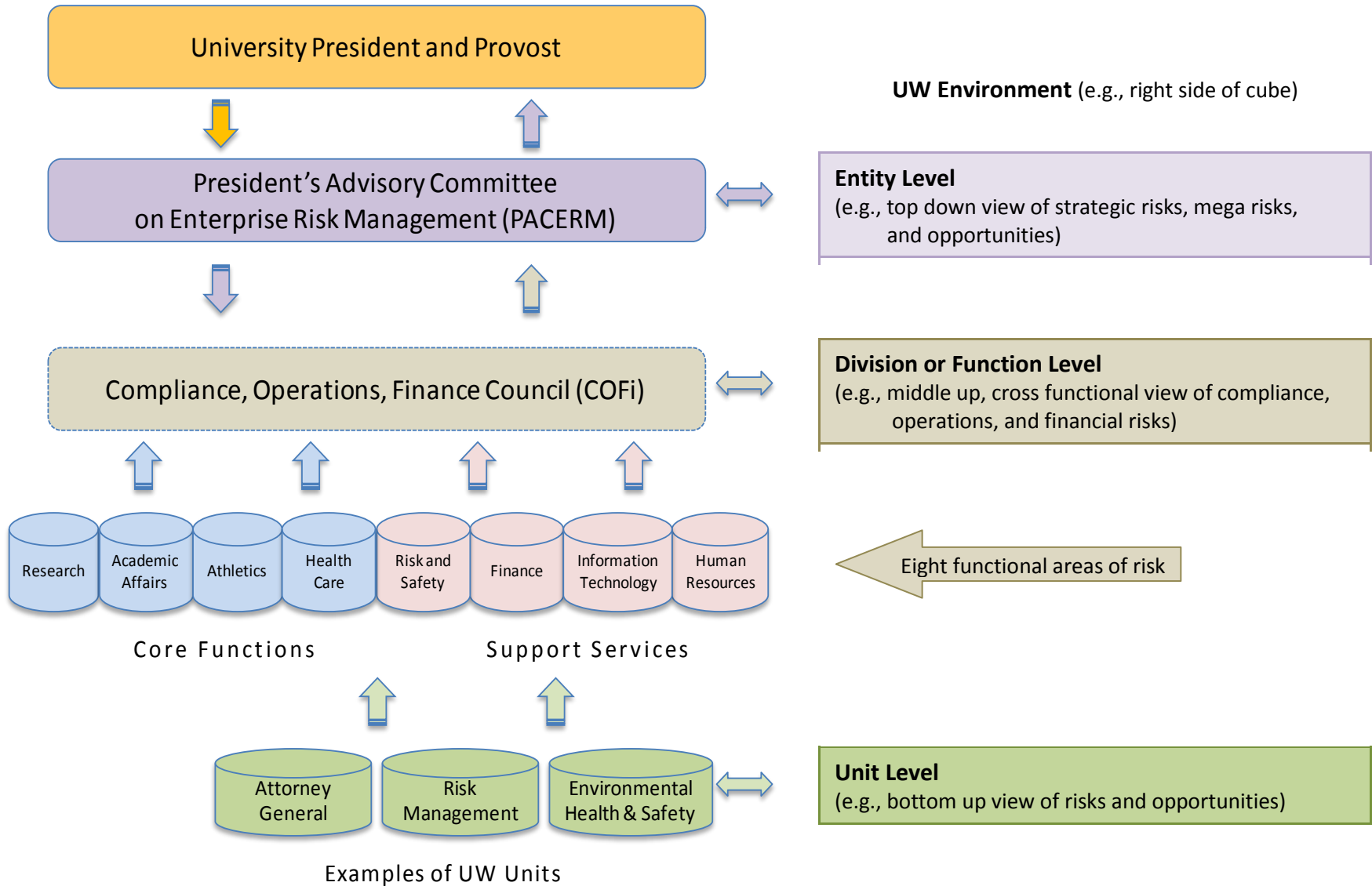


Chart shows roles and responsibilities within the context of ERM

UW Units	ERM Program	COFi Council	PACERM	Internal Audit	UW President and Provost
<i>Take and Manage Risks</i>	<i>Monitor and Aggregate</i>	<i>Oversee</i>	<i>Advise</i>	<i>Validate</i>	<i>Acknowledge</i>
<ol style="list-style-type: none"> Ownership of activities which give rise to risk Risk and/or opportunity identification and unit level assessments Develop strategies and take action to mitigate risks Encouraged to share assessment results with ERM program 	<ol style="list-style-type: none"> Establish ERM framework, standards, and templates Monitor and participate in risk committees for the purpose of providing the enterprise view Provide administrative support, summary information and analysis to COFi and PACERM Train the trainer 	<ol style="list-style-type: none"> Oversight over eight functional areas of risk Identify and prioritize cross-functional issues (e.g., risks, responses, internal controls, measures) Identify topics for outreach 	<ol style="list-style-type: none"> Advise the University President on management of risks and opportunities which may significantly impact strategic goals or priorities Recommend policy changes and/or actions to reduce risk Oversight of entity level assessments IT project quarterly review 	<ol style="list-style-type: none"> Independent verification and testing of internal controls Oversight of changes in audited units (e.g., Internal Audit risk map) Provide administrative support, summary information and analysis to COFi 	<ol style="list-style-type: none"> Verbally acknowledge key documents such as: <ul style="list-style-type: none"> ERM Framework PACERM and COFi Council Charters Entity level assessments Reports to Regents Integrate PACERM advice into UW strategic priorities Establish policies and procedures based on PACERM recommendations

