VIRGINIA COMMONWEALTH UNIVERSITY
AUDIT, INTEGRITY AND COMPLIANCE COMMITTEE MEETING
7:45 A.M.
DECEMBER 8, 2017
JAMES BRANCH CABELL LIBRARY
901 PARK AVENUE – ROOM 311
RICHMOND, VIRGINIA

AGENDA

1. **CALL TO ORDER**   **Keith Parker,** *Chair*

2. **APPROVAL OF AGENDA**   **Keith Parker**
   Action Item – Approval of Agenda

3. **APPROVAL OF MINUTES**   **Keith Parker**
   (SEPTEMBER 14, 2017)
   Action Item – Approval of Minutes

4. **AUDITOR OF PUBLIC ACCOUNTS -**   **Karen Helderman,** *Director*
   REPORTS FOR THE FISCAL YEAR   *Auditor of Pubic Accounts*
   ENDING JUNE 30, 2017
                                                       David Rasnic, *Audit Manager*
                                                       Auditor of Public Accounts

5. **AUDIT, INTEGRITY AND COMPLIANCE**   **Bill Cole,** *Executive Director*
   COMMITTEE DASHBOARD MEASURES   *Audit and Compliance Services*

                                                       Alex Henson, *Chief*
                                                       Information Officer

6. **ERM UPDATE**   **Tom Briggs,**
                                                       Assistant Vice President, Safety
                                                       and Risk Management

7. **DATA GOVERNANCE UPDATE**   **Kathleen Shaw,**
                                                       Vice Provost for Planning and
                                                       Decision Support

8. **OVERVIEW OF INTERNAL QUALITY**   **Bill Cole**
   ASSESSMENT

9. **CLOSED SESSION**
Freedom of Information Act Sections 2.2-3711(A)
(1) and (7), specifically:

A. **Annual Reporting - Varsity Intercollegiate Athletics**

Ed McLaughlin,
*Vice President and
Director of Athletics*

B. **University Counsel Overview**

Stephanie Hamlett,
University Counsel

C. **Audit Updates**

Bill Cole

1. **Audit Reports for Discussion**
   a. **Innovation Gateway**

2. **Audit Reports for Information**
   a. **Recreational Sports**
   b. **Vice President – Health Sciences Office**
   c. **Consolidated Audit of Pediatrics**
   d. **Selected Accounts**

3. **Audit Work Plan Status Report**

EXECUTIVE SESSION

10. **RETURN TO OPEN SESSION AND CERTIFICATION**

Keith Parker

o Approval of Committee action on matters discussed in closed session, if necessary

11. **ADJOURNMENT**

Keith Parker

Board of Visitors
Audit, Integrity and Compliance Committee
7:45 a.m.
September 14, 2017
James Cabell Library
901 Park Avenue, Room 311, Richmond, Virginia

DRAFT

Minutes

COMMITTEE MEMBERS PRESENT

Mr. Keith T. Parker, Chair
Mr. Ronald McFarlane, Vice Chair
Mr. Steve L. Worley
Mr. H. Benson Dendy III
Dr. Robert D. Holsworth
Dr. Carol S. Shapiro
Mr. Edward McCoy

COMMITTEE MEMBERS ABSENT

None

BOARD MEMBERS PRESENT

Mr. John A. Luke, Vice Rector
Dr. Shantaram Telegaonkar
Rev. Tyrone E. Nelson

OTHERS PRESENT

Mr. William H. Cole, Jr.
Dr. Michael Rao, President
Mr. Jacob A. Belue
Staff from VCU and VCUHS

CALL TO ORDER

Mr. Keith T. Parker, Chair, called the meeting to order at 7:54 a.m.

APPROVAL OF AGENDA

Mr. Parker asked for a motion to approve the agenda for the September 14, 2017 meeting of the Audit, Integrity and Compliance Committee, as published. After motion duly made and seconded the agenda for the September 14, 2017 meeting of the Audit, Integrity, and Compliance Committee (AICC) meeting was approved.

APPROVAL OF MINUTES

Mr. Parker asked for a motion to approve the minutes of the May 12, 2017 meeting of the Audit, Integrity and Compliance Committee, as published. After motion duly made and seconded the Minutes of the May 12, 2017 Audit, Integrity, and Compliance Committee meeting were approved. A copy of the minutes can be found on the VCU website at the following webpage http://www.president.vcu.edu/board/minutes.html.

