# BOARD OF REGENTS
# BRIEFING PAPER
## Agenda Item Title: External Hotline - NSHE
## Meeting Date: March 2-3, 2017

**BACKGROUND & POLICY CONTEXT OF ISSUE:**

Historically, the NSHE Internal Audit Department has not had an investigative branch. Most internal audit departments with this kind of capability utilize a centralized platform from which investigations can be launched (e.g. Ethics Hotline, Whistleblower line, etc.). This was a topic of discussion for the Audit Committee in November 2006, where the decision was made not to incorporate an NSHE-specific whistleblower hotline and associated resources/costs.

An amendment to the Internal Audit Charter (Title 4, Chapter 9, Sections 1-8) in December 2014 included the following wording regarding the Authority and Responsibility of the Department:

2. Maintain the capacity to:

   a. Perform audits to independently assess governance, risk management and control processes throughout NSHE.

   b. Provide consulting services, with the mutual agreement of the "client", to improve NSHE governance, risk management and control processes.

   *c. Investigate, as necessary, allegations of improper activities including fraud, misuse of university resources, and unethical behavior or actions.*

In line with the Audit Committee / Internal Audit approach of aligning resources to best address NSHE's most pressing risks, a new audit plan format in FY 17 allowed for built-in agility and flexibility should a specific issue arise that would merit an ad-hoc investigation; however, there is no dedicated resource / mechanism to handle multiple issues that could arise over a given period.

Incorporation of a hotline offers an internal control best practice and risk mitigation tool. It also sets up a platform from which Internal Audit can partner with institutions, either through offering assistance to lead investigations of material issues, or to review results from investigations led by others (providing follow-up or assurance on the results).

Outsourcing a third-party hotline would provide NSHE constituents with a trained representative who can effectively provide a proper initial screening of a call, ensuring the issue is properly routed to institution representatives.

Navex Global (also known as EthicsPoint) provides such anonymous hotline services, and has a strong footprint in higher education, including university systems around the country. The services potentially provided by the company would include a common phone # hotline (live person, trained call-center), web portal set-up and incident management solution.

A person seeking to report an issue would call (or click the web portal) and be taken to a secure EthicsPoint site that is not part of NSHE. From there, he/she would select the applicable area to which the issue applies (e.g. HR issue at institution XYZ) and will then be able to provide information about the issue. The person will have a choice to make this confidential or be contacted for more information. Once submitted, the report is then dispatched and notifications are sent in the manner consistent with how the workflow is designed on the front end set-up of the solution. From there, depending on the nature of the issue, the appropriate NSHE personnel (either at the institution, Internal Audit, or both) would assist in investigation and/or follow-up until the item is deemed closed.

The benchmark found in terms of cost was approximately $1/employee on an annual basis. This is consistent with initial estimates, as pricing looks like it would fall into the $10K to $15K range, annually.

**SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:**

Committee direction as to whether or not to pursue establishment of an NSHE system-wide hotline, such as the solution provided by Navex Global EthicsPoint.

**IMPETUS (WHY NOW?):**

Ten years removed from the last Audit Committee discussion on the topic, a conversation regarding an ethics hotline in today's risk environment is appropriate. Consistent with the current Charter, the capacity for Internal Audit to investigate allegations when they occur is a necessary part of the department's charge. Setting up a platform like this may allow Internal Audit to work with institutions as partners to compliment efforts already being made in these areas, while seeing trends across the whole system and helping efficiently serve in the monitoring function that is critical to a strong control environment.

**BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:**

- Initial estimates indicate this can be done without material impact to the budget
- Utilizing a hotline and incident management solution allows for a formalized, consistent process and protocols
- Can be customized to compliment mechanisms already in place
- Strengthens overall control environment and governance processes

**POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:**

- The State of Nevada has an anonymous hotline already in effect
- Some institutions have established hotlines in critical areas (after hours crisis, assault/misconduct)
- NSHE Internal Audit staff have not taken on this role historically
- Hotline may be a larger-than-anticipated undertaking, with potential for unsubstantiated leads and additional costs

**ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:**

Utilize current mechanisms in place.

**COMPLIANCE WITH BOARD POLICY:**

❑ Consistent With Current Board Policy: Title #_____ Chapter #_____ Section #_______
❑ Amends Current Board Policy: Title #_____ Article #______ Section #______
❑ Amends Current Procedures & Guidelines Manual: Chapter #_____ Section #_______
❑ Other:_______________________________________________________________________
X Fiscal Impact: Yes__X___ No_____
Explain: Annual costs likely to fall between $10,000 and $15,000.

# Hotline/Helpline Reporting

## Description of Services

### Report Intake Contact Center

- Globally accessible 24/7/365
- Contact Center staffed with college-degreed Contact Center Intake Specialists
- Live telephone interpretation support for 188 languages
- Client-specific call scripts and dynamic, customized screen prompts
- No caller identification information received, ensuring anonymity of calls
- Anonymous follow-up allows reporters to add case information using Report Keys and passwords
- Ability for reporter to fax documents to attach to a Report
- Toll-free international calling
- Secure, hardened, unbranded facility with a 24/7/365 double ring of access security
- Multiple backbones of telephony and Internet access feed
- Automatic short-term battery and long-term generator backup power supplies

### Web-based Report Intake System

- Globally accessible 24/7/365
- Client portal pages reflect appropriate branding, policies, and reporting instructions
- Easy-to-use web forms replicate the phone interview questions; dynamically driven questions guide the user through a highly relevant interview process
- Intake process includes standard issue types, definitions, and questions available in more than 40 languages; translation into other languages and translation of customized issues, definitions, and questions is available
- Ability for reporter to upload documents to attach to a Report
- Anonymous follow-up allows reporters to add case information using Report Keys and passwords
- All data encrypted with 128-bit SSL encryption technology; no cookie storage or tracking

