



VCU

**VIRGINIA COMMONWEALTH UNIVERSITY
AUDIT, INTEGRITY AND COMPLIANCE COMMITTEE MEETING
7:45 A.M.
SEPTEMBER 13, 2019
JAMES BRANCH CABELL LIBRARY
901 PARK AVENUE – ROOM 311
RICHMOND, VIRGINIA
AGENDA**

- 1. CALL TO ORDER** **Shantaram Talegaonkar, Chair**
- 2. APPROVAL OF AGENDA** **Shantaram Talegaonkar, Chair**
- 3. APPROVAL OF MINUTES** **Shantaram Talegaonkar, Chair**
(May 10, 2019)
- 4. ACTION ITEM:**

Audit and Compliance Services **Karen Helderman, Executive Director**
Departmental Charter Update *Audit and Compliance Services*
- FOR INFORMATION:**
- 5. REPORT FROM EXECUTIVE DIRECTOR OF
AUDIT AND COMPLIANCE SERVICES** **Karen Helderman, Executive Director,**
Audit and Compliance Services
 - a. Committee Dashboard Measures
 - b. Staff Credentials and Department Budget
 - c. FY20 Goals
 - d. Audit Survey Results
 - e. Audit Work Plan Status FY20
 - f. Audit Reports for Information
 - Consolidated Audit of Cardiology
 - Student Fees
 - NCAA Compliance Review
 - Network Management Controls
 - g. Ethics and Compliance Effectiveness Report Update
- 6. ENTERPRISE RISK MANAGEMENT UPDATE** **Tom Briggs, Associate Vice-President**
Safety and Risk Management
- 7. INTEGRITY AND COMPLIANCE ANNUAL
REPORT FOR FY19** **Jacqueline Kniska**
Integrity and Compliance Officer
- 8. CLOSED SESSION**
Freedom of Information Act Section 2.2-3711 (A)
(1) and (7), specifically:
 - A. Annual Review of Audit Recommendations
Outstanding** **Karen Helderman, Executive Director**
Compliance Services

B. University Counsel Litigation Update

Jake Belue, *Associate
University Counsel*

EXECUTIVE SESSION

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

Shantaram Talegaonkar, *Chair*

- Approval of Committee action on matters
Discussed in closed session, if necessary

10. ADJOURNMENT

Shantaram Talegaonkar, *Chair*



**Board of Visitors
Audit, Integrity and Compliance Committee
7:45 a.m.
May 10, 2019
James Cabell Library
901 Park Avenue, Room 311, Richmond, Virginia**

Minutes

COMMITTEE MEMBERS PRESENT

Mr. Keith T. Parker, Chair
Mr. H. Benson Dendy III
Dr. Robert D. Holsworth
Dr. Carol S. Shapiro

COMMITTEE MEMBERS ABSENT

Mr. Ron McFarlane
Mr. Edward McCoy

OTHERS PRESENT

Ms. Karen Helderman
Dr. Michael Rao, President
Mr. Jacob A. Belue
Staff from VCU

CALL TO ORDER

Mr. Keith T. Parker, Chair, called the meeting to order at 7:45 a.m.

APPROVAL OF AGENDA

Mr. Parker asked for a motion to approve the agenda for the May 10, 2019 meeting of the Audit, Integrity and Compliance Committee, as published. After motion duly made and seconded the agenda for the May 10, 2019 meeting of the Audit, Integrity, and Compliance Committee (AICC) was approved.

APPROVAL OF MINUTES

Mr. Parker asked for a motion to approve the minutes of the March 22, 2019 meeting of the Audit, Integrity and Compliance Committee, as published. After motion duly made and seconded the minutes of the March 22, 2019 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>.

Audit, Integrity and Compliance Committee Charter and Meeting Planner Update

Ms. Karen Helderan, Executive Director of Audit and Compliance Services, reviewed updates to the Committee Charter and Meeting Planner, which included proposed changes to provide clarity to the Charter. The Committee Charter and Meeting Planner are reviewed and approved annually. The committee approved the Committee Charter and Meeting Planner for recommendation to the board.

Proposed FY2020 Audit Work Plan

Ms. Karen Helderan discussed the FY2020 audit work plan for the committee's review and approval. Work plan materials included an audit planning overview, the COSO's model of internal control framework, the financial magnitude functions considered and the proposed internal audit work plan for FY2020. The committee approved the FY2020 audit work plan for recommendation to the board.

Proposed FY2020 University Ethics and Compliance Program Initiatives

Ms. Karen Helderan presented the Integrity and Compliance Office proposed annual initiatives for the committee's approval. These initiatives provide assurances that the administration is addressing compliance requirements, ethical behaviors and overall institutional integrity. The committee approved the compliance program initiatives for recommendation to the board.

Auditor of Public Accounts (APA) Entrance Conference for FY2019 Audit

Mike Reinholtz, APA Audit Director, discussed the planning and scope for the FY19 annual financial audit. The discussion covered the timing of this year's audit, audit scope and objectives, risk considerations, audit and management responsibilities and audit reporting communications.

Committee Dashboard Measures

Ms. Karen Helderan reported the current status of the dashboard measures to the committee. Indicators for Data Security, Planned Audits and Compliance Oversight remain yellow.

FY2019 Audit Work Plan Status

Ms. Karen Helderan reported the 2019 work plan update to the committee. Since the March 2019 Committee update, Audit and Management Services has hired a senior auditor and contracted an IT audit vendor to begin two technology audits. She also reported that she continues to actively recruit for an IT auditor.

Quality Assurance Review

An Institute of Internal Auditors (IIA) standard requires audit organizations citing IIA standards to participate in a Quality Assurance Review (QAR) once every 5 years. Audit and Management Services next Quality Assurance Review (QAR) is due by October 2019.

Development and Alumni Relations Audit Report

Ms. Helderman discussed the Development and Alumni Relations audit report that was issued since the March committee meeting. This report did not include findings warranting the Committee's attention. Audit and Management Services concluded positively to the audit objectives, but did provide some recommendations for management's attention. Corrective actions and targeted completion dates were provided.

Ethics and Compliance Effectiveness Report

The committee received a briefing on the four primary recommendations of VCU's recent Effectiveness Report provided by Ethisphere. Mr. Dendy requested that the Executive Director prepare and present a detailed corrective action plan for all 34 recommendations at the September 2019 Committee meeting.

Data Governance Update

Monal Patel, Associate Vice Provost for Institutional Research and Decision Support, provided an update on the Data and Information Management Council (DIMC) and data governance activities.

CLOSED SESSION

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.

RECONVENED SESSION

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.

<u>Vote</u>	<u>Ayes</u>	<u>Nays</u>
Mr. Keith Parker, Chair	X	
Mr. H. Benson Dendy III	X	
Dr. Robert Holsworth	X	
Dr. Carol Shapiro	X	

All members responding affirmatively, the motion was adopted.

ADJOURNMENT

There being no further business Mr. Parker, Chair, adjourned the meeting at 9:23 a.m.

AUDIT AND COMPLIANCE SERVICES CHARTER

VIRGINIA COMMONWEALTH UNIVERSITY and VCU HEALTH SYSTEM

Virginia Commonwealth University (university) and VCU Health System Authority (health system) maintain comprehensive and effective internal audit and compliance programs. The objective of Audit and Compliance Services (“department”) is to assist members of the Board of Visitors, Board of Directors, and management in the effective performance of their responsibilities. The department fulfills this objective by providing independent and impartial examinations, investigations, evaluations, counsel, and recommendations for the areas and activities reviewed.

Scope of Work

The scope of the department’s work is to determine whether the university’s and health system’s risk management, internal control, governance, and compliance processes, as designed and represented by management, are adequate and functioning in a manner to provide reasonable assurance that:

- Risks are appropriately identified and managed
- Control processes are adequate and functioning as intended
- Significant, financial, managerial, and operating information is accurate, reliable, and timely
- An effective university compliance program is maintained to provide guidance and resources, in an oversight role, for all educational, research, and athletic compliance programs to optimize ethical and compliant behavior
- An effective health system compliance program is implemented to further the health system’s mission, vision, and values by promoting a culture of compliance, and preventing, correcting, and investigating issues through education, monitoring, and enforcement
- An effective program of information technology (IT) management and security is maintained by management to ensure health system and university IT and data assets are properly secured, integrity protected, available as needed and kept confidential as required by applicable policies laws and regulations
- Employees’ actions are in compliance with the respective codes of conduct, policies, standards, procedures, and applicable laws and regulations
- Resources are used efficiently and are adequately protected
- Program plans and objectives are achieved
- Significant legislative and regulatory issues impacting the university and health system are recognized and appropriately addressed

Opportunities for improving management controls, accountability, fiscal performance and compliance processes, and for protecting organizational reputation will be addressed with the appropriate level of management when identified.

Accountability

The Executive Director of Audit and Compliance Services shall be accountable to the Board of Visitors, through the Audit, Integrity, and Compliance Committee, and the Board of Directors, through the Audit and Compliance Committee, to maintain comprehensive and professional internal audit and compliance programs. In fulfilling those responsibilities, the Executive Director will:

- Establish annual goals and objectives for the department, and report periodically on the status of those efforts.
- Execute the annual work plans and initiatives.
- Coordinate efforts with other control and monitoring functions (risk management, financial officers, campus police, university counsel and health system general counsel, external auditors, government reviewers, etc.).
- Report significant issues related to the department's scope of work, including potential improvements, and continue to provide information about those issues through resolution.
- Provide updates to the respective board committees, the university president, and the chief executive officer of the health system on the status of the work plans and initiatives, qualifications of staff, and sufficiency of department resources.

Independence and Objectivity

All work will be conducted in an objective and independent manner. Staff will maintain an impartial attitude in selecting and evaluating information and in reporting results. Independence in fact and appearance enables unbiased judgments that are essential to the proper conduct of the department's scope of work.

To provide an appropriate reporting structure to support independence, the Executive Director shall report to the Audit, Integrity, and Compliance Committee of the Board of Visitors and to the Audit and Compliance Committee of the Board of Directors. The Executive Director shall report administratively to the university's President.

Responsibility

The department will assist the Board of Visitors, Board of Directors, and management by:

- Maintaining a professional staff with sufficient knowledge, skills, and experience to fulfill the requirements of this charter.

- Developing and executing annual and long-range risk-based work plans and initiatives. The plans and initiatives will be submitted to management for review and comment and to the respective board committee for approval. The department recognizes that one of the primary benefits of these programs is the ability to respond to issues that arise during the normal course of business. Accordingly, the annual plans shall include time for management requests and special projects.
- Participating in an advisory capacity in the planning, development, implementation, or change of significant compliance and control processes or systems. The Executive Director shall ensure that the level of participation in these projects does not affect the department's responsibility for future evaluation of evaluating these processes or systems nor compromise its independence.
- Conducting or assisting in the investigation of any suspected fraudulent activities, misconduct, or non-compliance issues, and notifying management and the respective board committees of the results.
- Issuing periodic reports to management and the respective board committees summarizing the results of the department's activities.
- Considering the scope of work of the external auditors, as appropriate, to provide optimal audit coverage to the university and health system at a reasonable overall cost.
- Reporting at least annually to the Board of Visitors, Board of Directors, and senior management on the department's purpose, authority, responsibility, and performance relative to its plans and initiatives, and on its conformance to standards and best practices. Reporting should also include significant risk exposures and control issues, corporate governance issues, serious misconduct or non-compliance, and other matters needed or requested by the Board and senior management.

Authority

The department and its staff are authorized to:

- Have unrestricted access to all activities, records, property, and personnel. Receive cooperation from all university and health system personnel and affiliates.
- Have full access to the respective board committee.
- Allocate departmental resources, set audit and review frequencies, determine scopes of work, and apply the techniques necessary to accomplish objectives.
- Obtain the necessary assistance of personnel in departments when performing work plans and initiatives, as well as that of other specialists.

The department and its staff are not authorized to:

- Perform operational duties in interim status, or otherwise, unless authorized in advance by the respective board committee.
- Initiate or approve accounting transactions external to the department.

Standards of Practice

The department will conduct its scope of work in accordance with requirements and best practices as established by relevant authoritative and objective sources from industry and government.

For internal audit functions, this includes both mandatory and recommended guidance from the Institute of Internal Auditors International Professional Practices Framework. The mandatory guidance requires our department to conform with the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, Code of Ethics, and *International Standards for the Professional Practice of Internal Auditing (Standards)*. Internal auditing is an independent, objective assurance, and consulting activity designed to add value and improve an organization's operations. Our department will help the university and health system accomplish its objectives by bringing a systematic, disciplined, and risk-based approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

For maintaining effective compliance programs, standards of practice are driven by the guidance provided in Chapter 8 of the Federal Sentencing Guidelines as promulgated by the US Sentencing Commission. The main focus of an effective program is to prevent and detect misconduct, remedy harm when identified, self-report where applicable, and maintain due diligence in promoting an organizational culture that encourages ethical conduct and a commitment to compliance with the law.

For the health system compliance program, guidance by the Health Care Compliance Association is also included. This organization sets the standard for professional values and ethics in the health care compliance field.

Quality Assurance and Improvement Program

The department will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. This program will be designed to:

- evaluate internal audit's conformance with the *Standards* and application of the Code of Ethics;
- assess the efficiency and effectiveness of the department; and
- identify opportunities for improvement.