APPROVAL OF AUDIT AND COMPLIANCE SERVICES CHARTER

Mr. Bill Cole, Executive Director of Audit and Compliance Services, discussed one change to the department charter. Mr. Parker asked for a motion to approve the department charter. After motion duly made and seconded the Audit and Compliance Services charter was approved.

REPORTS AND RECOMMENDATIONS

Audit, Integrity and Compliance Committee Goals FY 2018

Mr. Cole discussed the AICC Goals for FY 2018, which covered minor changes to previous year's goals - data governance and information management efforts, security of data and IT security infrastructure, ERM mitigation plans, university compliance oversight efforts, results from audits and special projects, and legal matters.

Audit, Compliance, and Integrity Committee Dashboard Measures

Mr. Cole reviewed the Committee Dashboard Measures. Mr. Alex Henson, Chief Information Officer, discussed current information technology security measures in place and plans related to the Data Security measure. Indicators for Data Security and Compliance Oversight are yellow and all other indicators are green.

Audit and Compliance Services Staff Credentials and Department Budget

Mr. Cole reported the annual Audit and Compliance Services staff credentials and department budget, as stipulated in the AICC Charter.

Audit and Compliance Services Goals and Accomplishments

Mr. Cole discussed the FY 2017 accomplishments and FY 2018 departmental goals. The accomplishments included the department's completion of the Lean Six Sigma training and process improvements; sharing reoccurring recommendations with senior management; developing a funds flow analysis tool; and expanding data analytics (continuous monitoring). Also, the Integrity and Compliance function launched an e-solution case management tool; hosted an interdisciplinary compliance open house during Compliance and Ethics week; and

achieved all-time highs for the annual compliance education. There was discussion on the need for continued improvement for education completion.

ERM Update

Mr. Thomas Briggs, Assistant Vice President for Safety and Risk Management, highlighted current activities of the ERM program, including workshops to review the enterprise risks with the Risk Owners occurred from January through April of 2017, meetings of the ERM Steering Committee to review the identified risks and evaluate their likelihood versus consequence in June and August of 2017 – noting that the ERM Steering Committee will forward recommendations to the President's Cabinet in September.

Integrity and Compliance Annual Report FY 2017

Ms. Jacqueline Kniska, Integrity and Compliance Officer, presented the Integrity and Compliance Office's Annual Report. The report included updates pertaining to compliance education completion rates; additional highlights from the Ethical Culture and Perceptions Survey; and a policies update. Committee discussed needed improvements for timely updates to university policies.

<u>**CLOSED SESSION**</u>

On motion made and seconded, the Audit, Integrity, and Compliance Committee of the Virginia Commonwealth University Board of Visitors convened into closed session pursuant to Sections 2.2-3711 (A) (1) and 2.2-3711 (A) (7) of the Virginia Freedom of Information Act to discuss certain personnel matters involving the performance of identifiable employees or faculty of the University, and to discuss the evaluation of performance of departments or schools of the University where such evaluation will necessarily involve discussion of the performance of specific individuals, including Audit Reports of individually identified departments and/or schools, and to consult with legal counsel and receive briefings by staff members regarding legal matters and actual or probable litigation relating to the aforementioned Audit Reports where such consultation or briefing in open session would adversely affect the negotiating or litigating posture of the University.

<u>**RECONVENED SESSION**</u>

Following the closed session, the public was invited to return to the meeting. Mr. Parker, Chair, called the meeting to order. On motion duly made and seconded the following resolution of certification was approved by a roll call vote:

Resolution of Certification

BE IT RESOLVED, that the Audit, Integrity, and Compliance Committee of the Board of Visitors of Virginia Commonwealth University certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements under this chapter were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion by which the closed session was convened were heard, discussed or considered by the Committee of the Board.

Vote	Ayes	Nays
Mr. Keith Parker, Chair	X	
Mr. Ronald McFarlane, Vice Chair	X	
Mr. Ben Dendy	X	
Dr. Robert Holsworth	X	
Mr. Steve L. Worley	X	
Dr. Carol Shapiro	X	
Mr. Edward McCoy	X	

All members responding affirmatively, the motion was adopted.

ADJOURNMENT

There being no further business Mr. Parker, Chair, adjourned the meeting at 9:30 a.m.