2011 Goals

ERM Program	Compliance-Operations-Finance Council (COFi)	PACERM
<ol style="list-style-type: none"> 1. Support PACERM contributions to the Two Years to Two Decades (2y2d) initiative, with focus on Sustainable Academic Business Plan. 2. Support COFi Council in its assessment of internal Compliance, Operations, and Financial risks. 3. Expand use of ERM Tools through a “train the trainer” effort. 4. Maintain capacity to respond to Unit level and Alternatives analysis ad hoc requests. 	<ol style="list-style-type: none"> 1. Four subcommittees will support COFi’s assignments of outreach and institutional risk assessment: <ul style="list-style-type: none"> • Compliance - Identify regulations (internal & external) and compliance experts/contact personnel • Operations – Identify best practices to reduce operational risks across UW • Finance - Identify risks related to complexity of central lead / unit driven organizations • Education - Provide University risk and compliance program information via web presence. 2. Continue the cross functional sharing of compliance, operational and financial risks among the University units participating within the COFi council. 3. Report to PACERM on COFi outreach and presentations of subcommittee accomplishments. 	<ol style="list-style-type: none"> 1. Support the Two Years to Two Decades (2y2d) initiative, with focus on Sustainable Academic Business Plan. 2. Receive new Information Technology Risk Council project updates at PACERM to fulfill Washington Department of Information Services oversight requirements.

COFi Report

The Council is organized under the umbrella of the President's Advisory Committee on Enterprise Risk Management (PACERM). The Council originally comprised of 24 members has grown to include some 34 members representing 30 different risk areas within the University. Meetings are facilitated by the Executive Director of Internal Audit, and were held six times over the past year. The Compliance, Operations, and Finance (COFi) Council represents the University's strategy for creating a more comprehensive institutional risk perspective without sacrificing existing organizational structures. It is the formal mechanism for convening representatives from each significant institutional risk area.

A Steering Committee is responsible for directing the work of the Council, making recommendations to PACERM on the Council's work plan, and acting as the subject matter expert/liaison for risk assessments, projects and communication. The Committee members include representatives from the key UW-wide areas of research, patient care, human resources, finance, budget, IT security, risk management, and internal audit. Additionally, in 2010 the Steering Committee added the respective, subcommittee chairs to its group.

2010 Accomplishments

The Steering Committee's planning for 2010 Council activities led to development of a group of subcommittees organized around our core risk areas of Compliance, Operations and Finance, as well as an Education subcommittee. These committees were organized to allow for more focused meetings by the Council and specifically charged with identifying key areas of risk and avenues for delivery of information to the campus community. Roles and responsibilities were established and initial goals for 2010 year were drafted.

The past year has presented many challenges including continued budgetary pressures, expectation of transitions, and the compliance environment continues to evolve and expand as additional rules and regulations are promulgated. In order to strengthen our culture of compliance, the Council discussed how to communicate information and risks to others, identified commonalities we face across the compliance organizations and had presentations provided by the compliance officers from the UW Department of Environmental Health & Safety and Intercollegiate Athletics. We also were presented updates on the legislative environment in Olympia, ARRA and the new medical billing system within UW Medicine. We participated in exercises to identify new and evolving risks of the University. The Council participated in an exercise to provide our subcommittees with ideas, thoughts and concerns regarding risks facing the University to be utilized in future subcommittee activities.

ERM Outreach

In 2010, UW ERM was featured in the following three publications:

National Association of College and University Business Officers

Business Officer Magazine – February 2010 / Vol. 43, No. 7

Spotlight: Research Universities – *Team Approach Strengthens ERM Efforts*

Western Association of College and University Business Officers

Newsletter, Winter 2010 newsletter

Clouds on the Horizon article explores risk assessment as it relates to cloud computing

Association of College and University Housing Officers International

Talking Stick Magazine – July / August 2010

Playing Risk article discusses the ERM process, including both general ERM information and ERM process as applied to housing issues

UW ERM released a second edition Toolkit in 2010. The second edition includes an expanded section on the ERM process and has new material on evaluating opportunities. It is comprised of a manual and a set of spreadsheets that provide a framework for assessing and understanding institutional risk. ERM Toolkit is protected by United States copyright, and is available at no cost to current UW staff, faculty, and students. There is no cost for Federal agencies, Washington state agencies, or for universities and colleges to license the Toolkit.