The quality program includes both internal and external assessments. Internal assessments will include ongoing monitoring and periodic assessments of internal audit activity. An external assessment will be performed at least once every five years by qualified individuals who are independent of the internal audit function.

AUDIT, INTEGRITY, AND COMPLIANCE COMMITTEE

DASHBOARD MEASURES

INFORMATION TECHNOLOGY GOVERNANCE - DATA INTEGRITY



DATA GOVERNANCE PROGRAM (development of program)



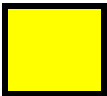
Program progressing successfully



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. The most common threat continues to be phishing scams with a strong shift toward scams tricking individual employees into buying gift cards. The Security Heroes program has been launched since late last year with the goal of incentivizing the reporting of security events. Since inception 10 months ago, metrics were developed to measure the effectiveness of the program; with the goal of shortening the mean dwell time of potential cyber threats within our environment. Data currently shows that we have been able to increase the frequency of reporting and reduce the time it takes to mitigate cyber threats, where most threats are reported and contained in less than 24 hours. This marks a significant improvement in the consistency of incident reporting and response and allows VCU to better prepare its defensive tactics to address emerging cyber threats. Additionally, we are continuing to expand simulated phishing exercises across both campuses.

From the network security perspective, we continuously see scanning activities and exploitation attempts from various areas around the world, and we continuously monitor and assess our environment and address new and existing vulnerabilities. A new next-generation firewall has been put in place at VCU that provides the information security operations team with unprecedented visibilities into the threat landscape. There are currently no signs of compromise or activities specifically targeting VCU.

ERM PROGRAM



Status of ERM mitigation plans

	Program progressing on schedule
	Program not on schedule; ERM Committee to address.
	Program significantly behind schedule; Executive Management attention required.

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)

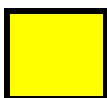


SPECIAL PROJECTS (status of special projects - planned and unplanned to available resources)




	Progressing as planned and within overall budget
	Some overload or barriers / challenges encountered that may require adjustment or reallocation of resources to resolve
	Significant overload or barriers / challenges encountered resulting in major delays or changes to scheduled work plan

Notes: Unplanned staffing absences have the affected audit schedule.

COMPLIANCE OVERSIGHT



Compliance requirements compared to known material violations

	No known noncompliance
	Challenges encountered that have an impact on resolution or implementation
	Significant compliance challenge encountered

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.

Audit and Compliance Services

Staff Credentials

University Audit and Management Services Integrity and Compliance Office

Name and Title	Hire Date	Education	Credentials/ Advanced Degrees	Years of Experience
Karen K. Helderman Executive Director	February, 2019	BS, Accounting	CPA; CISA; PMP MBA	33 – Audit/Compliance
David M. Litton Director, Audit and Management Services, University and VCUHealth	March, 1994	BS, Accounting and Information Systems	CPA; CISA; CGFM; CGEIT; CRMA	19 – Internal Audit 5 – External Audit 6 – Information Technology
Jacqueline L. Kniska Chief University Integrity and Compliance Officer	July, 2011	BA, Political Science	JD CHC LPEC	12 – Ethics and Compliance 5 – Legal
Anne Y. Sorensen Deputy Director, University Audit and Management Services	June, 2018	BS, Accounting	CPA	7 – Internal Audit 10 – External Audit 15 – Accounting/Finance
Courtney G. McGregor Deputy Director, IT Audit, University and VCU Health	March, 2017	BS, Accounting	CISA CRISC CIA MS, Business Admin/ Information Systems	22 – Audit 22 – Information Technology 3 – Teaching Adjunct in Accounting, Management
Janet W. Bishop University Audit Manager	May, 2001	BS, Business Administration	CIA, CFE	16 – Audit 24 – Accounting
Michael A. Pointer IT Auditor	July 2019	BS, Liberal Arts	CompTIA A+ Certification JAMF Pro 200 Certification ITIL Foundations Certification	5 – Technology
Susan B. Donnell Senior Auditor	March, 2017	BS, Commerce; concentration in Finance	CPA Post-Baccalaureate Certificate in Accounting	3 – Internal Audit 1.5 – External Audit 19 – Accounting & Financial Services
Niveditha Sudharsan Senior Auditor	April, 2019	BS, Finance		4.5 – External Audit 3 – Internal Audit

Name and Title	Hire Date	Education	Credentials/ Advanced Degrees	Years of Experience
David J. Irving Staff Auditor	January, 2015	BA, History/Political Science	CPA; CIA MS, Accounting	8 – Internal Audit 15 – External Audit
Anthony T. Rapchick Senior Compliance and Policy Specialist	April, 2016	BA, Psychology	JD CCEP	20 – Legal 6 – Ethics and Compliance
Jaycee L. Dempsey Senior Integrity and Compliance Specialist	May, 2007	BA, Economics	CCEP MBA LPEC	12 – Ethics and Compliance 6 – Public Policy
Ashley L. Greene Senior Integrity and Compliance Specialist	September, 2012	BA, Psychology	CCEP LPEC	10 – Ethics and Compliance 1 – Other

Credentials:

CCEP	Certified Compliance and Ethics Professional	CISSP	Certified Information Systems Security Professional
CFE	Certified Fraud Examiner	CPA	Certified Public Accountant
CGEIT	Certified in the Governance of Enterprise IT	CRISC	Certified in Risk and Information Systems Control
CGFM	Certified Government Financial Manager	CRMA	Certification in Risk Management Assurance
CHC	Certified in Health Care Compliance	LPEC	Leadership Professional in Ethics and Compliance
CIA	Certified Internal Auditor	MBA	Masters of Business Administration
CISA	Certified Information Systems Auditor	MPA	Masters of Public Administration

Department Memberships: ACUA, ACUPA, AGA, CUAV, IIA, OCEG, SCCE

ACUA	Association of College and University Auditors	CUAV	College and University Auditors of Virginia
ACUPA	Association of College and University Policy Administrators	IIA	Institute of Internal Auditors
AGA	Association of Government Accountants	OCEG	Open Compliance and Ethics Group
		SCCE	Society of Corporate Compliance and Ethics

VCU - Audit and Compliance Services

Estimated Expenses - Fiscal Year 2019-20

	<u>Audit & Management Services</u>	<u>Compliance Services</u>	<u>Total</u>	<u>Prior Year Total</u>
Salaries/Wages	\$ 873,961	\$ 347,309	\$ 1,221,270	\$ 1,223,130
Employee Benefits	340,845	135,450	\$ 476,295	462,539
Total Personnel Costs	1,214,806	482,759	1,697,565	1,685,669
Office Expenses	90,000	52,781	\$ 142,781	138,486
TOTAL EXPENSES	<u>\$ 1,304,806</u>	<u>\$ 535,540</u>	<u>\$ 1,840,346</u>	<u>\$ 1,824,155</u>

Virginia Commonwealth University Audit and Compliance Services

Audit Survey Results

At the completion of each audit, we request that the audited department evaluate our performance in 12 specific areas and provide comments or recommendations that might help to improve our services. We provide a copy of the survey to management at the planning stage of our audit so that management can consider the evaluation criteria throughout the process.

The survey is conducted online and the results are returned directly to the Executive Director. We also welcome comments and phone calls about any concerns or issues with the audit. Based on the results, we may request additional information from the department. We accumulate the results to be reported to the Board of Visitors at the end of each fiscal year.

During the fiscal year 2018-2019, eight surveys were completed, the numerical results of which are summarized below. The average of all responses this year was 3.45 on a 4-point scale, which is lower than the FY18 average of 3.73, but consistent with averages in recent prior years. The main contributors to the lower score are questions 5, 8 and 9. To improve our knowledge (question 5) we recently expanded our audit planning meetings to include our compliance director since she brings additional knowledge and perspective of operations and events. We believe our timeliness score (question 8) will improve during FY20 since the FY19 delays were the result of a vacancy in the Executive Director position. The low score in the disruption of operations (question 9) was primarily due to one audit of a smaller department. Small departments have less capacity to respond to audit requests and our presences affects their operations.

<i>Survey Item</i>	Average Score
1. The audit process was clearly explained prior to the start of the audit work.	3.83
2. The audit staff solicited suggestions from management as to areas of possible audit coverage.	3.83
3. The final audit objectives were reviewed with appropriate departmental personnel early in the audit process.	3.83
4. The process of issuing the audit report, including distribution and resolution of potential business issues and recommendations, was explained to management at the beginning of the audit.	3.67
5. The audit staff had or obtained a sufficient working knowledge of the operations and systems of your department, including current technology and current events.	3.33
6. The audit staff was willing to provide advice and assistance to personnel in the department.	3.62
7. The audit staff kept management informed throughout the audit regarding potential audit business issues.	3.50
8. The audit was completed within a reasonable time frame. Any delays in completing the audit were explained to management.	3.12
9. The audit results in minimal disruption of operations in the department.	3.12
10. The business issues in the audit report were accurately stated.	3.50
11. The recommendations in the audit report were useful and relevant.	3.62
12. The audit report contained adequate explanations for the business issues and recommendations.	3.50

4 = Strongly Agree; **3** = Agree; **2** = Disagree; **1** = Strongly Disagree

Audit and Management Services
Status of Fiscal Year 2019-2020 Audit Work Plan
August 31, 2019

Area	Status
<u>Risk-based Audits</u>	
Prior Workplan: Network Management and Security	Completed
Prior Workplan: School of Medicine – Cardiology - Consolidated	Completed
Prior Workplan: Student Fees	Completed
Prior Workplan: Technology Services Desktop Services Operations and Systems	In Progress
Prior Workplan: Human Resources – Separations	In Progress
Office of Strategic Enrollment Management	In Progress
IT Facilities Management Department Systems	In Progress
Budget and Resource Analysis	In Progress
Engineering and Utilities	Not Started
Degree Conference and Award	Not Started
VCU Card Office	Not Started
Division of Inclusive Excellence	Not Started
Office of Research and Innovation – Integrity and Compliance	Not Started
School of Dentistry	Not Started
Auxiliary Operations Forecasting	Not Started
Siegel Center Operations and Athletics Fiscal Processes	Not Started
IT Authentication Systems Management	Not Started
IT Office of Research and Innovation Technology	Not Started
IT Integrated Systems/ERP Management and Security	Not Started

Audit and Management Services
Status of Fiscal Year 2019-2020 Audit Work Plan
August 31, 2019

<u>Annual Engagements and Activities</u>	
Follow-Ups on Audit Recommendations Outstanding – FY19	Completed
Review of President’s Discretionary Accounts – FY18	Completed
Athletics – Year 3 NCAA Compliance Review	Completed
Review of President’s Discretionary Accounts – FY19	In Progress
Follow-Ups on Audit Recommendations Outstanding – FY20	Not Started
VCU Police Department – Review of Evidence Room – Part 1	Not Started
VCU Police Department – Review of Evidence Room – Part 2	Not Started
Risk Assessment – FY21	Not Started
IT Technology Services Risk Assessment Management	Not Started

Special Project	Status
<u>Continuing Projects</u>	
State Employees Fraud, Waste, and Abuse Hotline	In Progress – 0; Closed – 1
<u>Other Projects</u>	
Prior Workplan: Enterprise Centers and Institutes	Completed
College of Engineering Lab Usage	In Progress
Purchase Card PayPal and Amazon Analysis	In Progress
Authentication of Vendor Information	In Progress
Department of Psychology Purchase Card	In Progress
Financial Aid Work Study	In Progress
University Internet of Things (IoT) – Special Project	In Progress
Web Services and Application Security – Special Project	In Progress



VCUHealth

VCU Health System

Consolidated Audit of Cardiology

Final Report
July 1, 2019

Audit and Compliance Services

EXECUTIVE SUMMARY

Overview

This audit was a consolidated review of operational and financial processes of related Cardiology business entities. This approach included departments of the university and physician practice, as well as hospital inpatient and outpatient clinic activity. The areas covered in our review are described in more detail below.

MCVP Department of Internal Medicine, Division of Cardiology (MCVP Cardiology) provides inpatient and outpatient services to VCU Health System patients. During fiscal year 2018, MCVP Cardiology's Statement of Operations had net operating revenue of \$12 million and direct expenses excluding overhead of \$16.8 million.

VCU Medical Center's inpatient cardiology units provide services including cardiac imaging, electrophysiology services, heart failure treatment and transplant, cardiothoracic surgery, interventional cardiology, vascular surgery, cardio-oncology, and preventive cardiology. Cardiology inpatient services generated approximately \$71.3 million in net operating revenue and \$27.7 million in direct expenses excluding overhead during fiscal year 2018.

Cardiology outpatient activities are provided at several locations across Virginia, including the Pauley Heart Center in downtown Richmond and ambulatory clinics located in Stony Point, Colonial Heights, Prince George, and Williamsburg. Cardiology outpatient services generated \$3 million in net operating revenue and \$4.7 million in direct expenses excluding overhead for fiscal year 2018.

VCU's School of Medicine Department of Internal Medicine, Division of Cardiology (VCU Cardiology) provides education in the care and treatment of cardiovascular disease. The division performs clinical research, in conjunction with the Pauley Heart Center, with research funding averaging \$7 million a year. Faculty members conduct research funded by awards mostly from federal agencies such as the National Institutes of Health. Fellowships provide specialty training in cardiology, interventional cardiology, electrophysiology and heart failure. For fiscal year 2018, VCU Cardiology had total revenues of \$6.3 million and total expenses of \$6.5 million for a deficit of \$246,378.

