

# Considerations for Effective Compliance Monitoring and Audit Programs

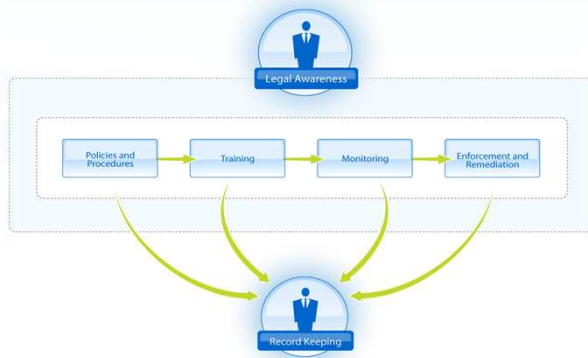
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## Overview

- Compliance must be monitored and enforced
  - Regulatory requirements
  - Policies and procedures
  - Contracts and other agreements
  - Escalation policies
- Effective monitoring programs are based upon “reasonable” due diligence metrics, risk factors and knowledge of non-conformance
- Monitoring and enforcement programs change behaviors
- Disinterested external auditors and available technology can add validity and efficiencies to the monitoring process
- Will provide 4 examples of audit programs we conduct that help companies and/or regulators monitor and enforce compliance

## Our Philosophy



## Our Experience

- Experienced compliance and audit firm
- Have worked with over 75 colleges and universities
- Created numerous regulatory and due diligence audit and monitoring programs
- Serve as an expert witness in numerous compliance related cases
- Developed several audit technology platforms
- Have worked with the FTC, DOJ and state regulators as well as national accrediting bodies

## Example 1: Enrollment Verification

- A school wanted to verify prospective students understood the terms of their enrollment prior to enrolling the student
  - Program of study, transfer of credits, financial aid repayment requirements, etc.
- School wanted the verification to be completed by an independent 3<sup>rd</sup> party
- Developed process where prospective students had to complete and sign questionnaire prior to enrollment
  - Students could complete online or over the phone (E-Sign)
  - If prospective student indicated they did not fully understand any term of their enrollment, admissions was notified and required to review the term(s) with the student
- Identified campuses/employees with potential issues as well as specific terms of enrollment students had difficulty understanding

## Example 2: Admissions Call Recording Audits

### Regulator:

- Consumer Protection Division required school to audit calls between Admissions and prospective students
  - Coordinated with the school and the AG's office to develop audit criteria, sampling methodology, and reports
  - Random sample of call recordings on an ongoing basis
  - Audit to verify provision of required information and adherence to requirements
  - Quarterly reports to the Consumer Protection Division office
    - Notify Regulators of red flag issues
- Regulator is able to verify school is adhering to the terms of the agreement
- School was comfortable with this structure because of vendor's familiarity with private-sector education

## Example 2: Admissions Call Recording Audits

### Schools:

- Very rare that we encounter a school that isn't monitoring their admissions calls
  - Some use 3<sup>rd</sup> parties, others monitor internally
    - 3<sup>rd</sup> parties can reduce potential allegations of bias and provide expertise
- Sampling suggestions:
  - Audit all types of Admissions calls including calls that lead to enrollments and those that do not
  - Audit all admissions employees that speak with prospective students
  - Increase monitoring if issues are identified with a particular employee/location/call type
- Enforcement and remediation are critical when issues are identified
  
- Program has resulted in improved school performance and economy of Regulator resources

## Example 3: Placement Verification

### Regulator:

- School has agreed to a settlement with a state regulator office
  - Requires an independent company to verify all placement rates reported by the school
  - The AG's office provided requirements that must be met for employment to be considered a valid placement
  - CompliancePoint acts as the independent firm to verify these placements
  
- Allows school to meet requirements of settlement while verifying placements in a way that preserves the graduate and employer relationships
  - Schools seem to prefer to use a vendor with knowledge of their industry rather than having a regulator/accreditor placing calls directly to their employers/graduates
  
- Regulator receives non-biased, independent reports from CompliancePoint
  - Access to detailed portal technology capable of extensive reporting
  - Includes detailed records of all verification attempts
    - Call recordings, emails, chat transcripts, etc.

### Example 3: Placement Verification

**School:**

- Majority of schools we work with have chosen to voluntarily verify their placements
  - Some use 3<sup>rd</sup> party vendors while others verify on their own
  - Strongly suggest verifying even if not required by accreditor or regulatory body
- Allows the school to ensure their placement rates are accurate before reporting to their accreditor or using for marketing purposes
- Record keeping is essential
  - Call recordings
  - Emails
  - Attestation forms

### Multiple Verification Methods

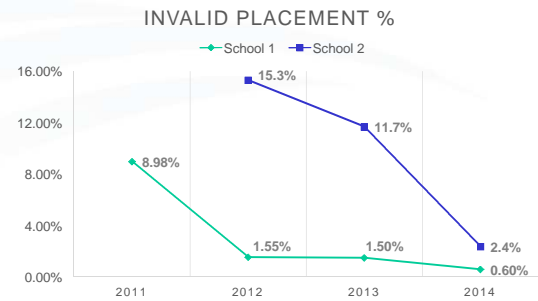


## Discrepancy Resolution



## Example 3: Placement Verification

- Ongoing monitoring predictably improves the validity of placements reported by Career Services