ERM Toolkit created at the University of Washington is available through UW Center for Commercialization Express Licensing Program to allow for rapid licensing. Completion of the online form and agreement with the license terms results in copy of the second edition ERM Toolkit.

Recognizing Risk Mitigation Throughout UW

Many departments and individuals are involved on a regular basis with identifying risks and taking action to manage and mitigate the impacts. While this work is not done as part of the ERM program, we take part of the annual report to recognize the good risk work that is going on in these areas, and to note possible emerging risks.

UW Human Resources – Extensive planning and training was done last year to prepare for the major round of layoffs due to budget reductions. HR has continued to develop these resources and is prepared for additional budget cuts coming in 2011. UW SafeCampus is in its third year, and the annual report is included. Fair Labor Standards Act (FLSA) is an important concern for the complex and decentralized nature of UW employment. U.S. Department of Labor is expanding its investigations of employers, and HR is working with managers on compliance, such as eligibility for overtime.

UW Medicine – Medicine has rigorous programs for managing risks and **improving patient safety**, several of which are highlighted in its update. Medicine is also making significant **investments in the information technology** that supports the medical centers and clinics, and recent implementation and major project plans are discussed in the summary. A major new undertaking, an affiliation agreement with Northwest Hospital, opens many long term opportunities for UW Medicine and its role in regional care. A **due diligence** effort was conducted this year by UW Treasury, to validate key aspects of this important organizational change.

Employment Liability Seminar – In its second year and with expanded participation by University administrators and managers, the half day seminar included annual law updates, trends in complaints and claims, lessons learned in labor relations, leave issues, and public records/FERPA/HIPAA issues. An emerging risk for UW to watch is application of Title IX in academic programs; federal reviews have already happened in two departments.

See the Appendices for complete reports on each of these areas.