### Reporting System Structure

- EthicsPoint standard issue categories and definitions that drive call intake scripts, web forms, Report distribution, and analytical data come standard; option to add more categories or customize definitions at any time
- EthicsPoint standard issue categories and Report intake scripting are available in 46 languages
- Option to incorporate tiers or specifically defined entities to present and distribute reported information in the manner best suited to align organizational structure or executive reporting needs

# Issue & Event Manager *Foundation*

## Description of Services

### Application Features

- Single application designed to capture, manage, resolve, and analyze incidents across a broad range of operational functions
- Scalable application allowing for easy addition of new operational units, incident categories, and users
- Configuration of tier structure to meet business, geographic, and/or operational needs
- Client-defined issue categories and sub-categories: choose between EthicsPoint standard categories or create custom issue categories
- Client-defined layered issue categories, enabling the Client to depict the type of issue and obtain more detail for analytics
- Client-defined issue category questions: choose between EthicsPoint standard questions or create custom questions
- Client-defined tier structure and issue category relationship
- Open incidents (Cases) directly within the application (internal Reports)
- Track and compare internal Reports with Reports brought forward through EthicsPoint's reporting hotline
- 50 custom fields: custom fields are defined consistently across all tiers
- Client-managed drop-down values defined consistently across all tiers
- Custom pre-defined set of responses to external web and phone reporters

### Workflow & Distribution Features

- Transfer Cases across Client-defined tier structure representing business, geographic, and/or operational areas
- Assign and reassign Cases to multiple owners across tiers
- Assign and reassign primary Case ownership vs. normal Case assignment
- Attach associated files (documents, videos, pictures, etc.) to Cases
- Automatic email notifications and reminders of assignments
- Add follow-up notes and questions to the Report; this may include confidential, anonymous communications that pass through the reporting hotline
- Collaborate with Case assignees
- Visual display of new or updated Cases and tasks on Welcome Page
- Associate Participants to incident, including their role, outcome of their involvement, and notes related to their involvement
- Provide synopsis of Case, including multiple outcomes, corrective action taken and synopsis notes
- Ability to print Case information (edited/and unedited Case details and history)

**For More Information**
To learn more about EthicsPoint:
www.ethicspoint.com | 1-866-297-0224 | sales@ethicspoint.com

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# Issue & Event Manager *Foundation*

## Analytics

- Ability to specify parameters for a more detailed view of reports by tier (i.e. functional levels, business units, categories of issues, etc.), specific issue type, and date range
- Summary tables and charts displaying number of reports by language, implication of management, source, management awareness, report intake method, duration of infraction, request for anonymity, issue type and severity level
- Baseline statistics across all EthicsPoint clients categorized by industry-wide Open Compliance and Ethics Group (OCEG) standards
- Personal library to store Reports with pre-determined parameters and settings, allowing Client to quickly run Reports that necessitate a time-frame comparison (e.g. this week compared to last week)
- Analytic Reports presented in tabular or graphical layout
- Library of Pre-formatted Reports, which allow the Client to analyze data based on key performance and metrics (add-on functionality)
- Ad Hoc analysis feature allowing users to query for data matching specific selection criteria and allowing tabular data to be exported to Microsoft™ Excel for further analysis (add-on functionality)

## Administration Features

- Create and manage global- and tier-specific access roles with the following key privileges:
  - » Create, edit, update, and delete Cases
  - » Define Case viewing privileges (All vs. Assigned)
  - » Assignment and reassignment of Cases
  - » View and create Reports with Analytics
- Client-defined password rules and complexity:
  - » Challenge question
  - » Complexity level
  - » Minimum number of characters
  - » Maximum age of password (in days)
  - » Number of unique passwords required before re-use
  - » Minimum age of password required before re-use (in days)
- Create and manage users
  - » Create, edit, and delete user profiles
  - » Manage user access role(s)
  - » Manage user access by tier
  - » Activate and deactivate users without deleting profile
  - » Track all Administrator activity through Admin History
  - » Identify Users Online
- Assign Dedicated vs. Concurrent Seat Licenses
- Create and manage Automatic Case Assignment
- Establish dedicated System Administrator role with no Case access

## Client Support

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# Issue & Event Manager *Foundation*

- Assigned a specific Client Services, Account Specialist
- Support request and online Help available within the application
- Comprehensive Administrator and User guides
- Assistance with Client roll-out and stakeholder awareness
- Access to user groups, training seminars, and surveys that influence training and product enhancements

## Implementation and Training

**Pre-Implementation Consultation** – Requirement gathering, project scoping, and time line validation.
System Build and Configuration – Develop appropriate tiers to effectively administer defined Report or Case management workflow within the application. Set-up of Client database level settings (i.e. password complexity, Case number prefixing, canned reporter responses, time zone settings, etc.).

**Build/Configure Issue Categories** – Define and establish issue types that align with Client program (i.e. Code of Conduct, Ethics Policy, etc.). Custom issues can be defined independently for web reporters, phone reporters, and internal users entering Cases directly into the Enterprise application. EthicsPoint will review questions with Client to identify any custom questions needed to care for specific data intake requirements within the defined tiers.

**Administrator Training** – Conducted remotely using audio and web-based technologies, Administrator training provides an overview of: user administration, access level settings, custom dropdown settings, custom fields, automatic Case assignment, analytics, and application workflow and functionality.

**Project Management** - Apply basic management methodology to successfully facilitate and execute the program roll-out and implementation from start to finish, achieving predetermined objectives of quality, scope, time, and cost, to the equal satisfaction of EthicsPoint and the Client.

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