Purpose

We determined the audit objectives using a risk-based approach to examine the significant processes and controls of the functional areas under review. The objectives of the audit were to determine whether:

- High-dollar implants were properly controlled
- Clinical supplies were approved, monitored, and obtained timely
- Contracts were properly executed and monitored and revenue contracts were properly billed

- Timely notice of physician schedule changes was provided to clinics
- Patient payments were collected in appropriate amounts in clinics and were safeguarded and deposited timely
- Purchasing card purchases had a valid business purpose, were allowable and approved
- Record retention and destruction practices complied with policy
- Financial budget variances were monitored
- University financial and administrative processes were performed and monitored properly

Scope and Audit Procedures

Our audit scope included the inpatient cardiology unit at the VCU Medical Center, the outpatient cardiology clinics, and MCVP and VCU School of Medicine Department of Internal Medicine Divisions of Cardiology. Our scope also included a limited review of administrative and financial processes within the university. Our audit period was from July 1, 2018 through December 31, 2018.

Our audit procedures included discussions with division management and other key personnel, observation, and testing of processes. We reviewed budget variances, record retention practices and clinic front desk payment collection processes. We reviewed contracts for which the division was responsible and related expenses and billings. We assessed purchasing card expenditures for appropriateness and reviewed the clinical supply ordering process for effectiveness and timeliness.

For the university, our audit procedures included interviews with key personnel; review of local policies and procedures and other guidance material; evaluation of ARMICS documentation for completeness; performance of variance analysis; observance of controls; confirmation of support documentation for selected processes. Our review included the following university processes: Banner index reconciliations; purchase card and other non-payroll expenditures; travel; petty cash; grants; journal vouchers; fixed assets; records management; budget analysis; and timekeeping (including leave).

Conclusion

In our opinion, based on the results of our audit, high-dollar implants were properly controlled; clinical supplies were approved, monitored, and obtained timely; expense contracts were properly managed, executed, and monitored; revenue contracts were properly billed; clinics were notified in advance of physician schedule changes; payments received from patients at the clinics were collected in the appropriate amounts, safeguarded, and deposited timely; purchases made using purchasing cards were authorized and approved; record retention and destruction complied with policy; and, financial budget variances were monitored. In addition, university financial and administrative processes were performed and monitored properly.

We included our recommendations to strengthen Cardiology operations in a separate report furnished to management.

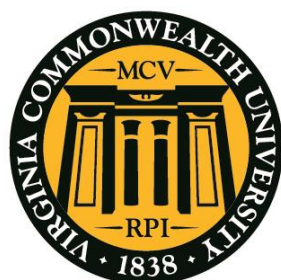
Our consolidated audit of Cardiology began on January 4, 2019. The first draft of this report was submitted to management on May 7, 2019.

Prior to releasing this report in final form, the draft report was reviewed by, and management's action plans were provided or approved by, the following officials:

Ms. Angie Carneal	Interim Nursing Director
Ms. Susan Samer	Business Analyst, Cardiology
Ms. Clare Greene	Administrator, Division of Cardiology
Mr. Alfred Dunn	Administrator, Department of Internal Medicine
Dr. Kenneth Ellenbogen	Chair, Division of Cardiology
Dr. Todd Gehr, M. D.	Interim Chair, Department of Internal Medicine
Mr. Darrell Griffith	Executive Director, MCV Physicians
Dr. Thomas Yackel	President, MCV Physicians
Ms. Tracy Fry-Longoria	VP, Ambulatory Services
Mr. Paul Wesolowski	Chief Operating Officer, VCU Hospitals
Ms. Melinda Hancock	Chief Financial Officer and Chief Administrative Officer, VCU Health System
Mr. Shane Cerone	Interim Chief Executive Officer, VCU Hospitals

Our audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* and included an evaluation of internal controls and such procedures as we considered necessary in the circumstances.


Executive Director
Audit and Compliance Services



VCU

VIRGINIA COMMONWEALTH UNIVERSITY

Student Fees

Final Report

August 5, 2019

Audit and Compliance Services

EXECUTIVE SUMMARY

Overview

Student fees are an issue of concern within higher education nationwide. Universities have adjusted student fees in response to declines in governmental aid, increasing costs and tuition freezes in order to meet budget shortfalls. Concerns about rising costs of higher education have in turn prompted legislative bodies to question student fees and encouraged institutions of higher education to ensure greater transparency in pricing. We performed this audit to review certain processes surrounding student fees.

Several areas within the university assist in establishing, collecting and expending revenues from student fees. The Office of Budgeting and Resource Analysis establishes their budget, the Office of Student Accounting assesses, bills and collects fee revenues, and departments, schools and colleges within VCU receive the fee revenue and manage their related expenditures.

VCU charges mandatory (fees charged to all students) and non-mandatory fees (fees charged according to curriculum). Mandatory fees include university fees that support student facilities, athletics and other functions; activity fees that support social, cultural and related student activities; health fees to provide health related services; library fees to support library infrastructure and operations; and technology fees to support students' technology needs and infrastructure. Fees associated with student selected academic courses and programs of study represent non-mandatory charges that support the particular course or program.

Mandatory Fees

Mandatory fees are comprised of both Education and General (E&G) and non-E&G funds. Academic related fees, such as technology and library fees are recorded as E&G, while non-E&G funds are used to support non-academic auxiliary functions such as activity and health service functions. Table 1, below provides a breakdown of the university's fees by its non-E&G and E&G components and demonstrates that university fees are the largest component of student fees with the largest dollar increase over the four year fiscal period for both non-E&G and E&G fees.

Table 1

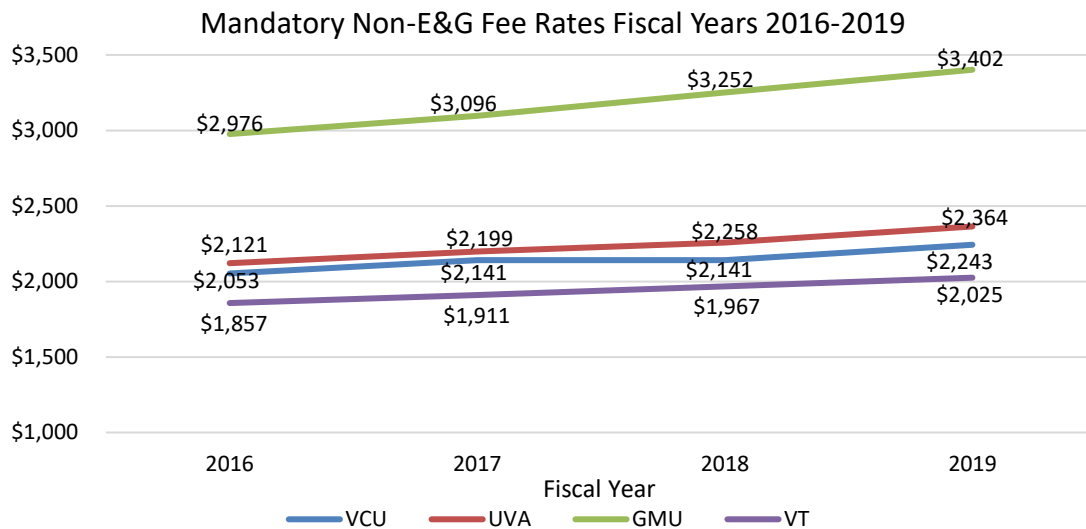
	Non-E&G			E&G	
FY	University	Activity	Health	Technology	Library
2016	1,757	90	206	83	50
2017	1,845	90	206	83	60
2018	1,845	90	206	83	60
2019	1,938	90	215	83	70

Source: FY 2016-2019 Adopted Budgets

Mandatory fees from full-time undergraduate students for non-E&G funded programs have trended

higher each year for the past four years as shown in chart 1 as follows, from \$2,053 in fiscal year 2016 to \$2,243 in fiscal year 2019, an increase of 9% and are primarily due to an increase in university fees. The rate of fee increases has remained relatively constant for VCU and has trended in line with its peer research institutions as illustrated in this chart.

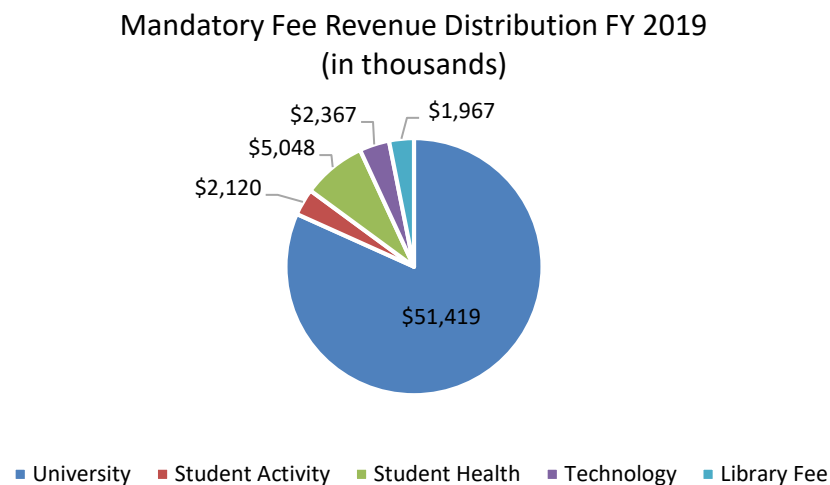
Chart 1



Source: SCHEV Tuition and Fees Comparative Full-Time In-State Undergraduate Charges

Revenue generated by mandatory student fees increased from \$58 million in fiscal year 2016 to \$63 million in fiscal year 2019. Chart 2, as follows, identifies the various types of mandatory fees (including E&G and non-E&G) that comprise the \$63 million in fiscal year 2019.

Chart 2



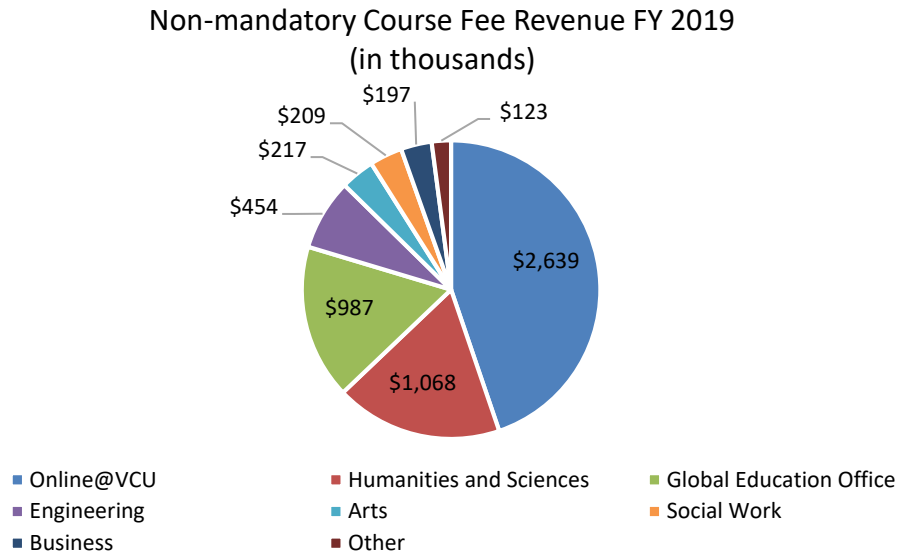
Source: VCU Office of Institutional Research and Decision Support

The ratio of mandatory fees to total tuition and fees has remained relatively stable averaging 9% per year, while the trend of enrollment has slightly declined over the past four academic years.

Non-Mandatory Fees

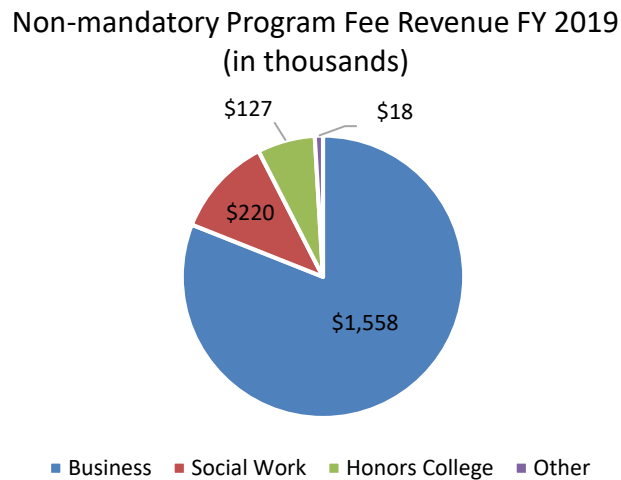
Non-mandatory course and program student fees generated revenues of \$6 million and \$2 million, respectively, for fiscal year 2019. Lab fees or art supply charges for specific classes exemplify course type non-mandatory fees. Tuition differentials for specific majors such as business or social work are examples of program type non-mandatory fees. As depicted in Charts 3 and 4 as follows, the largest proportion of course fee revenues is generated by online classes and the largest proportion of program fee revenues is generated by the School of Business.