President's Advisory Committee on Risk Management 2009 – 2010 Membership

V'Ella Warren, Senior Vice President, Finance and Facilities, co-chair

Ana Mari Cauce, Dean, Arts and Sciences, co-chair

Phyllis Wise, Provost

Sandra Archibald, Dean, Evans School of Public Affairs

Bruce Ballick, Faculty Senate

Cheryl Cameron, Vice Provost for Academic Personnel

Timothy Carter, Graduate and Professional Student Senate

Kenyon Chan, Chancellor, UW Bothell

Daniel Friedman, Dean, College of Built Environments

Eric Godfrey, Vice President and Vice Provost, Student Life

Sara Gomez, Vice Provost/Chief Information Officer, Information Management

Mark Haselkorn, Faculty Council on Research

Randy Hodgins, Interim Vice President, External Affairs

Paul Jenny, Vice Provost, Planning and Budgeting

Holly Jones, Associated Students of University of Washington

Jack Johnson, Division Chief, Attorney General's Office

Mindy Kornberg, Vice President, Human Resources

Mary Lidstrom, Vice Provost for Research

Conor McLean, Associated Students, University of Washington

Martha Somerman, Dean, School of Dentistry

Patricia Spakes, Chancellor, UW Tacoma

Johnese Spisso, Vice President Medical Affairs, UW Medicine COO

Ed Taylor, Vice Provost and Dean, Undergraduate Academic Affairs

Kathryn Waddell, Executive Director, Health Sciences Administration

Scott Woodward, Director of Athletics

Support provided by Jennifer Johnston, Finance and Facilities

Compliance, Operations, Finance Council 2009 – 2010 Membership

Richard Cordova, Internal Audit, Facilitator

Ann Anderson, Financial Management/Controller

James Angelosante, Health Sciences Administration

Kirk Bailey, Chief Information Security Officer

Sue Camber, Financial Management, Research/Student Fiscal Services

Jeff Cheek, Office of Research, Research Compliance and Operations

Elizabeth Cherry, Office of Risk Management

Lynne Chronister, Office of Sponsored Programs

Sue Clausen, Medical Affairs/Chief Compliance Officer

Marilyn Cox, UW Bothell, Administration and Planning

Walt Dryfoos, University Advancement

Bruce Ferguson, UW Medicine, Chief Financial Officer

Jessie Garcia, Human Resources, Campus Operations

Marcia Killien, Secretary of the Faculty

Shelley Kostrinsky, Academic Personnel

Kay Lewis, Student Financial Aid

David Lovell, Research Associate Professor

Richard Meeks, HIPAA Compliance Officer

Todd Mildon, University Registrar

Karen Moe, Human Subjects Division

Kyle Pifer, Intercollegiate Athletics, Compliance

Linda Nelson, College of Arts and Sciences

Nona Phillips, Office of Animal Welfare

Gary Quarfoth, Planning and Budgeting

Marcia Rhodes, Health Sciences Risk Management

Bill Shirey, Office of Information Management

Ysabel Trinidad, UW Tacoma, Finance and Administration

Jude Van Buren, Environmental Health and Safety

Advisors

Barbara Benson, Records Management

Andrew Faris, Enterprise Risk Management

Kerry Kahl, Enterprise Risk Management

Lori Oliver, Attorney General's Division

Eliza Saunders, Public Information

Support provided by Tamara Young, Internal Audit

Appendices

Appendix 1 – PACERM Presentations on Demographics

Demographic information was presented at PACERM by Ana Mari Cauce, Cheryl Cameron, Mindy Kornberg, and Connie Kravas. Demographic change is the second “mega risk” that PACERM has considered.

Students, where we know that the new mix of ethnic and cultural backgrounds will change how we recruit and support incoming classes. We will be in greater competition for top students, at a time when further declines in state support shifts a larger share of college costs to our students. We will be faced with greater needs for financial aid during times when support from all sources—state, federal and our donors and investments—is not likely to grow to meet those needs.

Faculty, with a growing number eligible for retirement in the near term, whose departures will affect all aspects of our instructional, research and clinical programs. Our ability to overlap new hires by even a couple of years with those who begin to wrap up their work as they near retirement is limited by financial resources for startup packages, and by space for research. New hires, while coming from pools of talented and experienced post-docs and junior faculty at other institutions, will take a number of years to grow their own sponsored research awards, during which time we are likely to see a decline in that revenue and its indirect cost support.

Staff, whose current median salary is already behind both the state of Washington and national median averages, will fall farther behind as the economy recovers and we are unable to offer competitive salaries due to limited state resources. Some areas, such as skilled trades, will see greater numbers of retirements as long term employees leave, and we will have great difficulty in being able to attract new talent in these areas because our compensation lags the local market. Outsourcing is not a good solution when the services these staff perform are essential to keep classrooms and laboratories operating and safe. Better that we look for ways to make operations of all kinds more lean, efficient and effective in supporting our core activities.

Donors, who were incredibly generous during the recent major campaign, and with whom ongoing relationships are vital for future giving. It is not surprising that older donors have provided more support than younger alumni and friends. Generational differences in donors’ expectations mean that while our reputation is always important, being able to demonstrate the return we can accomplish with their gifts is of increasing importance for younger donors. With a majority of campaign contributions coming from foundations and corporations, it is vital that we maintain our investments in building those relationships as well.

Appendix 2 – UW Human Resources

Preparing for Unprecedented Layoffs - Economic realities prompted Human Resources to initiate a full scale review and reengineering of layoff policies, processes, and resources for classified and professional staff. The project which was completed in 2009 ensured that UW layoff processes and practices are contemporary, compliant, and responsive to the needs of affected employees, their managers, and the University.

Risk mitigation protocols (including UWHR assuming responsibility for administering professional staff layoffs and reductions) were developed to allow for early identification and resolution of potential problems and to ensure compliance with UW layoff practices for employees laid off due to budget cuts in 2009 and 2010. Partnering with other UW offices like UCIRO, EOAA, and the Office of the Attorney General will continue to play an important role in risk mitigation as we prepare for additional budget cuts in 2011.

UW SafeCampus Update - Now in its third year of operation, the Violence Prevention and Response Program (VPRP) has become more integrated into UW's culture through the SafeCampus public information campaign, a violence prevention component in the new employee orientation for staff, and an ongoing presentation effort available to the community-at-large and by request to specific groups or departments. Online training videos are now available on the SafeCampus website.

Staffed by a team with experience in violence prevention, victim advocacy, and program management, the VPRP team responds to calls from the three SAFE phone lines. The phone lines operate 24/7, and serve the Seattle, Bothell, and Tacoma campuses. Staff help callers clarify their concerns, identify immediate risk mitigation steps, connect callers with University or community resources, and arrange for follow-up as needed.

Program enhancements and the volume of services provided are outlined in a SafeCampus report (attached).

Managing FLSA Compliance - UW Human Resources' Compensation Office is charged with maintaining compliance with federal wage and hour laws regarding classification and overtime pay issues for all staff positions. It also provides education to management about the importance of compliance and the risks of non-compliance.

Managing the exemption statuses and overtime requirements of the Fair Labor Standards Act presents significant challenges in our decentralized environment and presents a growing area of potential risk given economic and political factors. Operating on tighter budgets, one can anticipate more managers will find themselves asking employees to do more and different levels of work without assessing the ramifications of their request against labor law requirements or UW-specific employment program rules. Having employees deemed overtime exempt whose duties do not meet the test for such overtime exemption opens the UW up to treble damages after a previous Department of Labor warning received in 1999. The likelihood of another audit by the Department of Labor (DOL) of UW's ability to properly classify employees for overtime eligibility is elevated as the Obama administration has authorized the recent addition of 250 new investigators to the Department of Labor's field offices to "refocus the agency on enforcement responsibilities."