Board of Visitors Executive Summary
December 2017

PRESENTATION TITLE: Auditor of Public Accounts (APA) Reports for the Fiscal year Ended June 30, 2017	

Presenter Name and Title: Karen Helderman, APA Audit Director	
David Rasnic, APA Audit Manager	

Responsible University Division: Audit and Compliance Services

BOV Committee: Audit, Integrity, and Compliance Committee

Quest Theme(s) and Goal(s) to be Addressed:

Key Presentation Messages	1. Present the results of the annual audit of the university's financial statements for the year ended June 30, 2017. 2. Required communications on the auditor's opinion, scope of internal control work, compliance testing, fraud and illegal acts, significant accounting policies, alternative accounting treatments, accounting estimates, significant audit adjustments (if any), and disagreements with management (if any)
Governance Implications	1. Receiving unmodified audit opinion of the financial statements. 2. Maintaining controls to ensure proper stewardship and accountability of resources, effectiveness and efficiency of operations, reliability of financial reporting, safeguarding of assets, and compliance with laws and regulations. 3. Compliance with federal and state laws and regulations.
Governance Discussion Questions	1. What issues and risks are affecting higher education audits? 2. Are there any specific accounting or compliance changes that the university needs to prepare for?
Next Steps for Management (Responsible Division Head; Timeframe for Action)	Provide corrective action plans for any audit findings.
Next Steps for Governance (Responsible Board Member; Timeframe for Action)	Meet with the Auditor of Public Accounts prior to the start of the next annual audit

Board of Visitors Executive Summary
December 2017

|	
PRESENTATION TITLE: Audit, Integrity, and Compliance Committee Dashboard Measures	
Presenter Name and Title: Bill Cole, Executive Director Alex Henson, Chief Information Officer	
Responsible University Division: Audit and Compliance Services **BOV Committee:** Audit, Integrity, and Compliance Committee	
Quest Theme(s) and Goal(s) to be Addressed:	
Key Presentation Messages	1. The committee's dashboard measures primarily utilize the following signal light rating method: Green = No Significant Matters/Delays, Yellow = Known Matters/Delays requiring increased management action/resources or senior management monitoring, and Red = Significant challenges/issues encountered resulting in delays, budget overages, or institutional risk 2. This Committee's currently rated measures are: Data Governance Program Status, rated Green Data Security, rated Yellow ERM Implementation Time Line; rated Green Planned Audits; rated Green Special Projects; rated Green Compliance Oversight; rated Yellow
Governance Implications	Appropriate resources and business practices are in place to address these dashboard measures.
Governance Discussion Questions	Do the "yellow" measures require any special attention by the committee?
Next Steps for Management (Responsible Division Head; Timeframe for Action)	Take appropriate measures to address Dashboard measures that show need for improvement.
Next Steps for Governance (Responsible Board Member; Timeframe for Action)	Continue to monitor the Dashboard measures provided at each Audit, Integrity, and Compliance Committee meeting.

AUDIT, INTEGRITY, AND COMPLIANCE COMMITTEE DASHBOARD MEASURES

## INFORMATION TECHNOLOGY GOVERNANCE - DATA INTEGRITY

**DATA GOVERNANCE PROGRAM** (development of program)
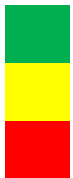
Program progressing successfully

Barriers / challenges encountered that may have an impact on issue resolution or implementation. Executive Council to resolve challenge.

Significant challenge encountered; will require decision from Executive Leadership Team to resolve
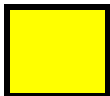
DATA SECURITY (number of security incidents / breaches)
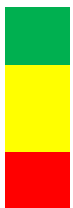
No data breaches have occurred or seem likely to occur; security risks are well understood and being mitigated; resources viewed as aligned with threat and risk environment

No breach has occurred, but minor security incidents or near-misses have occurred; significant audit findings have occurred but are being mitigated; some overload or barriers / challenges encountered that may require adjustment or reallocation of resources

Significant breach requiring notification has occurred or conditions exist where significant barriers/challenges are likely to produce unacceptably high levels of risk

Notes: There have been no significant security incidents since our last meeting. Major challenges continue to include defending against sophisticated phishing attacks; ensuring the security of VCU data accessed or stored by third parties; and keeping widely accessed web-based applications secure.

VCU continues to make significant progress in implementing additional controls to protect the digital identity of its community. With the completed implementation of VCU 2Factor Authentication, stolen university credentials can no longer be easily used by cyber criminals to further compromise the university environment, and we we have seen a drastic drop in the number of compromised accounts.