## Summary Reports Provide Oversight

**Client Summary Counts**

\* Client: CP\_Demo\_Client  
 \* Campaign: - All Campaigns -  
 \* Campus: - All My Campuses -

**Verification Status Report for 4/7/2014**

Campus	Amount in System	Placement Verified	Miscategorized Placement	Under Review	Incorrect Placement	Unable to Contact	Unable to Verify	Verification Pending	Working
Atlanta	5	2	0	1	0	0	0	0	2
Beckley	5	1	0	0	0	0	0	2	1
Boke	5	0	0	0	0	0	0	1	4
Burbank	5	1	0	0	0	0	0	1	3
Fargo	5	1	0	1	0	0	0	0	3
New Orleans	5	0	0	0	0	0	0	1	4

**CP Placement Status Report**

Campus	Placed In Field	Placed In Related Field	Placed Out of Field
Beckley	1	0	0
Fargo	1	0	0
Atlanta	2	0	0
St Petersburg	1	0	0
Burbank	1	0	0
Summary Totals	6	0	0

**CP MC Placement Status Report**

Campus	Placed In Field	Placed In Related Field
No CP MC Placement Status found.		

## Example 4: Data Audits

### Regulators:

- CompliancePoint's parent company maintains a historical database of the DNC and wireless status of every telephone number for the last 9 years
  - Performs hygiene on the National DNC Registry
- This database would allow regulators to quickly investigate the dial records of a company for potential Do Not Call/wireless violations
  - Analysis includes allowable exemption criteria
- Regulators could leverage the database to verify ongoing compliance with a settlement agreement
- Regulator would receive reports outlining the results of the audit including:
  - Total numbers dialed
  - Potential issues (if applicable)
    - Company's explanation for the potential issues
    - Company's plan to prevent the issues from reoccurring

## Example 4: Data Audits

### Schools:

- The Telemarketing Sales Rule requires schools to monitor and enforce compliance for anyone marketing on the school's behalf
  - Admissions employees
  - Vendors
- Data audits allow schools to identify potential failures in the school and/or vendor's DNC suppression and wireless management process
- Schools should monitor all campuses and vendors on a regular basis:
  - DNC suppression
  - Wireless management
  - Call abandonment compliance
  - Calling times
  - Contact attempts

## Example 4: Data Audits

### Summary Reports

Call Center	Campaign Name	Total Calls	Potential Issues			
			National DNC Registry	State DNC Lists	Wireless	Internal DNC List
Central Center	Upsell	1,101,317	0	1,186	0	0
East Center	Acquisition	1,178,256	325,023	223,996	439,124	10,762
North Center	Current Customer	1,199,113	0	0	0	0
South Center	Former Customer	985,612	162	94	17	0
West Center	Inquiries	1,157,961	0	0	10,676	0



## Example 4: Data Audits

CompliancePoint  
A WorldStream Company

April 1, 2014

ABC Seller  
Attn: Compliance Department  
123 Main Street  
Atlanta, GA, 30360

Vendor Name: East Center Campaign: March Acquisition Total Calls: 1,178,256

National DNC Registry
Calls to Numbers on the National DNC Registry: 326,714
Remarks: 1,691 calls were placed to numbers within the 31 day grace period.
National DNC Potential Issue Calls: 326,023
Remarks: Vendor's Call Center Manager forgot to perform DNC suppression on the campaign file prior to loading the file into the dialer for calling.

State DNC Lists
Breakdown provided here

Wireless Lists
Breakdown provided here

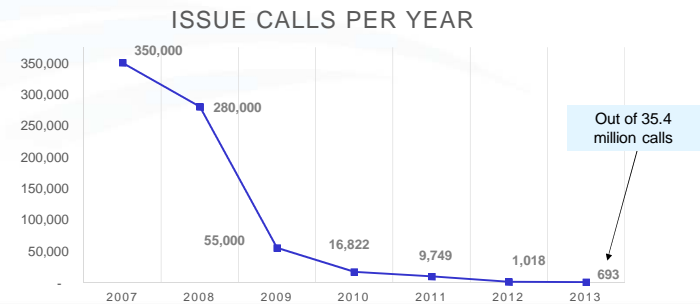
Internal DNC Lists
Breakdown provided here

**Remediation Plan:**  
A DNC suppression verification process is being implemented. Prior to the beginning of any outbound campaign, the Call Center Manager is required to obtain sign off and verification from the Compliance Department that the campaign file was suppressed for DNC and wireless numbers as required.

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## Example 4: Data Audits

- Behavior improves over time once regular auditing and monitoring is implemented



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## Summary

### Regulators:

- CompliancePoint can:
  - Supplement monitoring/auditing efforts of limited staff
  - Provide years of operational compliance and audit expertise
  - Provide program efficiencies through technology
  - Implement monitoring/audit programs while meeting all industry data security and audit integrity standards

### Schools:

- CompliancePoint can:
  - Assist schools to demonstrate ongoing due diligence efforts and intentions to comply
  - Implement monitoring/audit programs that change behaviors
  - Provide clear evidence of compliance
  - Provide technology tools for enterprise-wide reporting
  - Help implement highly effective programs at lower costs than internal resources

## Contact Information

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