



Office of Compliance and Ethics Introductory Report

Lynette Fons, Chief Compliance Officer



Why the Office of Compliance and Ethics was Created

- The City operates in a highly complex regulatory environment of City, state and federal laws and requirements
- The City is subject to further obligations because of its agreements and arrangements with others
- The acts of third parties can place the City at risk
- The former decentralized approach to compliance was insufficient and did not adequately protect against liability

A Sampling of Agencies Auditing or Investigating our Operations

- Department of Justice – Civil Rights Division
- Equal Employment Opportunity Commission
- United States Center for Medicare and Medicaid Services
- Texas Health and Human Services Office of Inspector General
- United States Housing and Urban Development Office of Inspector General
- Environmental Protection Agency
- Texas Commission on Environmental Quality
- Texas Workforce Commission
- Office of Management and Budget
- Federal Aviation Administration

Failure to Comply with State, Federal or Local Laws has Consequences

- Fines, penalties, interest payments
- Loss of funding
- Loss of opportunities to participate in government programs
- Termination of contracts
- Civil and criminal litigation
- Enforcement actions and consent decrees
- Mandated operational requirements
- Reputational costs

The Benefits of Having an Effective Compliance and Ethics Program

- Allows for a proactive, centralized approach to the promotion of regulatory and contract compliance and accountability, the identification and prioritization of compliance risk areas and the strategic and proactive management of these risk areas on a City-wide basis
- Lessens the possibility of costly missteps, that can impact future dealings with a regulator and damage the City's reputation

Benefits (cont.)

- An effective compliance program helps ensure that inappropriate actions, or inaction, will be more readily discovered and remediated
- A compliance program which includes elements identified in the Federal Sentencing Guidelines demonstrates to regulatory agencies a commitment to act in accordance with applicable laws and the arrangements to which we have agreed
- An effective compliance program sends a powerful message to your constituents

What will Houston's Compliance and Ethics Program Look Like?

- Like programs in private industry, it will be based upon elements found in the Federal Sentencing Guidelines :
 - Written standards of conduct and policies and procedures
 - Designation of a Chief Compliance Officer and other appropriate bodies
 - Effective education and training
 - Audits and evaluation techniques to monitor compliance and compliance risks
 - Establishment of reporting processes and procedures for complaints
 - Appropriate disciplinary mechanisms; and
 - Investigation and remediation of systemic problems

Duties of Chief Compliance Officer

- Creation, implementation and oversight of a City-wide compliance program
- Identification, prioritization and management of compliance risks
- Periodic revision of the program to address changes in City needs and the law
- Coordinate internal compliance review and monitoring activities, including periodic reviews of departments
- Facilitate the implementation of reasonable remedial measures to respond to compliance risks and identified failures
- Serve as principal point of contact for government investigations and queries

Duties (cont.)

- Ensure that high level City personnel are knowledgeable about the content and operation of the compliance and ethics program, and are performing their assigned duties consistent with the exercise of due diligence as well as promoting an organizational culture that encourages ethical conduct and a commitment to compliance with the law.
- Ensure the City has appropriate policies defining the standards and procedures to be followed by its agents and employees

Duties (cont.)

- Participate in the identification of training needs, and in the development of an educational and training program that focuses on the elements of the compliance program and ensures that all appropriate employees and management are knowledgeable of and comply with pertinent federal, state and local standards
- Ensure independent contractors and agents are aware of the requirements of the compliance program
- Investigate past, current or prospective misconduct as warranted
- Manage all aspects of the Office of Compliance and Ethics

Organizational Structure

- The Office of Compliance and Ethics is within the Office of the Mayor
- The Chief Compliance Officer reports directly to the Mayor.
 - Sets the tone and signifies the importance of the compliance and ethics function
 - Helps ensure
 - cooperation and responsiveness
 - timely escalation of important issues
 - Is consistent with
 - prevailing practices in private industry
 - the expectations of regulatory agencies
- Periodic Reports to Council

Foundational Activities

- Transitioned out of Legal Department and role of First Assistant City Attorney
- Started laying groundwork for a fully functioning Office of Compliance and Ethics.
 - Created and posted job descriptions for support personnel
 - Work preliminary to conducting a foundational compliance risk assessment
 - Resource and risk identification
 - Department level discussions with Directors and subject matter experts
 - Initial presentation to Council

Activities Related to Specific Risk Areas

- EMS Billing and Patient Care Records
 - EMS Documentation Quality Assurance Program
 - EMS Documentation Training for HFD's District Training Officers and EMS Supervisors
 - Audit of work performed by current EMS billing vendor
- HIPAA Compliance
 - Inter-department roundtable discussions facilitating the exchange of information between City privacy officers and subject matter experts
 - Steps preliminary to conducting a mandated compliance audit
- Procurement
 - Steps preliminary to an audit focusing on city procurements

Risk Areas (cont.)

- Miscellaneous
 - Training
 - Initiated a protocol requiring that all training be reviewed by Legal before being delivered to City employees
 - Working with HR to designate a “Training Month” which once established will promote a better understanding of key policies, better record keeping and provide an annual refresh period for training
 - Policies and Procedures
 - Have been added to stakeholders group and will actively monitor and weigh in on policies being drafted or amended

Next Steps

- Creation of a compliance committee comprised of representatives from each department –30 days
- Completion of foundational risk assessment – year end
 - A matrix identifying risks by severity and likelihood of occurrence
 - Identification of relevant regulations
 - Identification of persons with direct responsibility for areas of risk
- Updates to the foundational risk assessment based upon changes in circumstances, including changes in the law – ongoing

Goals

- Greater appreciation of our risk areas
 - A matrix identifying regulations impacting specific risk areas
 - A matrix identifying those responsible for specific risk areas
- Improved oversight and monitoring of remediation activities – ongoing
- Improved communications – ongoing
 - Targeted training and education
 - Enhanced reporting ability
- Greater accountability - ongoing
- More efficient use of resources – ongoing
- Overall risk reduction - ongoing

Questions