Serious consequences can result from wage and hour violations. Several Washington state agencies are currently under investigation by DOL and the numbers of individual and class action lawsuits regarding classification and overtime pay are skyrocketing across the country. Employers are facing civil penalties and back pay awards ranging from hundreds of thousands to multi-millions of dollars.

The Compensation Office has sole responsibility for determining FLSA overtime eligibility status for positions at the UW. While it relies on appropriate documentation, timely questions, and input from campus partners, the Compensation Office is ultimately responsible for reviewing new and changed positions and for providing advice on appropriate recordkeeping. It also provides advice to University administrators regarding calculation of time worked and determination of overtime owed.

Appendix 3 – UW Medicine

UW MEDICINE CONTINUES TO ADVANCE ITS PATIENT SAFETY INITIATIVES

UW Medicine health system-Harborview Medical Center (HMC), UW Medical Center (UWMC), Northwest Hospital (NWH), UW Neighborhood Clinics (UWPN), UW Physicians (UWP), Airlift Northwest (ALNW), and the UW School of Medicine (SOM) continue to focus on Patient Safety and Quality of Care as a top priority.

Several major steps towards accelerating the quality and safety agenda include:

- ✚ Integration of Patient Safety and Quality programs/metrics across UW Medicine system as outlined in the UW Medicine Strategic Plan and the UW Medicine Patient First Pillar Goals.
- ✚ Continued engagement of the UW Medicine Board and entity level boards and committees of the board in discussions regarding patient safety, quality of care and satisfaction with care and services provided.
- ✚ Strategic Goals and Metrics, with focus on: Reductions in Mortality, and in Hospital Acquired Infections; and Improvement in Core Measures of Care, in Ambulatory Health Measures and Patient Satisfaction using national and regional benchmarks for comparison.
- ✚ Implementation of the work plan based on the Studer Methodology (Patients First initiative) focused on service, safety, quality and financial viability. Refinement of the surgical/procedural checklist process before and after invasive procedures.

Continue leading statewide efforts to promote the use of the checklist process prior to any procedure that occurs in hospitals state wide.

- ✚ Funded and implemented additional training modules for residents and fellows to improve infection control, patient disclosures, and the safety of patient procedures. Initiated requirements that both trainees and fellows complete simulation training before inserting central lines in patients, and implemented team STEPPS training for healthcare professionals.
- ✚ Development of a system-wide procedure and training module for avoidance of cross contamination in order to decrease infection risk.
- ✚ Promoted interdisciplinary simulated learning through UW Medicines Institute of Simulation and Interprofessional Studies at the University of Washington to improve the quality of health care education and improve patient safety and outcomes.

Appendix 4 – UW Affiliation with Northwest Hospital – Due Diligence

UW has had a Cooperative Program Agreement with Northwest Hospital and Medical Center (Northwest) for over twelve years, under which the organizations collaborate on selected patient care, clinical research and educational activities. Discussions for additional joint program plans led to Northwest proposing that it integrate into UW Medicine, based on compatibility of missions, potential to enhance existing Northwest programs and initiate new clinical, teaching and research on the Northwest campus, and expectations that health care financing changes will make it more difficult for stand-alone community hospitals to be successful.

UW Medicine conducted an initial review of financial status and debt, risk management, land and buildings, physician relationships, and joint venture partnerships. Preliminary approval for an affiliation agreement was given by the UW Board of Regents, and UW Treasury conducted further due diligence on key points:

- **Financial** – Combined financial ratios: Northwest has no significant material impact on UW overall. Debt capacity: no significant impact to UW institutional level. Northwest Hospital payor mix is consistent with other community hospitals.
- **Compliance and Risk Management** – Northwest has normal and required compliance, safety and clinical risk management programs in place. It has excellent medical malpractice loss history.
- **Human Resources** – Northwest will continue to separately manage and set employment policies, compensation and benefits for at least five to seven years.
- **Operations and IT** – No significant issues were reported in examination of financial audits, management letters, and operational policies/procedures. Northwest has record of unqualified audit reports from a major national audit firm over past several years. No known issues of billing, collections, or payments, no audit management letters, therefore likelihood of uncovering material operational issues going forward is expected to be small.
- **Facilities and Capital Planning** – A general assessment of condition of Northwest facilities did not identify any significant issues. Future Northwest capital needs are expected to be funded from Northwest cash flows.