In addition, various units within the university have collaboratively developed and implemented processes to continuously assess the security practices of business partners and third party vendors with access to sensitive university information, thus providing further assurance of data security. We have also focused heavily on improving the security of web applications through the design and implementation of additional preventive security controls, threat detection systems, and response capabilities.

ERM PROGRAM

Status of ERM mitigation plans
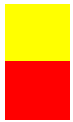
Program progressing on schedule

<table>
<tr><td style="background:yellow"> </td><td>Program not on schedule; ERM Committee to address.</td></tr>
<tr><td style="background:red"> </td><td>Program significantly behind schedule; Executive Management attention required.</td></tr>
</table>

Notes: The ERM Steering Committee (Committee) continues to review of the highest ranked Risk Mitigation and Management (RMM) Plans.
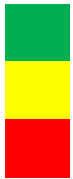
PLANNED AUDIT STATUS

PLANNED AUDITS (status of audits - planned and unplanned to available resources)

SPECIAL PROJECTS (status of special projects - planned and unplanned to available resources)

<table>
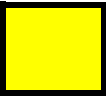<tr><td style="background:green"> </td><td>Progressing as planned and within overall budget</td></tr>
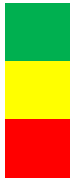<tr><td style="background:yellow"> </td><td>Some overload or barriers / challenges encountered that may require adjustment or reallocation of resources to resolve</td></tr>
<tr><td style="background:red"> </td><td>Significant overload or barriers / challenges encountered resulting in major delays or changes to scheduled work plan</td></tr>
</table>

COMPLIANCE OVERSIGHT

Compliance requirements compared to known material violations

<table>
<tr><td style="background:green"> </td><td>No known noncompliance</td></tr>
<tr><td style="background:yellow"> </td><td>Challenges encountered that have an impact on resolution or implementation</td></tr>
<tr><td style="background:red"> </td><td>Significant compliance challenge encountered</td></tr>
</table>

Notes: Institutional infrastructure to ensure compliance with the multitude of federal and state laws and regulations as well as university policies and procedures still requires attention.

Board of Visitors Executive Summary
December 2017

PRESENTATION TITLE: ERM Update	
Presenter Name and Title: Tom Briggs, Assistant Vice President for Safety & Risk Management	
Responsible University Division: Administration **BOV Committee:** Audit, Integrity, and Compliance Committee	
Quest Theme(s) and Goal(s) to be Addressed:	
Key Presentation Messages	1. The top strategic, financial, operational, research and compliance risks have been identified. 2. Mitigation measures are in place for these risks.
Governance Implications	Maintain expectations of those involved with ERM governance.
Governance Discussion Questions	1. How will ongoing risks continue to be monitored? 2. Are we consistent in our approach with other institutions of higher education?
Next Steps for Management (Responsible Division Head; Timeframe for Action)	Management needs to stay engaged with the ERM Steering Committee on monitoring the effectiveness of mitigation plans. The ERM Steering Committee needs to consider the university's risk appetite for the identified risks and make recommendations to the President's Cabinet.

ENTERPRISE RISK MANAGEMENT (ERM)
STEERING COMMITTEE PROGRESS

Recent Activities

- Final evaluation of risks (consequence versus likelihood) complete.

Next Steps

- The ERM Steering Committee will meet to consider recommendations on residual risk and risk appetite for the identified risks.

Board of Visitors Executive Summary
December 2017

PRESENTATION TITLE: Data Governance Update	
Presenter Name and Title: Kathleen Shaw, Vice Provost for Planning and Decision Support and Alex Henson, Chief Information Officer	
Responsible University Division: Technology Services **BOV Committee:** Audit, Integrity and Compliance Committee	
Quest Theme(s) and Goal(s) to be Addressed: Stewardship of Resources	

Key Presentation Messages	1. DIMC Phase III Update
	    a. DIMC 2017-2018 Work Plan (sub-committees)
	        i. Standards and Policies
	        ii. Issue Resolution
	        iii. Communications
	        iv. Data Integration & Interoperability
	    b. Dashboard development and self-service web reporting

Governance Implications	Provide DIMC overview of FY18 work plan and report on progress to date
Governance Discussion Questions	Are there specific questions or concerns the committee would like to have DIMC address that are not included in the current work plan?
Next Steps for Management (Responsible Division Head; Timeframe for Action)	
Next Steps for Governance (Responsible Board Member; Timeframe for Action)	

Hong Kong university commissions audit after being accused of submitting inaccurate numbers for rankings

Submitted by Elizabeth Redden on November 15, 2017 - 3:00am

The City University of Hong Kong has been accused of underreporting its enrollment to the British ranking company QS, resulting in a lower student-to-faculty ratio and potentially a higher ranking. The number of City University students reported by QS is more than 30 percent less than the number reported by the Hong Kong government.