Chart 3



Source: VCU Office of Institutional Research and Decision Support

Chart 4



Source: VCU Office of Institutional Research and Decision Support

Purpose

The objectives of the audit were to determine whether:

- Student fees were adequate for their purposes
- Student fee increases were commensurate with mandated state limits
- Procedures relating to fee allocations were consistently applied and communicated
- Student fees were expended for the purpose for which they were collected

Scope and Audit Procedures

Our scope of student fees encompassed the fees, revenues and expenditures for fiscal year 2019.

Our audit procedures included conducting interviews with department managers and process owners; performing process walkthroughs; reviewing student fee related articles and reports; reviewing of the adopted budget; testing proper fee revenue allocation and expenditure commensurate with fee purpose; examining fee budget proposals and school budget monitoring; and analyzing for trends and comparability with other research institutions.

Conclusion

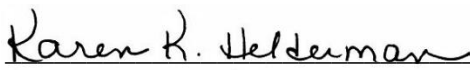
In our opinion, based on the results of our audit, student fees were expended for the purpose for which they were collected; student fees were adequate for their purposes; student fee increases were commensurate with mandated state limits; and procedures relating to fee allocations were consistently applied and communicated.

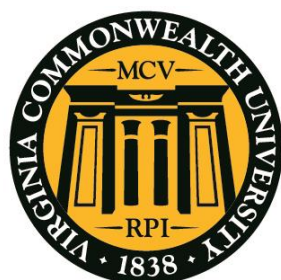
A detailed recommendation to strengthen student fee internal control documentation was included in a separate report furnished to management.

Our audit of Student Fees began on April 19, 2019. The first draft of this report was submitted to management on July 25, 2019. Prior to releasing this report in final form, the draft report was reviewed by, and management's action plans were provided or approved by, the following officials:

Danielle Mitchell	Director of Student Accounting
Tomekia LeGrande	Vice Provost for Strategic Enrollment Management
Gail Hackett	Provost and Senior Vice President for Academic Affairs

Our audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* and included an evaluation of internal controls and such procedures as we considered necessary in the circumstances.


Executive Director
Audit and Compliance Services



VCU

VIRGINIA COMMONWEALTH UNIVERSITY

Department of Intercollegiate Athletics NCAA Compliance Review

*Final Report
August 12, 2019*

Audit and Compliance Services

EXECUTIVE SUMMARY

Overview

VCU is a Division I member of the National Collegiate Athletic Association (NCAA). The VCU Department of Intercollegiate Athletics (VCU Athletics) is responsible for the management and oversight of seven men's and eight women's sports programs that operate under NCAA guidelines.

Each year, the NCAA releases an updated manual for Division I member institutions consisting of final legislative actions that include recently updated bylaws. In order for the institution to be a member of the NCAA, it must adhere to the rules set forth in the NCAA Manual. If the NCAA legislative body finds that a member institution failed to comply with NCAA guidelines, the member institution may be subject to enforcement procedures or even lose membership status within the NCAA.

Although the NCAA no longer requires institutions to evaluate its rules compliance program once every four years, university management decided to maintain this practice. The Director of Athletics has agreed upon the previously established four-year review cycle identified in the Attachment. The Association of College and University Auditors (ACUA) publishes a standard set of review procedures designed to support efforts to evaluate and improve athletics rules compliance programs at NCAA Division I member institutions. The ACUA's published guide for internal auditors was used as a reference tool for this engagement.

Our focus for year three of the four year cycle included reviewing the areas of governance and organization; athletic apparel and equipment; coaching staff limits and contracts; playing and practice seasons; amateurism; and academic performance program.

Purpose

The objectives of the engagement were to determine whether:

- The basic elements of an effective institutional compliance program were in place and being followed.
- The institution had controls:
 - To monitor and account for athletic equipment and apparel for student-athletes as it pertains to NCAA legislation.
 - To ensure that prospects were not receiving and student-athletes not retaining athletic equipment and apparel unless otherwise permitted.
- NCAA legislation was met regarding the employment of the appropriate number of athletics' coaching staff.
- Proper documentation regarding the limits and restrictions on team and individual practice and competition activities was maintained and whether applicable NCAA standards were met

- The athletics department maintained an adequate system to monitor compliance with NCAA bylaws governing amateurism.
- The athletics department had policies and procedures in place to gather and submit academic data required under the NCAA's Academic Performance Program.

Scope and Engagement Procedures

Our scope of the NCAA Compliance Review encompassed academic year 2018-2019 and included Women's Basketball; Men's and Women's Tennis; Field Hockey; Volleyball; Baseball; Men's Golf; and Men's and Women's Soccer. Multiple prior compliance reviews have focused on Men's Basketball; therefore, we excluded this sport from this review.

Our engagement procedures included:

- Interviews with the appropriate athletics personnel
- Review of Athletics Compliance Policies and Procedures Manual, applicable NCAA regulations and third party report on Academic Performance Program
- Review, on a sample basis, of Athletics senior leadership contracts; coach contracts; coach Athletically Related Income & Benefits forms; team practice logs; apparel and equipment inventory; and coaching staff declarations
- Inquiries regarding the implementation of recommendations in the external report on Academic Performance Program

Conclusion

In our opinion, based on the results of our engagement, the basic elements of an effective institutional compliance program were in place and being followed; the institution had controls to monitor and account for athletic apparel and equipment for student-athletes as it pertains to NCAA legislation and to ensure that prospects were not receiving and student-athletes not retaining athletic equipment and apparel unless otherwise permitted; NCAA legislation was met regarding the employment of the appropriate number of athletics' coaching staff; proper documentation regarding the limits and restrictions on team and individual practice and competition activities was maintained and applicable NCAA standards were met; the athletics department maintained an adequate system to monitor compliance with NCAA bylaws governing amateurism; and the athletics department had policies and procedures in place to gather and submit academic data required under the NCAA's Academic Performance Program.

A recommendation to strengthen VCU Athletics' operations was included in a separate report furnished to management.

Our review of the Department of Intercollegiate Athletics – NCAA Compliance Review began on April 10, 2019. The first draft of this report was submitted to management on August 1, 2019.

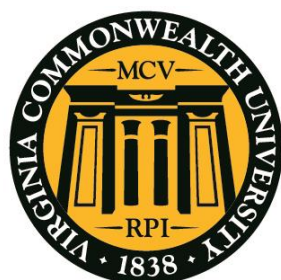
Prior to releasing this report in final form, the draft report was reviewed by, and management's action plan was provided or approved by, the following officials:

Mr. Noah Strebler
Mr. Makonnen Afework, Ph.D.
Mr. Edward McLaughlin

Assistant Athletic Director for Compliance
Deputy Director of Athletics
Vice President and Director of Athletics

Our engagement was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* and included a compliance review and such procedures as we considered necessary in the circumstances.


Executive Director
Audit and Compliance Services



VCU

VIRGINIA COMMONWEALTH UNIVERSITY

Network Management Controls

Final Report
August 14, 2019

Audit and Compliance Services

EXECUTIVE SUMMARY

Overview

VCU Technology Services (Technology Services) provides enterprise network operations to facilitate the university's mission by providing 24 hour, 7 days a week, 365 days a year, network availability and provide secure network operations. VCU's enterprise network operations provides service to approximately 31,000 students and 2,300 faculty across approximately 140 buildings throughout both campuses.

VCU has designed its network with fiber optics network technologies, switched Ethernet, and network segmentation to enhance network performance and security. Additionally, Technology Services has deployed firewalls at two data centers and Domain Name System (DNS) and Dynamic Host Configuration Protocol (DHCP) services to support VCU's network. Technology Services has implemented systems to manage network device configurations and to provide network engineers with access to devices.

Within VCU Technology Services, Network Services is responsible for deploying and sustaining network devices, DNS, DHCP, and Internet Protocol (IP) management across the university while the Information Security Office (InfoSec) is responsible for vulnerability scanning to identify configuration compliance and patch management issues. The University Computing Center (UCC) is responsible for managing the host systems that support Network Services.

The confidentiality, integrity, and availability of the VCU network is strengthened by security controls being properly designed and operating effectively over access, configuration, monitoring, and vulnerability remediation. This audit used a risk assessment methodology to determine the key components of the network and potential vulnerabilities that need to be controlled.

Purpose

The objectives of the audit were to determine whether:

- Secure configuration of VCU network firewalls were adequate.
- Network support server configuration controls were adequate.
- VCU network's DNS and DHCP were adequately secured and managed.
- Firewall configuration backups were appropriately managed.
- Physical access controls over data equipment closets were adequate.
- Wired network authentication controls were adequate.

Scope and Audit Procedures

Our scope of Network Management Controls encompassed security controls and requirements for VCU's network during the period of May 2019 to July 2019. Specifically, we examined the following areas:

- Secure firewall and network support systems configuration, patching, updating, and vulnerability scanning process
- Firewall backups and restorations
- DNS secure configurations
- Physical network access controls
- Logical network access controls

Our audit procedures included conducting interviews with Network Services personnel to include program and project managers, IT engineers, system administrators, network administrators, security analysts and others as appropriate. We also interviewed InfoSec staff. Additionally, we performed effectiveness testing to include:

- Internal vulnerability scans of VCU Network team support systems and network management tools.
- Secure configuration assessment using the Center for Internet Security (CIS) as the benchmark standard for the VCU network that includes the operating systems, and databases.

Conclusion

In our opinion, based on the results of our audit, we found that secure configuration of VCU network firewalls were adequate; network equipment and related servers configuration controls were adequate; VCU network's DNS and DHCP were adequately secured and managed; firewall configuration backups were appropriately managed; physical access controls over data equipment closets were adequate; and, wired network authentication controls were adequate.

We found opportunities to improve VCU's security and network management to enhance the university firewall support systems, network monitoring and authentication controls, and physical networking communication closets. These improvements include better coordination between technology groups, updating existing security baselines, creating secure baseline configurations for certain databases and network support systems and improved vulnerability scan result monitoring, tracking and escalation.

Recommendations to strengthen Network Management Controls were included in a separate report furnished to management.

Our audit of VCU's Network Management Controls began on May 2, 2019. The first draft of this report was submitted to management on August 6, 2019.

Prior to releasing this report in final form, the draft report was reviewed by, and management's action plans were provided or approved by, the following officials:

Keith Deane

John Gayle

Dan Han

Alexander Henson

Meredith Weiss, Ph.D.

Director of Network Services

Director of University Computer Center

Chief Information Security Officer

Chief Information Officer

Vice President for Administration

Our audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* and included an evaluation of internal controls and such procedures as we considered necessary in the circumstances.

A handwritten signature in black ink that reads "Karen K. Helderman". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

**Executive Director
Audit and Compliance Services**

Response Plan to Recommendations Resulting from Institutional Ethics and Compliance Program Design & Effectiveness

This document reflects VCU's response to Ethisphere's Program Design and Effectiveness Review and resulting recommendations, March 2019. The University's Chief Compliance Officer and the Executive Director of Audit and Compliance Services presented information regarding this review, and the preliminary and final results to the Audit, Integrity and Compliance Committee (AICC) of the Board of Visitors during the December 2018, March and May 2019 meetings. This detailed response plan now accounts for prioritization of agreed to recommendations based on greatest need and impact in full consideration of universitywide priorities, preexisting commitments, conversations with compliance partners, risk assessment and acceptance activities and allocable resources.

The University accepts Ethisphere's four key recommendations, as noted below, and a response strategy is currently underway in varying phases. All recommendations are favorable to advance the program's design, effectiveness and maturity in application thereby contributing to overall student, faculty and staff success given the foundation in values and ethical treatment of one another.

More specifically, we reviewed, evaluated and classified both the key and itemized recommendations into three tiers, representing a prioritization of importance and the year in which we plan to begin addressing the recommendations. Items denoted with a gold "C" are complete and have been operationalized. Integrity and Compliance Services (ICS), in conjunction with its compliance partners, plan to complete the remaining Tier 1 items (defined below) by the end of fiscal year 2021 unless otherwise noted.

The Executive Director will provide additional updates through the AICC's meetings and progress reports to other key functional compliance and operations stakeholders as available and appropriate. Integrity and Compliance Services maintains a detailed tracking document if additional details or more periodic status reports are needed.

Key Recommendations and Responses

Continue Consolidation of Case Management Systems – Tier 1 Priority

- Working to formalize the compliance program, including the mandated use of the case management system unless ICS grants a formal exception.
- Ongoing consideration of merging the student case management system into the larger, university-wide case management system, Convercent. This consolidation would entail an additional cost as well as the need for additional reporting features, benchmarking, insights and lines of sight for responsible leadership in these areas.

Develop Regular Training Program for All Managers – Tier 2 Priority

- Developing enhanced training for all management and leadership on Ethics & Compliance topics, including conflicts of interest; commitment; and, handling and documenting reported concerns.

Streamline Communication Planning – Tier 1 & 2 Priority

- Incoming Communications – Tier 1 - Working to improve incoming communications from ethics and compliance partners to the Chief Ethics and Compliance Officer around compliance plans and risk assessment results. In addition, educating and training certain departments to report detailed, rather than summary, information into the case management system.
- Outgoing Communications – Tier 2 - Developing training curriculum address how to deliver nor evidence of, regular or systemic leader communications supporting a commitment to or outcomes from ethics and compliance efforts; however, this does not conclude that these are absent. We are exploring key ethics and compliance performance indicators for senior leadership annual performance.