Future challenges: Integration of Northwest and UW Medicine needs to be managed carefully, especially with respect to personnel and legal issues. A combined UW Medicine-Northwest strategic plan will help fully understand the pace and challenges of continued integration. Institutional impacts will not be completely understood until affiliation agreement is in place, in terms of operational activities such as planning and budgeting (change in fiscal year), treasury, and accounting.

Appendix 5 – UW Medicine Clinical System Investments: Reducing Risks and Pursuing Opportunities

UW Medicine is in the midst of a long term strategic plan to invest in electronic medical records (EMR) and associated patient care administrative support systems using products from Cerner and Epic, both to improve the quality of patient care and to enhance organizational performance and efficiency. Major projects have been completed in phases, with the most recent (August 2010) replacement of a 37-year old hospital admission registration and facility billing system. The new system provides important functionality, using a vendor supported software environment (EPIC SYSTEMS) for ongoing enhancements and compliance, and supports patient financial business functions in pursuing complete, accurate and timely billing of payors.

The next major phase will expand EMR's capabilities with computerized provider order entry (CPOE) in our inpatient setting and expand our EMRs into outpatient clinics. It will position UW Medicine to qualify for the “meaningful use” requirements of federal stimulus funding for Medicare incentive payments in coming years under the American Recovery and Reinvestment Act's HITECH provisions. Medicine is also engaged in the implementations of Microsoft's Amalga enterprise data warehouse, which is expected to provide significant support for data integration, quality assurance, and financial reporting on the clinical side, while expanding health data use to support translational research applications. EMRs and Amalga are strategic investments in opportunities that will enhance our ability to support our tripartate missions in education, research, and the delivery of quality patient care.

Appendix 6 – Employment Practices Liability Seminar

The second annual seminar was well attended by HR and major unit administrators. An update on **new laws and regulations** highlighted changes in areas such as: Patient Protection and Affordable Health Care Act (amend Fair Labor Standards, new whistleblower protections); Lilly Ledbetter Fair Pay Act; Genetic Information Non-Discrimination Act; Americans with Disabilities Amendments; and many others. Ten years of **trends in employment complaints, claims, and lawsuits** were reviewed. Strategies for **reducing retaliation claims** were shared, which included: managing emotions and expectations; workplace dynamics post-complaint; failure to spot high risk situations; and perception of bias. Also included were perspectives from plaintiffs' attorney. Navigating **leave issues** looked at FMLA and intermittent leave use.

Records Round Up – A panel discussed challenges with regards to **public records compliance** in light of expanded electronic records. Also covered were FERPA and HIPAA requirements.

Emerging Risk – **Title IX**: It's not just for sports – While historic focus has been on opportunities for women in athletics, the law applies broadly to “any education program or activity receiving federal financial assistance.” Different treatment based on sex is prohibited in: admissions and recruitment; programs or activities; and employment. Schools are liable for peer sexual harassment or assault, and need to have appropriate person designated to take corrective action. Even a single incident, if sufficiently severe, may be enough if it deprives a student of equal access to education. There are also issues to consider for pregnant and parenting students.

SafeCampus Progress Report: Current Activities and Statistics (1/01/10-6/30/10)

COMMUNICATIONS, OUTREACH & TRAINING

UW ALERT

Current number of UW Alert recipients on

notification system.....	20,623
Facebook.....	706
Twitter.....	537

UW Alert activated two times for one incident between January 2010 and June 2010.

GREEN DOT

Forty-five students attended first Bystander Training in Spring 2010. Of those at the training:

- 96% agreed/strongly agreed that they know how to explain the green dot movement to others.
- 100% agreed/strongly agreed to plan on telling at least one person about green dot.
- 93% agreed/strongly agreed that they have identified their barriers to intervening in a high-risk situation.
- 100% agreed/strongly agreed to plan on taking action the next time they see a possible act of power-based personal violence.

UWPD CRIME VICTIM ADVOCATE

The Crime Victim Advocate worked with 68 victims from January 1, 2010, to June 30, 2010. This included 15 court accompaniments.

SAFECAMPUS COMMUNICATIONS

The SafeCampus website averaged 95 visits per day. (Note: Traffic to the website significantly decreased after the UW homepage was redesigned.)

SafeCampus posters were mailed to building coordinators in mid-May, 2010.

UWPD

The UWPD conducted the following:

- 41 crime prevention/violence prevention presentations
- 9 VPATs (violence prevention assessment team meetings)
- 13 standbys (preventive-measure police presence at events)
- 7 security surveys
- 3 tabling events

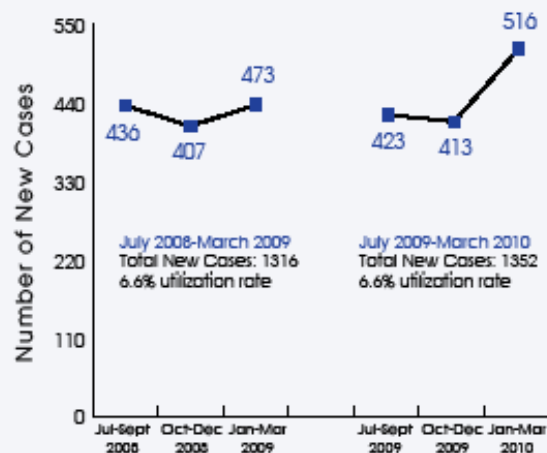
STATISTICS

UW CareLink Utilization through March 2010

CareLink services include five counseling sessions/issue, legal and financial services, management consultation, online toolkit for managing problems, critical incident stress debriefing, and topical training.