In response to the allegations, which were first reported in the Hong Kong press [1] and reportedly made by officials at other Hong Kong universities, City University is commissioning an audit. However, the university's director of institutional research, Kevin Downing -- who is listed on QS's website [2] as a consultant to QS and member of the ranking company's advisory board -- said via email that variations in enrollment figures reported to governmental agencies and rankings companies are "a common phenomenon in rankings exercises" and a "natural consequence of the different definitions of student number required for data submission by institutions for the different purposes of these separate exercises."

Hong Kong's University Grants Committee (UGC), a governmental body, reports that the City University of Hong Kong enrolled a total of 14,325 students [3] in 2016-17 in UGC-funded programs -- the agency reports the same 14,325 figure for both head count and full-time-equivalent enrollment -- while QS reports [4] the university enrolls 9,240 students. City University's enrollment as reported by QS has decreased in recent years -- an archived version of the QS site from 2015 [5] shows a reported enrollment of 10,245 -- while the UGC figures show increases [6] in the enrollment of students in government-funded programs (the UGC figures only reflect students who are enrolled in programs funded by the UGC).

Faculty-student ratio accounts for 20 percent [7] of a university's QS rankings, and is one of six indicators -- along with academic reputation, employer reputation, citations per faculty member, and the ratios of international students and staff, respectively -- that go into calculating the ranking. The City University of Hong Kong has risen quickly in the QS rankings, climbing from No. 108 to its current position of No. 49 in three years. Its score on the faculty-student ratio dimension has improved from 75.4 to 83.6 in that time, out of a maximum score of 100, though much of the recent gain in the university's ranking would seem to be attributable to an

approximately 40-point gain on the citations-per-faculty-member metric posted by City University after QS made a methodology change [8] to account for different publishing expectations across fields in 2015.

The City University of Hong Kong, like many universities, boasts of its positions in the QS and other major world university rankings systems on its website [9]. The university has also participated in a rating system QS offers universities for a fee, called QS Stars [10], and received the maximum five stars.

In an email, Downing said that QS's definition for student enrollment data is different than that of the UGC "because of its different purposes." He noted that the UGC reports the same figure for City University's head count and FTE "because the UGC define student number to include everything, including subdegree students."

By contrast, he said, "QS does not include subdegree numbers in its definition. This can have a significant impact on the FTE [full-time equivalent] number submitted by institutions, depending on the size of their subdegree operations, and whether institutions are expanding or shrinking these programs. It is well known that City University of Hong Kong has been progressively and continuously reducing its subdegree programs alongside reducing its self-financed student enrollment under the requirements of its University Strategic Plans and Academic Development Plans, and also specifically to free up space on a chronically overcrowded campus." UGC data shows that the number of subdegree students in government-funded programs at the City University has been relatively flat for the past four years at a little more than 900 students. The UGC reports that City University enrolled 903 subdegree students,12,424 undergraduate students and 998 graduate students in government-funded programs in 2016-17.

Downing added, "The different academic approach and operating modes (e.g., part-time/full-time) adopted by different institutions to cater to different student needs or study modes is yet another factor explaining the variation in the data on student numbers. All data submitted to QS by universities is thoroughly audited by the QS ranking body and the QS rankings are themselves audited by a specialist ranking agency."

"City University is now commissioning its own independent audit using one of the big four companies," said Downing. A psychologist and the editor in chief of the journal *Educational Studies*, Downing said that he has served on QS's Academic Advisory Board in his personal capacity and is chair of the QS MAPLE International Academic Advisory Committee, which organizes an annual conference, roles that are noted on his City University biography. "It is part of the responsibility of any academic to engage with outside bodies and serve on committees in areas related to their particular academic or professional interests," Downing said in regard to his QS affiliations.