Consider ICS Staffing, Ethics Ambassador Program, Review Reporting Line for CECO – Varying Tiers

- Review Reporting Line for CECO – Completed. This matter was discussed with the Executive Director of Audit and Compliance Services and decided to remain as currently configured, noting risk of ineffective program component being mitigated by CECO's access to appropriate BOV Committees for delivery of reports and independence of the direct supervisor.
- ICSO Staffing – Tier 2 - In the interim, we will continue to establish initiatives (work plans) and annual goals to address the highest risk areas within the available budget and staffing. The AICC will remain apprised of status and unmitigated risks.
- Ethics Ambassador Program – Tier 3 - We consider this area a low risk; therefore, we will review this recommendation in FY22 and develop a response plan at that time.

Itemized Recommendations and Responses

The chart below shows all itemized recommendations and our responses, including a plan of action. We ranked the recommendations using the risk-based ranking criteria described above and considering available resources. We developed the following timelines for action:

Tier 1 - actions have begun or will begin in FY20, to be completed by end of FY21

Tier 2 - actions are anticipated to begin in FY21 and completed by FY22-23

Tier 3 - actions are considered reaching the most mature point of a compliance program. We will assess these recommendations in FY22 and choose whether to begin an action or defer.

Tier	Program Element Recommendation	Response to Recommendation
Program Resources and Structure: 6 Recommendations		
C	Include the CECO in Cabinet level and senior staff meetings to provide program updates and coordinate with senior-most leaders.	Agreed. Cabinet access provided by the Executive Director of ACS who will coordinate with the CECO position as needed. Other senior staff meeting agendas are open for requests.
1	Document the access of the CECO to the appropriate committee of the Board of Visitors and the frequency with which the CECO should provide updates to that committee.	Agreed. Access is provided in practice but not documented to the expected level of detail. To be documented in the May 2020 update to AICC meeting planner and charter and ACS departmental charter.
2	Evaluate ICS staffing levels, given disparity between VCU and relevant peer groups. Consider the addition of 1 or 2 FTEs or grad-level intern program.	Delayed, resource issue. Developing a list of potential risk due to staffing limitations or funding limitations. In the interim, initiatives (work plans) and annual goals are leveraged against risk based needs and available staffing. The AICC will remain apprised of status and any unmitigated risks.
3	Implement an ambassador program for Ethics and Compliance	Delayed, resource issue. Low risk, high reward if properly supported and incented.
1	Continue to ensure effective use of the Compliance Advisory Committee (CAC) to address the possibility of silos of expertise as highlighted in the ERM section of the Integrity and Compliance Annual Report.	Agreed. Formalization of E&C function continues to support this recommendation – for example: inclusion of function in strategic university affairs; formal charter for the E&C function and oversight committee supplying regular reports to senior leadership.
1	Consider whether smaller CAC groupings for specific topics (subcommittees) might further work.	Agreed. Active for both training curriculum and communications per other recommendations. Safety, Conflicts of Interest and Improper Foreign Influence are pending.
Perceptions of Ethical Culture: 2 Recommendations		
3	Enhance the presence of leadership in training courses.	Delayed. Leadership presence is included in some training courses with planned expansion as we create new curriculum.
C	Expand demographics and enhance participation in future culture survey initiatives.	Agreed. Have commitments to partner and share results with HR, Inclusive Excellence and Institutional Research.
Written Standards: 7 Recommendations		
-	Make Code of Conduct readily available on VCU's website on the home page or "Mission and History" page.	Disagreed. The Code is placed on the faculty and staff homepage as this is the audience to whom it most relates.
1	Consider addressing additional risk areas.	Agreed. An Ethics and Compliance Dashboard Initiative is underway which will help identify risk. E&C also has presence at ERM meetings to increase risk awareness.
-	Revise Code of Conduct to lower grade level and simplify language.	Disagreed. Readability is acceptable to our audience. Concepts like retaliation, Export Controls, International Presence and Foreign Corrupt Practices Act cause the readability score to rise.

C	Move the "decoding our code" page to the beginning.	Completed.
-	Lower grade level of policies.	Disagreed. Readability statistics are provided to policy drafters during review phase, goal is 11 th grade reading level. Some topics cause the readability score to rise.
1	Develop a Foreign Corrupt Practices Act or anti-bribery policy.	Agreed. In progress with Global Education Office.
1	Create a true Supplier Code of Conduct.	Agreed. In progress with Procurement Office.
Training & Communication: 9 Recommendations		
1	Create a multi-year training plan/curriculum and schedule.	Agreed. In progress. Training needs survey responses returned and currently being assessed.
2	Keep learners engaged through mature training mechanisms such as progressive course difficulty, pre-tests and self-directed topics.	Delayed, resource issue. Some aspects of this are implemented however not systemically.
1	Review current systems to identify places where "just in time" training can be deployed.	Agreed. In progress with interdisciplinary group, subcommittees of CAC.
3	Use positive incentives to encourage training completion such as a reward for departments who complete the training first; consider an initiative that is led by senior personnel.	Delayed, resource issue.
1 to 2	Further equip managers with information (and resources) about their responsibilities to support the program by means of a learning curriculum for current managers and onboarding new managers, as well as periodic refreshers; link completion to the performance evaluation.	Delayed, resource issue and complexity of recommendation. Efforts are being made to document required reporting of certain information and formalization of the ethics and compliance program responsibilities within the broader university community. Combining efforts with Human Resources and other training focused initiatives to develop and deliver curriculum for managers.
3	Establish a mentor program for experienced managers to mentor newer managers.	Delayed, due to low risk.
2	Deploy a two-year, cross-functional communications plan that incorporates training and communications strategies together.	Agreed. In progress with interdisciplinary group, subcommittees of CAC. Efforts needed before a coordinated plan can be finalized.
3	Leverage the relationship with other leaders to diversify the voices delivering the integrity message around VCU.	Delayed. We are actively leveraging communication channels, such as the President's Blog and compliance videos. More initiatives will occur as we develop new training curriculum.
2	Measure training effectiveness through a routine survey to compliance partners asking for topics they are receiving the most questions about; spot-quizzes to employees to check for retention and/or click rates for policies and resources.	Delayed, due to low risk.
Risk Assessment, Monitoring & Auditing: 8 Recommendations		
C	Bolster the current risk assessment process using systematic metrics, such as usage of ICS resources; consider adding questions to internal audits to assess awareness.	Agreed. Developed collective E&C Dashboard that Compliance Partners will use to measure the program. Metrics will focus on deviations from medians and benchmarks from peers.

		CECO also included in ERM and internal audit planning sessions.
2	Identify places where budget and risk appetite could be more closely aligned to bolster risk assessments.	Delayed, resource issue. Working with ERM and Internal Audit to increase understanding of high risk compliance areas.
2	Perform root cause analysis on all substantiated and unsubstantiated cases.	Delayed. Insufficient resources to perform root cause analysis on unsubstantiated cases. Root cause analysis will be emphasized in response to recommendation below calling for us to develop a unified investigation process.
1	Continue work to integrate case management systems so there is one system of record; if multiple systems are used, ensure rigorous coordination.	Agreed. Working to formalize the compliance program, including the mandated use of the case management system unless formal exception is granted. Ongoing consideration of merging student case management system into the larger, university-wide system, Convercent. This consolidation would entail an additional cost as well as the need to for additional reporting features, benchmarking, insights and lines of sight for responsible leadership in these areas.
1	Develop a unified investigation process.	Agreed. A policy setting unified and consistent minimum standards related to this work is in progress. The policy will include root cause analysis.
2	Ensure consistent root cause designation for all cases.	Duplicate item from above. Delayed – Insufficient resources to perform root cause analysis on unsubstantiated cases. Root cause analysis will be emphasized in response to recommendation above calling for us to develop a unified investigation process.
1	Develop an online proxy report pathway for all managers.	Agreed. Pathway exists, however decisions need to be made regarding training and support and then roll out and a communication plan.
C	Continue implementation of new processes around individual and institutional conflicts of interest monitoring.	Agreed. Currently in pilot phase. E&C Annual Training provided in Fall 2019 will be on identification and disclosure of conflicts of interest.
Enforcement, Discipline & Incentives: 2 Recommendations		
1	Provide all managers with standalone manager-specific training on retaliation.	Agreed. Scheduled for delivery Spring/Summer 2020. Fall 2019 training will focus on Conflicts of Interest for all employees.
1	Review the current ways in which VCU is monitoring those employees who raise concerns for indications of retaliation across reporting channels, and consider a process where the organization explicitly and regularly checks back in with those individuals after the close of an investigation.	Agreed. Completed for investigations conducted by ICS and working with other functional and operations areas to monitor and share information this with ICS.



VCU

Integrity and Compliance Board of Visitors Annual Report

FY2019



Table of Contents

- Introduction and the Year-in-Review3**
 - Current Landscape and Industry Trends.....3
 - Closer to Home: Inside VCU5
- Reported Concerns Analytics and Benchmarks6**
- Ongoing Risk Assessment Update9**
 - Effectiveness Review9
 - Non Routine Government Reviews10
 - Conflict of Interest and Commitment.....11
 - Information Security12
 - Regulatory Reporting Monitoring13
 - Universitywide Policies.....14
 - Measuring the Culture: Ethical Culture & Perceptions Assessment15
 - Training and Education16
- Effectiveness Statement16**
- Student and Employee Ethics and Compliance Areas – Select Highlights18**
 - Student Conduct and Academic Integrity18
 - Student Accessibility and Accommodations.....19
 - Virginia’s Freedom of Information Act (FOIA)19
 - International Activities: Export Controls and Foreign Corrupt Practices Act (FCPA)20
- Appendix A.....21**

Introduction and the Year-in-Review

Welcome to the Annual Report of VCU's Integrity and Compliance Efforts for fiscal year (FY) 2019. Since the creation of this report in 2012, the goal has been to provide information to the Board and broader university community related to the impact of VCU's Ethics and Compliance Program. Building on a solid foundation, the program is modeled and supported by various regulatory drivers, industry best practices, and, at its core, rooted in the minimal requirements of the Federal Sentencing Guidelines (FSG). Benefitting from the work of a well-established and trusted compliance partner network along with Presidential and Board level support, the program is available to all and helps inform decision making. Highlights herein showcase universitywide integrity and compliance activities and outcomes geared toward maintaining a community prepared to live our values and, when necessary, identify, call out or report suspected wrongdoing and appropriately address misconduct when substantiated.

The purpose of this report is two-fold.

- To support the Board in fulfilling its obligation as the university's governing authority by providing the information needed on aspects of the university's integrity and compliance activities. This charge comes from widely accepted governance practices and more directly from the Federal Sentencing Guidelines and is addressed with the following language, “[The] **Governing authority shall be knowledgeable of and exercise reasonable oversight with respect to the implementation and effectiveness of the ethics and compliance program**”.
- To assist with awareness and transparency throughout the university related to ethics and compliance matters. By this report collecting and analyzing the prior year's activities and outcomes, management is provided with relevant and timely information that assist with defining and measuring our culture.

These activities and outcomes are reported on because it is important to transparently share the information established from collected data. This report serves as a supplement to the established quarterly Board reporting occurring throughout the year. This permits and thereby promotes more discussion time during Board meetings -- as is also expected by the FSG:

The organization shall take reasonable steps to communicate periodically and in a practical manner its standards and procedures, and other aspects of the ethics and compliance program, to the individuals referred to in a subparagraph (B) [the governing authority] by conducting effective training programs and otherwise disseminating information appropriate to such individuals' respective roles and responsibilities.

Current Landscape and Industry Trends

This year, the ethics and compliance profession remained active both in the regulatory compliance space and the ethical treatment of individuals arena. The industry had much to examine through the federal government's activities and changes, increased attention on Department of Justice's expectations for

effective programs, and in multiple publications recognizing the ethics and compliance function as central to business strategy.

Across industries, increased attention on risks associated with third parties and information and cyber security (massive data breaches and malware attacks); increased public momentum and interest in reporting or raising concerns relating to inappropriate behavior; failing to conduct affairs with expected transparency; and subsequent scrutiny of responses once problems were known all reigned supreme over 2018-19. Responses and investigation-related interests are no doubt attributable to the national landscape and media coverage of several high profile events. From privacy of personal information in the social media space to delayed, insufficient or clandestine investigative actions and reports, ethics-related concerns remained in the main stream spotlight year round.

Focusing on building (or preserving) a respectful workplace dominated professional association training offerings, publications and messaging while also covering civility and its place in workspaces. In fact, research has shown that in comparison to the world's turmoil, employees now see their workspaces as civil respites. Additionally, and in great news for VCU in particular, the more diverse a workspace is, the more civil it tends to be. Research from the 2018 "Civility in America: At Work and In Our Public Squares" from Weber Shandwick, et.al..

Major data breaches continued at their usual frequent pace invoking cyber security, information ethics and other privacy-related concerns. More than 5 universities over this fiscal year reporting major data breaches, not all of whom were medical center affiliated. VCU's breaches increased in reporting due to intentional awareness efforts but remained steady in reporting qualified cases to Health and Human Services' Office of Civil of Civil Rights.