Year to year, overall utilization has remained steady, with an increase in the total number of new cases. A consistent trend has been a jump in utilization during the same quarter that the CareLink materials are mailed to all benefits-eligible employees.

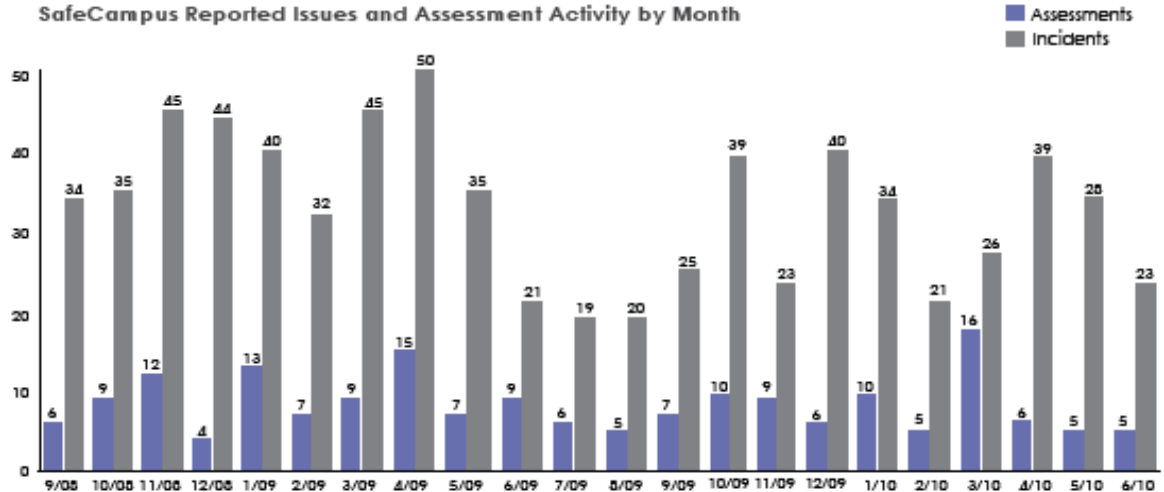
CareLink Utilization by Quarter



Report Date: July 1, 2010

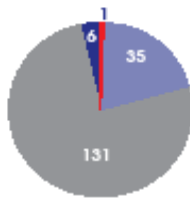
STATISTICS continued

SafeCampus Reported Issues and Assessment Activity by Month



VIOLENCE PREVENTION & RESPONSE PROGRAM REPORT

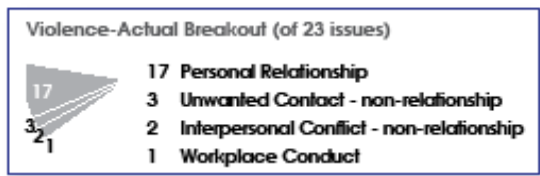
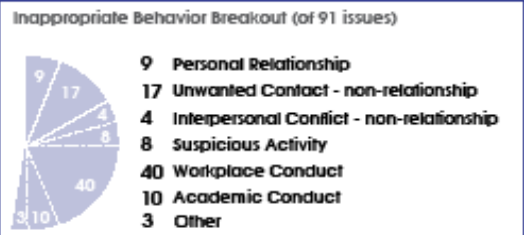
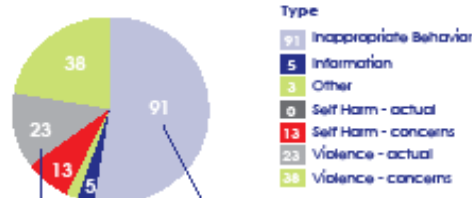
Number of Issues Reported - 173 total
1/1/10 - 6/30/10