Asked whether QS is taking any action in regard to the allegations that City University underreported its enrollment data, Ben Sowter, QS's research director, replied via email, "QS invites institutions to submit data directly into our proprietary data collections systems. This goes through a thorough validation check where we compare numbers against our historical records, the university's public records and any third-party or government sources, like the UGC. Where we see substantial divergence from any or all of these validating records we seek clarification. It is not unusual for definitions to vary, either in terms of what counts or does not count as a student, or as to how FTE is calculated.

"We have repeatedly explored divergences between official data and that supplied by universities and interrogated the universities in question, including City U. We have always been satisfied with their robust and sophisticated explanations of how our data definitions

differ from those used elsewhere," Sowter said.

"We have learnt that the president of City U has commissioned an independent audit from one of the Big Four accounting firms to further reassure their stakeholders about the validity of their data submission to QS," Sowter continued.

"It is only natural that these divergences would prompt question[s] and QS always takes such enquiries very seriously. QS has a zero-tolerance policy on manipulation of our outcomes; if any institution is revealed to be deliberately supplying incorrect or inaccurate data with a view to improving their outcome, they would be removed from the ranking altogether for that year and identified in a public statement."

International Higher Education [11]

Links:
[1] https://www.hongkongfp.com/2017/11/13/cityu-launch-independent-audit-accusations-submitted-false-student-numbers-boost-intl-ranking/
[2] http://www.iu.qs.com/qs-advisory-board/
[3] https://cdcf.ugc.edu.hk/cdcf/searchUniv.do?actionType=searchUniversity&mode=&lang=EN&universities=CityU&fields=Enrol_Total_2016&fields=Enrol_Level_2016_
[4] https://www.topuniversities.com/universities/city-university-hong-kong
[5] https://web.archive.org/web/20151031134720/https://www.topuniversities.com/universities/city-university-hong-kong
[6] https://www.insidehighered.com/sites/default/server_files/files/ugc_full-time-equivalent.pdf
[7] https://www.topuniversities.com/qs-world-university-rankings/methodology
[8] http://www.topuniversities.com/qs-world-university-rankings/methodology
[9] http://www.cityu.edu.hk/cityu/about/rankings.htm
[10] http://www.iu.qs.com/wp-content/uploads/2012/05/QS-Stars-Universitys-brochure-online.pdf
[11] https://www.insidehighered.com/news/news-sections/international-higher-education

undefined
undefined

Item 7 – Data Governance Update

DIMC Work Plan for 2017-2018: Status

Policy & Standards

- VCU data governance policy up for University Council approval 12/7/2017
- Master data dictionary – Phase I:
    – 178 common word or acronym definitions drafted for review and approval
    – 31 being defined
    – Phase II data terminology list being compiled
- Annual attestation for data users under development

Issue Resolution

- Four task groups launched
    – Instructor of record
    – Room assignment for course scheduling
    – Faculty credentials
    – HR definitions for data stewardship roles

Item 7 – Data Governance Update, cont'd.

DIMC Work Plan for 2017-2018: Status (cont'd.)

Communications

- Website redesigned
    - https://opds.vcu.edu/datainfo/
    - Institutional data map
    - FAQs
    - Draft data dictionary
- Training materials under development
    - Modifications to VCU Information Security Awareness Training to expand data integrity and management awareness
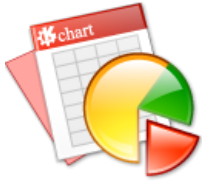   - Online videos describing data stewardship roles

Data Integration & Interoperability

- Task group launched Oct. 2017
- Project plan under development

Item 7 – Data Governance Update, cont'd.

Dashboard Development & Self-Service Reports

Dean's Dashboard for New Budget Model

- Structured and systematic design and access rules
- General and customized training
  - Web-based video training https://vcu.mediaspace.kaltura.com/media/Finance+Dashboard+Navigation+Guide/1_jjeu69tv
  - Training sessions by Finance & Budget Office for each school and major users

Insights 2.0

- Management information platform providing access to actionable institutional data for analysis and decision support
- 14 modules in place
  - Student access and persistence
  - Student success
  - Employee profiles
  - Course information
- A/R & Budget modules under development