In particular to higher education, reporting and response around high profile unethical admissions practices, faulty campus leaders and relationship transparency – especially the U.S. government's interest in dealings with non-U.S. individuals and entities – also known as fruitful ground for potential conflicts of interest and commitment, all steadily remained in the headlines. Scrutiny from federal government's interest in improper foreign influence affords companies and universities, by way of Title IV funding conditions, alike the opportunity to assess commitments to relationship transparency and international activities. Efforts to update resources and bring awareness to this issue took place this year through a values and compliance focused group discussing all dynamics of this topic and maintaining VCU's global approach to supporting academic freedom.

In April, the Department of Justice released additional guidance related to evaluation considerations for ethics and compliance programs. This reinvigorated interest brought front and center in 2017 when DOJ released their *Evaluation of Corporate Compliance Programs* which highlighted considerations for establishing effectiveness. The 2019 additions focused on:

- autonomy and resources – specifically structure
- commitment by senior and middle management and what is tolerated, encouraged and impeded
- what persists in competing interests
- access and enforcement of policies, includes changes base on lessons learned
- risk tailored resource allocation
- form, content and effectiveness of training
- investigation process and response, includes qualifications to address, duration and monitoring, resources and tracking of results
- consistent use of incentives and disciplinary measures

- use of internal audit
- measuring the culture
- third party management, including tracking those screened out or terminated

all of which are solid considerations for meeting the expectations of an effective program. This was good timing for VCU as the third party review of the ethics and compliance program's effectiveness review had just concluded and offered additional information for comparisons. See the [Effectiveness Review and Effectiveness Statement sections](#) in this report as well as the [full report from Ethisphere](#).

Closer to Home: Inside VCU

However, even with the increased attention on the national scale and the varied regulatory compliance requirements, and uncontrollable external influences, VCU's Culture Survey outputs and the conclusions drawn from the Reported Concerns Data remain steady and positive. VCU continues to assess and improve practices for a stronger values based culture of ethics and compliance.

The inaugural program design and effectiveness review concluded with overwhelmingly positive results, especially considering allocation of available resources. VCU's ethics and compliance program compares favorably to the 2018 world's most ethical companies honorees in the following categories:

- Board reporting and strong Board interactions
- Board member involvement with personnel matters of the position with overall responsibility of the program, the Executive Director for Audit and Compliance Services (includes hiring, evaluation, compensation and termination)
- Time devotion (100%) to position for person in oversight role for the program, University Chief Ethics and Compliance Officer
- Coverage of topics regularly discussed in internal ethics and compliance committee meetings
- Culture Assessment: All employees are surveyed and sufficiency of topics covered
- Policy distribution and coverage by risk topic
- Maintaining a documented ethics and compliance plan
- Making reporting metrics broadly available

An assessment of all required policies and training, needs around interest disclosure and collaborative activities and practices, preparations for the upcoming Commission on Colleges of the Southern Association of Colleges and Schools 5th year review, shifting the affirmative action plan approach and improving web accessibility required much effort on the part of compliance partners this year.

After an assessment of data points, VCU has a few all time record highs supporting the following statements:

- completion rate for required trainings of all employees – at 90% overall and 99% for core employees (sans part time and student workers)
- over 400 reported concerns and, more often than not, reported directly to the appropriate office with expertise, or if through the Helpline were re-routed within 1 business day almost 100% of the time
- the substantiation rate is at an all-time high at 66% for substantiated and at 72% when including partially substantiated outcomes

- the anonymity rate when reporting misconduct remains consistently low compared to industry peers and this year was a record low for VCU at 10% of reporters remaining anonymous
- all conflicts of interest inquiries were in a proactive capacity seeking permission to move ahead with transactions

These new records demonstrate continuing a strongly positive status and improvement within VCU's already existing Speak-Up-Listen-Up culture. This is further supported by the details in the [Reported Concerns Analytics and Benchmarks](#) section that support a narrative of effective training. Training is an opportunity to bring clarity for VCU's expectations and enhance accuracy in issue spotting. These outcomes may also indicate increased trust in VCU's approach to organizational justice, specifically the areas of interactional and procedural justice.

These are the selected highlights for a year in review, it is not practically feasible to cover all contributions and accomplishments in an introduction or within a single report. The remainder of this report covers more detail as to specific topics and impacts on VCU for FY19. Please share comments or questions with the Executive Director of Audit and Compliance Services, or the University's Chief Ethics and Compliance Officer, or ucompliance@vcu.edu.

Reported Concerns Analytics and Benchmarks

Overall, the number of reports to, and utilization of, all trusted advisors continues to increase steadily. The university's ethics and compliance partners received and managed 416 reports; an increase of 14% over FY 2018. Time to reach final outcome improved across units and at the close of the fiscal year, only 37 reported concerns remained open; a decrease of 38% from 60 open cases in FY2018. The time to reach final outcome for pending matters will continue to receive more frequent monitoring and root cause analysis to understand and mitigate excessive delay in resolution.

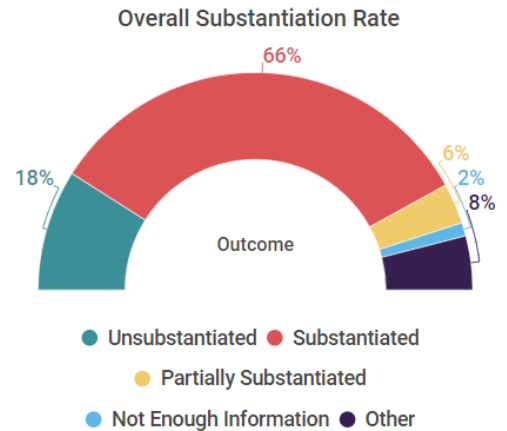
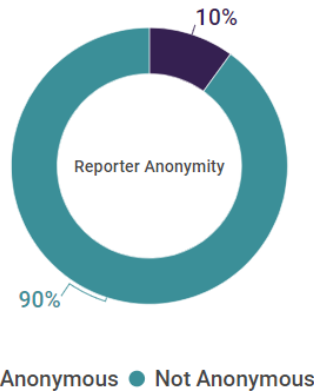
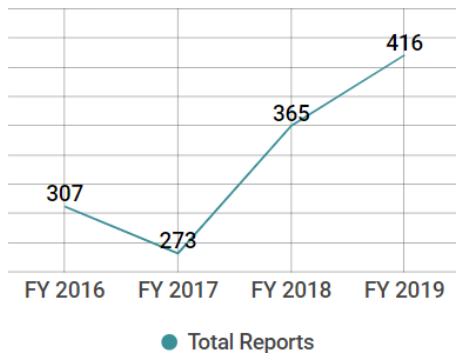
Breakdown of Reports to All Trusted Advisors Based on Independence

Fiscal Year	FY2016	FY2017	FY2018	FY2019
Reports to Independent Option – <i>ICO</i>	91	81	62	84
Reports to Independent Option – <i>Internal Audit</i>	24	7	11	6
Reports to Management Option – <i>Compliance Partners</i>	192	185	292	326
Total Reports	307	273	365	416
% Reported to Audit and Compliance Services – <i>independent Option</i>	37%	32%	20%	22%

Reported Concerns



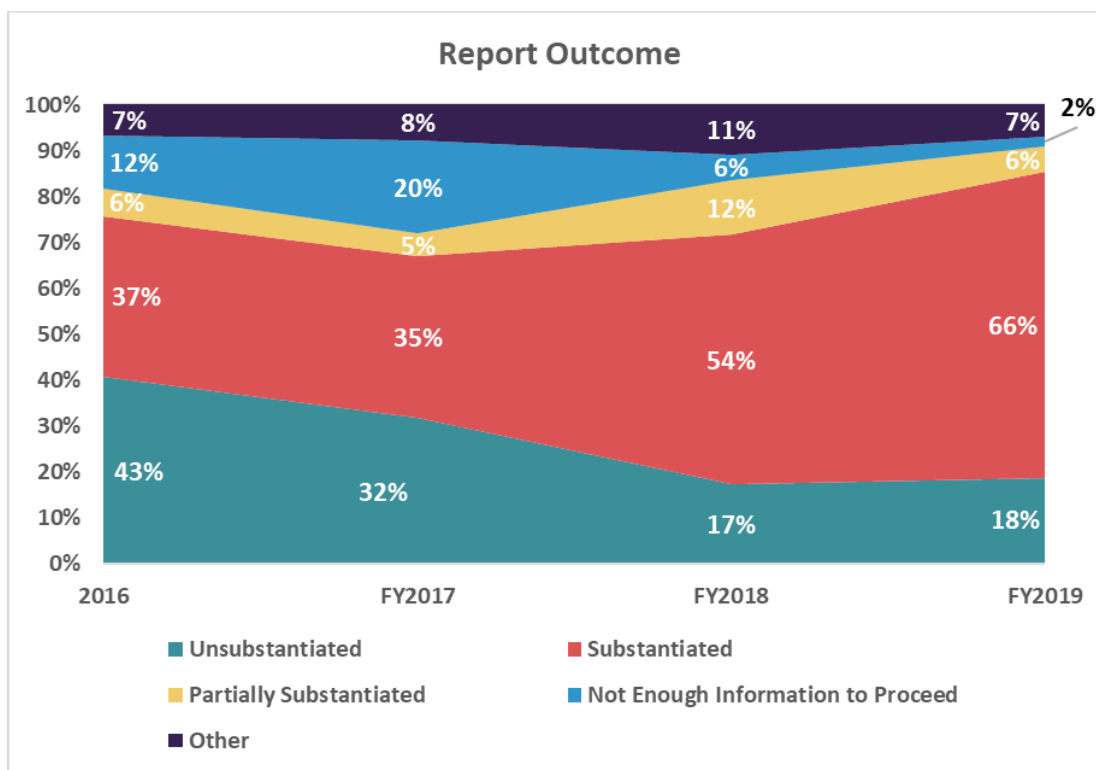
Number of Reported Concerns by Fiscal Year



Continued increase in reports to Human Resources is likely due, in part, to enhancements in data tracking, including utilization of a universitywide issues and events management e-solution along with increased staffing. The increase in reports to the Integrity and Compliance Office is likely driven by a 43% increase in reports to the VCU Helpline which may be indicative of a decrease in employee willingness to report concerns to central offices. The 2019 *Ethical Culture and Perceptions Survey* identified that employees were less comfortable reporting concerns to their managers than in the 2017 survey. Additionally, the survey identified employees were most confident they would be protected from retaliation if reporting through the VCU Helpline.

The substantiation rate continues to rise and is at an all-time high of 72%. This rate is also significantly higher than a 2019 report on national benchmarks from an industry leading vendor **and** the previously established VCU benchmark. Higher substantiation rates may indicate employees are well informed about university expectations and are empowered to speak up when those expectations are not being met. It additionally points to effective investigative procedures.¹ There was a notable decrease in report outcomes of “Not Enough Information” and “Other.” This may be attributed to a decrease in anonymous reporting which allowed compliance partners to engage with reporters and gather sufficient information in order to make a resolution determination.

¹ Penman, Carrie; 2018 *Ethics and Compliance Hotline and Incident Management Benchmark Report* Navex Global



Consistent with VCU's prior data and national trends, allegations classified as Human Resource-related remain steady and represent the largest volume of these reported concerns at 68%, with a 72% substantiation rate.

Allegations classified as equity-related topics saw a substantial decline in substantiation rate from 42% in FY 2018 to 17% in FY 2019. The 17% substantiation rate is more consistent with the university benchmark of 26% and the FY 2017 substantiation rate of 14%; therefore, it is likely that the FY 2018 rate is abnormally high.

For allegations classified as financial-related, there was a substantial increase in substantiation rate to 91%, well above the university benchmark of 49%. This may be attributed to increased awareness of financial policies and procedures and increased internal process monitoring.

The university exceeded ethics and compliance industry benchmarks for per capita reports of

FY 2019 TOP 10 PRIMARY ISSUE TYPES REPORTED

Employee Relations [163]

Ethics Violation [88]

Discrimination based on Protected Class [31]

Waste, Misuse or Theft of Resources [23]

Academic Concerns [18]

Sexual Misconduct [15]

Health or Safety/Security Concerns [14]

Abuse of Power, Authority or Control [11]

NCAA Violations [11]

HIPAA Compliance [6]

concern, demonstrating a university environment that supports a speak-up culture and providing increased visibility of issues and events in order to identify patterns and practices of unethical conduct. This is additionally supported by VCU's 2019 Ethical Culture and Perceptions Assessment, wherein 79% of respondents stated they were comfortable reporting incidents or concerns of noncompliance directly to their supervisor.

Metric	2019 Navex Global Survey	VCU Internal Benchmark	FY 2019 Data
Cases per 100 employees	1.4 (Median)	2.72	3.57
Anonymous Reports	57%	17%	10%
Direct Contact Reports vs Helpline Reports	38%	78%	82%
Substantiation Rate	42%	51%	72%
Most Common Allegation Type	Human Resources – 70%	Human Resources – 64%	Human Resources – 69%
Concerns of Retaliation	1.18%	7%	3%

Benchmarking Note: Metrics collected are presented in comparison with a university benchmark for the respective metric. The university benchmark is calculated using the average from all available data from FY 2016 through FY 2018. Metrics are additionally compared to Ethics and Compliance Industry benchmarks collected and analyzed by Navex Global in the *2019 Ethics and Compliance Hotline and Incident Management Benchmark Report*. A planned enhancement for FY 2020 is to benchmark the university's data against a more current timeframe and specific educational industry peers through use of a software enhancement to the current case management electronic system.