Response Level

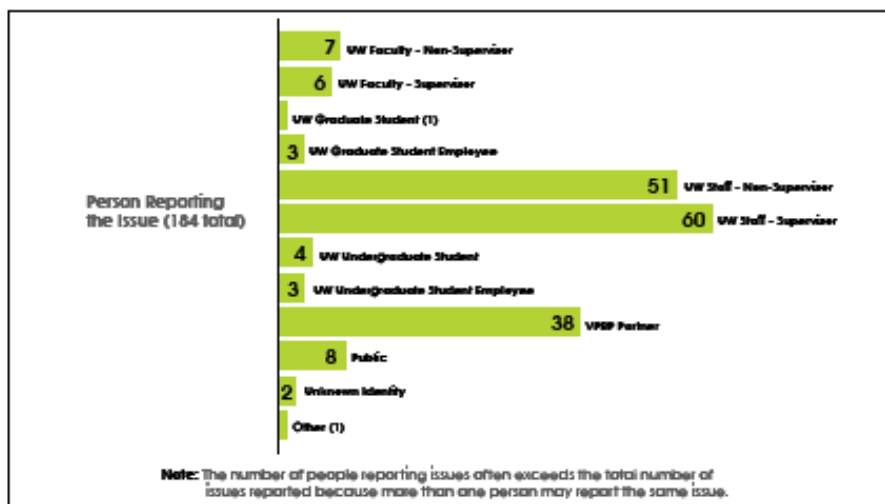
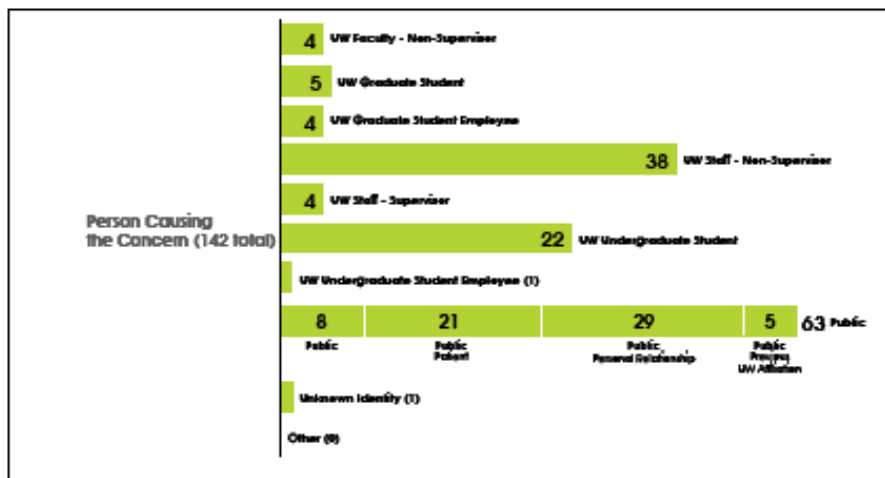
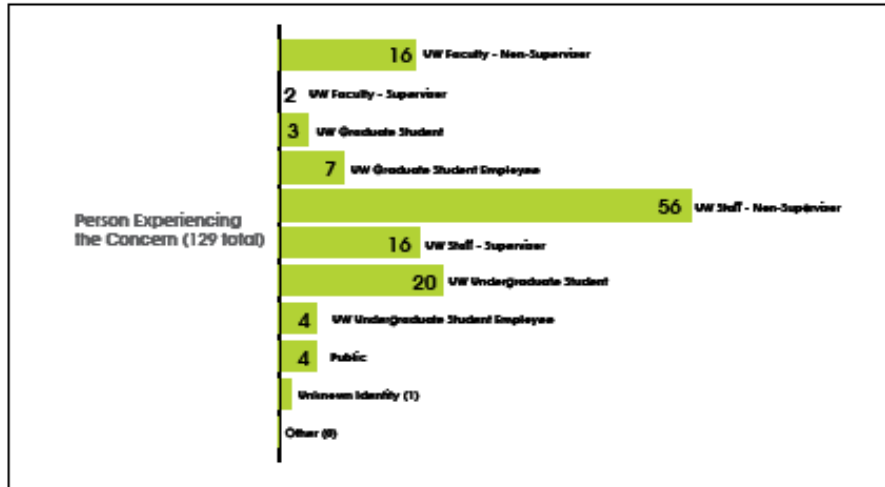
- 1** Level 1 RED: Immediate notification. Violence Prevention Assessment Team (VPAT) is notified and convened as soon as possible. Risk Mitigation Plan is developed.
- 35** Level 2 LIGHT PURPLE: Standard notification. Issue is discussed at next scheduled VPAT meeting (VPAT held 3x/week) and Risk Mitigation Plan is developed.
- 131** Level 3 GRAY: Students assigned. Response Level 3 do not have a VPAT. Instead, VRSP is responsible for monitoring and following up on required risk mitigation strategies or they are referred to other UW departments to take the lead and carry out further actions required—while keeping VRSP informed of developments.
- 6** Level 4 PURPLE: Request for information/materials or not UW jurisdiction.

Count by Issue Type - 173 total
1/01/10 - 6/30/10



Report Date: July 1, 2010

VIOLENCE PREVENTION & RESPONSE PROGRAM REPORT continued



Report Date: July 1, 2010