Board of Visitors Executive Summary
December 2017

<mark>**PRESENTATION TITLE:**</mark> Overview of Internal Quality Assessment	
Presenter Name and Title: Bill Cole, Executive Director	
Responsible University Division: Audit and Compliance Services **BOV Committee:** Audit, Integrity, and Compliance Committee	
Quest Theme(s) and Goal(s) to be Addressed:	
Key Presentation Messages	1. The International Professional Practices Framework (IPPF) by the Institute of Internal Auditors (IIA) mandates conformance with: • Core Principles for the Professional Practice of Internal Auditing • Definition of Internal Auditing • Code of Ethics • *International Standards for the Professional Practice of Internal Auditing (Standards)* 2. In accordance with the IPPF, Audit and Management Services must develop and maintain a quality assurance and improvement program (program). 3. This program includes both internal and external assessments. • Internal assessments must be both ongoing and periodic. • External assessments must be conducted at least once every five years. 4. Assessment results must be communicated to senior management and the board to be in conformance with *IIA Standards*.
Governance Implications	Provides an evaluation of the internal audit activity's conformance with the IPPF and assesses efficiency, effectiveness and improvement opportunities.
Governance Discussion Questions	1. How does Audit and Management Services perform internal assessments? 2. Have the internal assessments indicated any areas of nonconformance or improvement opportunities?
Next Steps for Management (Responsible Division Head; Timeframe for Action)	Continued support in: • hiring qualified staff for the internal audit function • providing continuing education to the staff • maintaining, updating and/or purchasing (as necessary) automation tools that can be used in performing the work
Next Steps for Governance (Responsible Board Member; Timeframe for Action)	Support continued conformance with the IPPF and the allocation of resources.

Audit and Management Services
Quality Assurance and Improvement Program
December 2017 Update

Within Audit and Compliance Services, Audit and Management Services (AMS) is responsible for providing internal audit services to both the Virginia Commonwealth University (VCU) and VCU Health System. The department has identified the International Professional Practices Framework (IPPF) as its conceptual framework. The IPPF represents authoritative guidance by the Institute of Internal Auditors (IIA) and mandates conformance with the following elements.

- Core Principles for the Professional Practice of Internal Auditing
- Definition of Internal Auditing
- Code of Ethics
- *International Standards for the Professional Practice of Internal Auditing (Standards)*

AMS maintains a quality assurance and improvement program to provide continual evaluation of conformance with the IPPF, to assess the efficiency and effectiveness of the internal audit activity and to identify opportunities for improvement. This evaluation is done through internal and external assessments.

Internal assessments of the AMS' internal audits are conducted through ongoing monitoring by the audit management team as part of their supervisory review and through periodic self-assessments by the Special Projects and Quality Assessment Manager. A summary of the most recent periodic self-assessment review is provided on the following page.

An external quality assessment report (dated October 2014) was issued by members of the Association of College and University Auditors and presented to the board in December 2014. The highest rating of generally conforms was received. As stipulated by the *Standards*, the next external assessment is due in five years or 2019. External quality assessors are to be independent and objective. The board is encouraged to provide oversight during the external quality assessment process to reduce perceived or potential conflicts of interest.

Audit and Management Services
Quality Assurance and Improvement Program
December 2017 Update

Internal Periodic Self-Assessment Results Performed by
Special Projects and Quality Assessment Manager

The most recent periodic internal audit assessment was performed by Anne Sorensen (Special Projects and Quality Assessment Manager) and was communicated to the Executive Director. Overall, the internal assessment was rated as "generally conforms," the highest assessment scale rating listed in the IIA *Quality Assessment Manual*. The most notable opportunities for improvement are identified below; however, none of these areas were deemed to represent situations or deficiencies that would have a significant negative impact on the internal audit activity's effectiveness or overall conformance with the *Standards*.

- Continue to refine work paper documentation and review process in the new audit work paper system
- Finalize the standardization of recording internal metric data and provide to audit management for evaluation
- Incorporate an internal quality assessment checklist for the audit team to periodically self-evaluate their work

Throughout the review period, Anne Sorensen has participated in departmental meetings and trainings, observed the implementation of various best practices and reviewed board and other office support documentation. Based on such exposure during fiscal year 2017 to date, the following statements can be made.

- AMS is effectively achieving the IIA Core Principles.
- AMS is considered to be in conformance with the definition of Internal Auditing.
- The internal auditors of AMS are in conformance with the IIA Code of Ethics.
- AMS is independent and objective.

This assessment did not identify any significant areas of nonconformance with the IPPF.