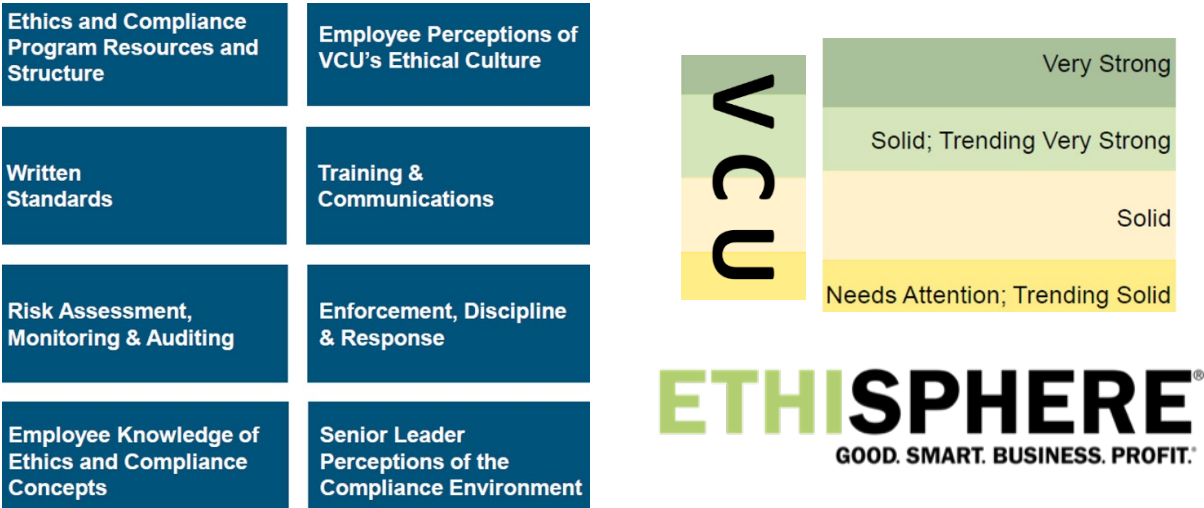
Ongoing Risk Assessment Update

Effectiveness Review

Programs unable to demonstrate effectiveness are not given full credit by the federal government during inquiries, investigations, or proactive self-reporting when misconduct is suspected or found. The goal of a program is to demonstrate effectiveness in order to receive favorable interactions or a reduction in culpability score for the organization should misconduct be found. For this reason, it is critical that programs undergo periodic assessments of program design and function.

This year involved VCU's first external review by Ethisphere, an independent third party leader in the space of assessing effectiveness of Ethics and Compliance Programs and Program Design across industries. Year's prior included self-assessments. This review concluded in March and with several accolades and areas for needed improvement, mainly in the communication and training of management

personnel and design areas, noted, the overall result was favorable. Additional details are provided in the [Year in Review: Closer to Home, Inside VCU section](#) and additional context for the importance placed on effectiveness in the Effectiveness Statement section. The full report is available [here](#).



These results, response plan and progress was and continues to be reported on to the Board of Visitors in fulfilling their governance role as to the progress of the program and the organizations commitment to the support and progress of the program.

Non Routine Government Reviews

This section highlights significant government reviews conducted; the results of the reviews; and university remediation plans to prevent recurrence of any identified issues where applicable. This does not include accreditation activities. Monitoring external state or federal agency inquiry, review, investigation, or audit activities and facilitating a unified and appropriate response to external agency requests is always of high priority. No fines, debarments or resolution agreements were levied or agreed to this year.



This year, the State Department issued their findings related to a proactive inquiry centered on Exchange Visitor Programs. This onsite, multi-day, visit with regulators included employee interviews and an intensive document collection, production and review.

The regulators noted existence of both timely processing of visa transaction work and some training and communication efforts; however, notes as to screening and application documentation; other facilitations around approvals and decision making authority for involved offices leave opportunity for improvement. The enforcement of the revised *Delegated Signatory Authority* policy and the policies applicable to the Global Education Office combined with

transactional work of centralized and decentralized Human Resources personnel will align to address the regulators recommendations.



Additionally, this year required a significant effort prioritization to make accessible all public facing web content, in particular main or predominant web pages and publications, prompted by a complaint filed through the Department of Education's Office for Civil Rights. VCU was among hundreds of universities who received similar complaints and after demonstrating significant compliance progress has now received a favorable review from

OCR. An electronic accessibility coordinator is now housed in Information Technology to regularly monitor efforts universitywide and to assist with demonstrating progress.

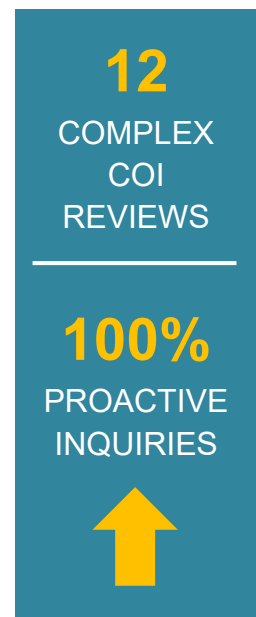
Conflict of Interest and Commitment

Relationship and transaction transparency and the issues that result from undisclosed or disclosed interests but unmanaged conflicts have always provided attention grabbing headlines in government, private sector and academia. In this age of interconnectedness, immediacy, on-demand information and expected transparency, public scrutiny remains intense alongside expectations for greater monitoring and accountability.

For this reason, a standalone Conflicts of Interest (COI) training course was developed and a web-based disclosure tool was purchased and configured with a custom questionnaire to help ensure a workplace free from unmitigated conflict, bias or improper influence. For relevancy and custom application, these projects were also informed by recent survey testing for awareness and compliance with existing policy relating to outside professional activities. Pilots of the course and disclosure tool have been conducted in accordance with the conflict review protocol and universitywide policy draft permitting best practices assessment and further refinement for the universitywide program.

COI-related inquiries directed to the ICO continue to rise in complexity year over year; however, this is the first year that inquiries were *all* proactive rather than post commitment or post transaction. Individuals are looking for assessment tools, reporting forms and guidance. This shift toward permissiveness indicates that awareness and understanding of COI matters has reached a maturity point.

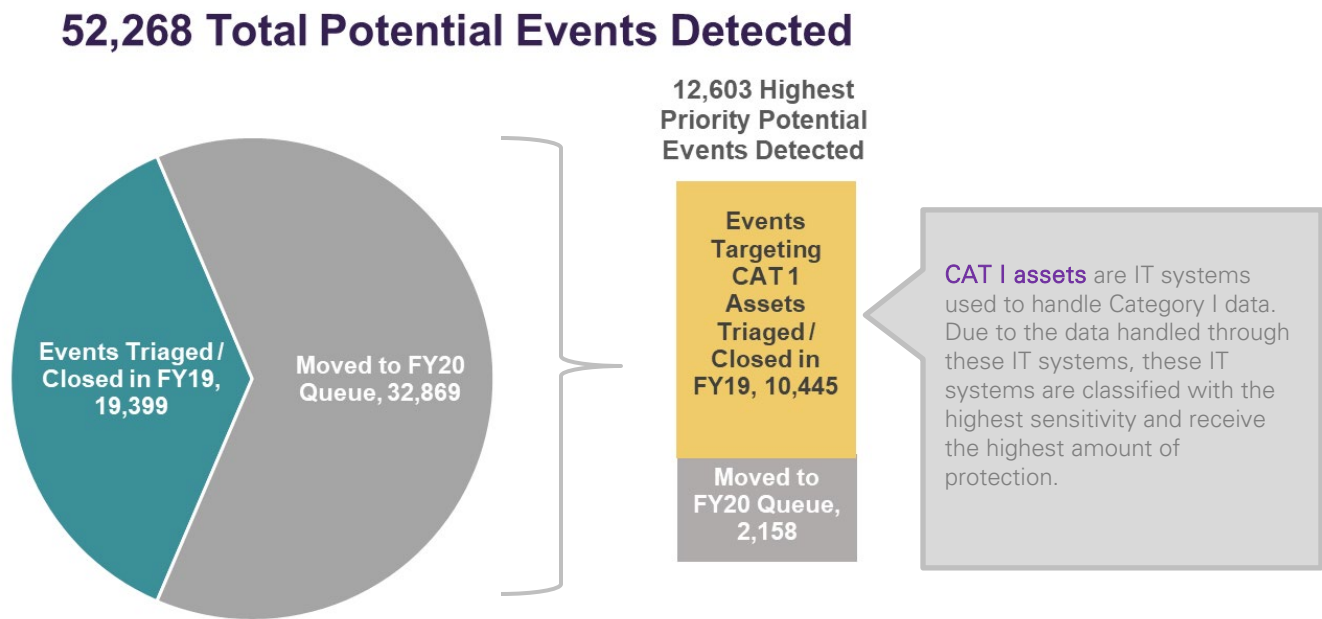
Operational units also assessing disclosures for conflict management in this space are Athletics and Research. This year, Athletics NCAA-required processes have been reconciled into the universitywide electronic solution for centralized coordination and independent oversight. Research-specific practices have been fully intact and operational by research expertise for years. This past fiscal year, matters were as expected with no atypical occurrences or notable changes.



Information Security

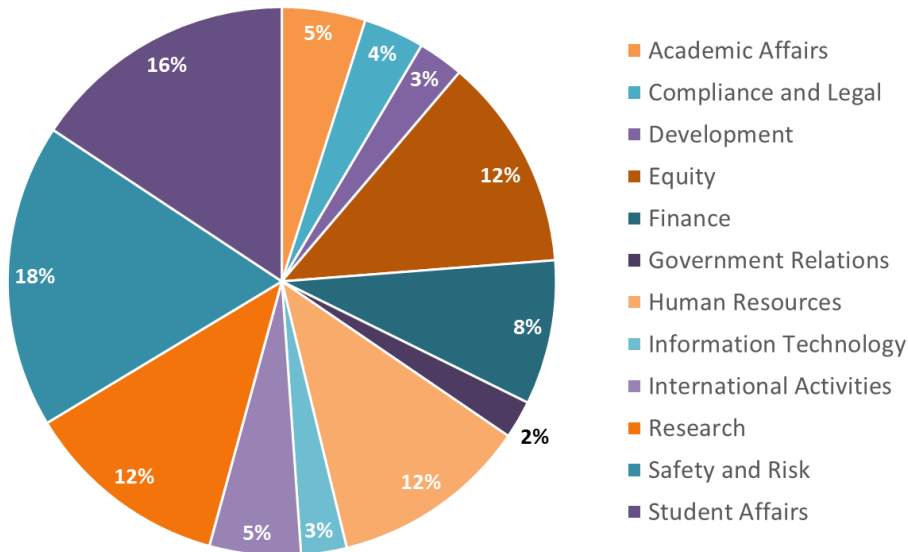
The Office of Information Security with Technology Services attained an 86% completion rate for annual training in FY 2019; a slight decrease from 89% in FY 2018, which was an all-time high. Notably, events triaged went down by 46%; largely as a result of staff vacancies throughout the year. Despite the personnel vacancies and a 55% increase in potential security events detected against Category I data, these high priority events are still being remediated timely, as evidence in the chart below. Additionally, the wide adoption and deployment of multifactor authentication is most likely the cause of a significant decrease in compromised accounts, down to six in FY2019 from 85 in FY 2018. The number of reported potential or actual data breaches increased 100% in FY 2019 to 14 largely due to human error.

FY 2019 Security Incident Response statistics:



Regulatory Reporting Monitoring

Federal Regulatory Responsibility by Topic



Full compliance was maintained without issue for all required reporting of data to federal agencies. Quarterly and monthly meetings with operational owners of compliance risks through the Compliance Advisory Committee and individual deeper assessments provide forums for communication of expectations and updates, data assessment and trend lines, inner network group discussions and support for day-to-day operations. Internal Audit is included in these meetings in an effort to inform overall strategy and scope for specific audits.

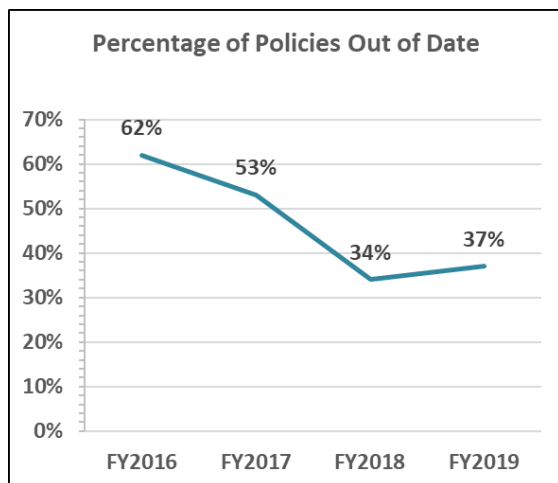


Universitywide Policies

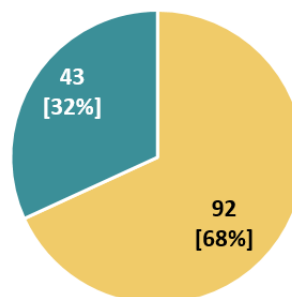
The Policy Program continued to make improvements in reviewing policies for accuracy and feasibility; streamlining content to reduce quantity and improve quality of existing policies. The program made improvements in educating and supporting the university community with the policy development and approval process. This resulted in increased collaboration between the Policy Program and the university community, leading to improved policy drafting, which contributes to clarity, comprehension and thereby, enhanced compliance. Finally, while a significant number of policies remain outdated, notwithstanding increased communication with associated respective policy owners, the number of policies being actively managed, or in development, within the outdated group has improved [29 out of 65].

The Top 5 downloaded policies in FY 2019 were:

- *Working at VCU Great Place Policies*
- *Sexual Misconduct/Violence and Sex/Gender Discrimination*
- *Faculty Promotion and Tenure Policies and Procedures*
- *Computer and Network Resources Use*
- *Outside Professional Activity, Consulting and Continuing Education Instruction for University and Academic Professionals and Classified Staff - Interim*

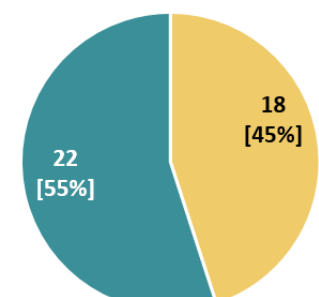


Administrative Policies



■ Current ■ Past Due

Board of Visitors Policies



■ Current ■ Past Due

Measuring the Culture: Ethical Culture & Perceptions Assessment

Since 2010, the Integrity and Compliance Office (ICO) has conducted a biennial culture survey assessing the university's employee community. Specifically measuring awareness of certain resources; perceptions of integrity and compliance in the workplace; and comfort level related to speaking up when clarity is needed or to raise a concern. The survey serves as one tool to measure the culture by identifying and measuring drivers of ethical conduct and opportunities to strengthen the culture and thereby the effectiveness of VCU's Ethics and Compliance Program. Noted throughout the [2019 Ethical Culture & Perceptions Assessment](#) are benchmark statistics from prior years and the Global Business Ethics Survey (GBES) — the leading longitudinal, cross-sectional study of workplace conduct from the employee's perspective — conducted by the Ethics & Compliance Initiative (ECI), released in 2018.

VCU's Culture Assessment report is organized into four main themes:

Awareness of the Program and Resources	Perceptions of Employees and Environment	Observing and Reporting Misconduct	Organizational Justice
<ul style="list-style-type: none">•Familiarity with ethics and compliance related resources•Familiarity with VCU's policies	<ul style="list-style-type: none">•Perceptions of ethical conduct in the workplace•Trust between managers and their employees	<ul style="list-style-type: none">•Comfort-level with raising concerns•Observation of misconduct•Reporting misconduct	<ul style="list-style-type: none">•Appropriate resolution and follow up•Perceptions of retaliation in response to voicing concerns

Despite a record low participation rate, results were consistently positive. This year all employee types, major budget units, campus locations and years of service are represented in this year's survey. Overall, the data shows that resources remain well-known and individuals continue to speak up and demonstrate the university's commitment to accountability.

Consistent with prior years, a generally healthy ethical environment is evident this cycle. It seems likely that regardless of record high or low participation, the responses do not significantly change given the respondent quantity. The representation from all employee groups provides some insight but will be compared to other recent, similar surveys and available data points to ensure a comprehensive approach to assessing culture measurements. This will provide a collaborative platform for further reflection.

Specifically, results indicate managers would likely benefit from increased training, especially related to handling reported concerns. Increased incentives to handle concerns appropriately (e.g., consideration for performance reviews, bonuses, promotion, etc.) are also recommended. Lastly, awareness levels around policies promoting anti-retaliation and civil, professional and ethical expectations indicate a need for more communication. While these topics continue to be addressed in annual training and other ICO awareness initiatives, messaging from direct managers and senior leadership members is needed to increase ethics outcomes (e.g., reporting of concerns, perceptions of retaliation, rates of misconduct, pressure to compromise standards).

Training and Education

This fiscal year, a comprehensive, proactive onboarding course for all new employees was implemented as a part of the larger Human Resources Onboarding Program. This ensures training within the first month, covering baseline expectations on:

- core values
- ethical decision-making
- university policies and other expectations
- reinforcement of selected topics
- policies based on institutional risk
- resources to achieve clarity
- a zero tolerance commitment to retaliation

This approach compliments the needed risk based approach for required annual training for all employees.



Figure 1: President Rao's video introduction to the refreshed Code of Conduct

This year, annual education took the form of an overview and acknowledgement of the refreshed Code of Conduct, which was revised to include more resources and tools for the covered topics and improved navigation. Completion rates rose to 90% overall and 99% for core employees, an all-time high.

Training for FY20 will continue with modern and evidence based research for effectiveness - including micro-learning and just-in-time messaging.

Effectiveness Statement

External third party review was noted prior in this report, in addition:

Maintaining an effective ethics and compliance program in an ever changing regulatory landscape, shifting societal norms, multigenerational workplaces, and the multifaceted social media driven environment, while facing competing interests with finite resources, challenges every organization. Program implementation requires:

- on demand information
- strategically placed incremental training reminders
- continual and ongoing risk assessment
- interdisciplinary and enterprise-wide collaborations
- transparent and timely communications with key stakeholders
- risk-based decision making

Supporting an approach based in regulatory and industry best practice, permitting dedicated expert resources to systematically translate obligations and expectations into appropriate actions that drive positive outcomes, requires sustained commitment to integrity and accountability at the highest levels.

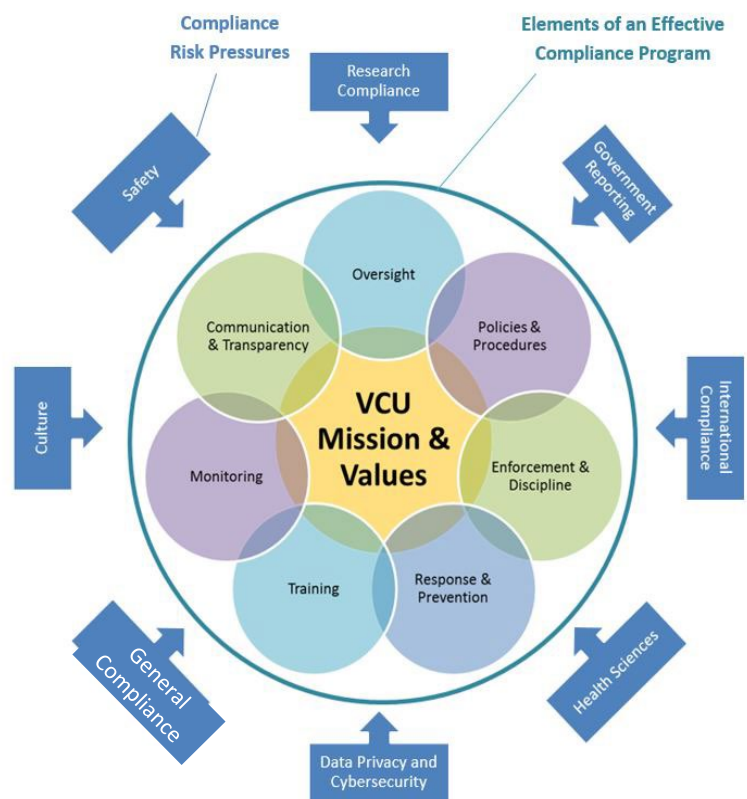
Apart from the challenges organizations of similar scope and complexity experience, (generally relating to communication, documentation and accountability) no newly discovered patterns or practices of systemic misconduct have been identified this fiscal year. However, further progress of ethics and compliance initiatives continues to be impacted by competing priorities of other areas and the exclusion of the function in strategic planning and incident response.

Overall, the Ethics and Compliance Program continues to operate from a position of strength in:

- supporting creation and maintenance of clear expectations;
- supplying reporting mechanisms to identify perceived or actual misconduct;
- ensuring resources are dedicated to assist with appropriate responses to misconduct with an aim to prevent recurrence when identified; and
- reporting to the governing authority on matters of progress and of concern.

Additionally, the network of trusted advisors, known as compliance partners, and the continued commitment by Compliance Advisory Committee members adds to the strength of VCU's capacity for ethics and compliance program effectiveness.

The role of management to enforce expectations and set the tone at the top of integrity in all operations remains critical. These efforts ultimately combine to increase value to VCU as it strives to meet its mission of excellence and in upholding the public's trust. Industry benchmarks continue to identify that changes bring pressures and an increase in pressures require deliberate diligence in supplying messaging around values. With increasing pressures (e.g.; regulatory and public demands), an effective program with solid foundational elements will continue to require deliberate design, formal structure and the time and the agility to respond to changing demands whether from industry, regulation, or specific to the needs of VCU.



Student and Employee Ethics and Compliance Areas – Select Highlights

A growing trend in higher education is the evolution from an employee-centric approach to one in which includes students. Both intentional messaging to the student population and relevant data points are also included in assessing the effectiveness for ethics and compliance programs. With this in mind, notable statistics from the Office for Student Conduct and Academic Integrity (OSCAI) within the Division of Student Affairs and the Health Science's Division for Academic Success (comprised of Student Academic Support Services and Disability Support Services) are included below. Once a university benchmark is established, these data points will be integrated into the traditionally reported data points and benchmarked as part of standardization of ethics and compliance efforts.

Additionally, selected areas with marked increase in demand and accomplishment are included

Student Conduct and Academic Integrity

Of the reports made to Student Conduct and Academic Integrity, 72% were substantiated. (Note: 46 cases remain open as of August 5, 2019) All reports were made directly to the office with 89% reported by faculty and 11% reported by students or on behalf of university offices. The substantiation rate represents the OSCAI finding of “responsible” for the misconduct. This is consistent with the prior year’s data. In 17% of cases, the subject was found to be “not responsible.”

Reports related to academic integrity

Academic Integrity is defined by the *Honor System* policy to mean: Plagiarism; Cheating; Lying; Stealing; and Facilitation.



414

Reports of misconduct
(total student population of 31,000)



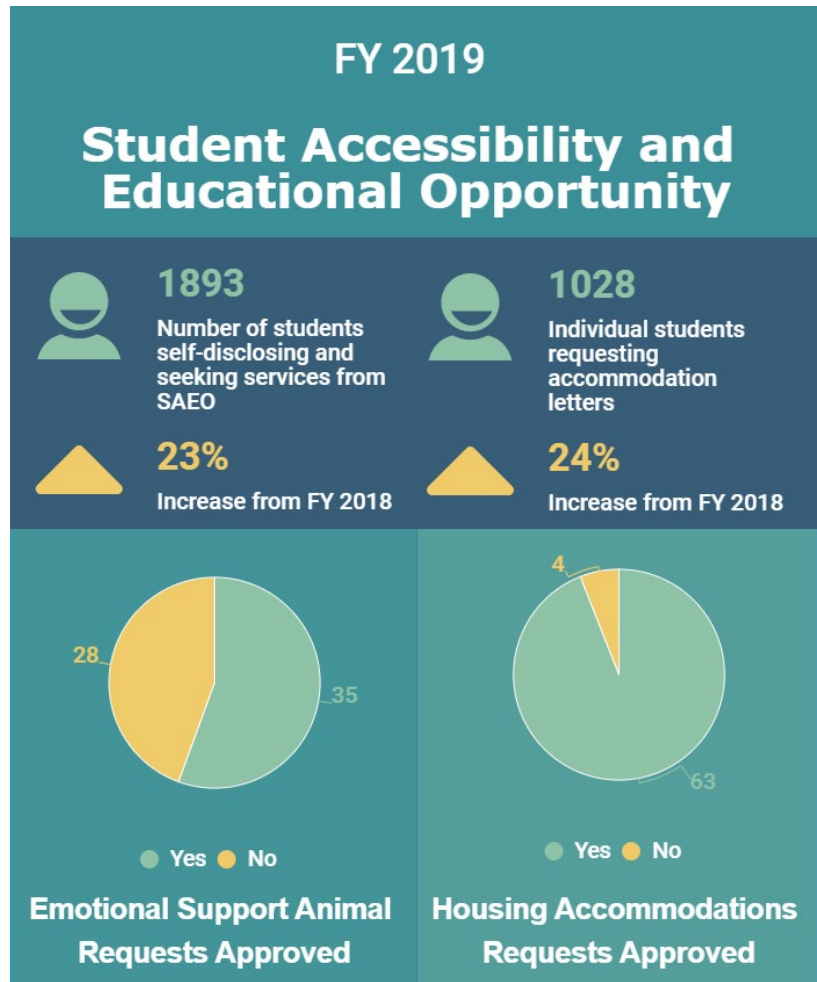
7%

Decrease from FY 2018

Student Accessibility and Accommodations

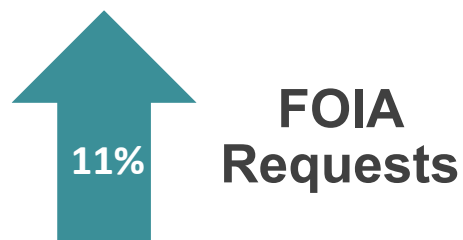
The Student Accessibility and Educational Opportunity (SAEO) Office on the Monroe Park Campus and the Division for Academic Success (DAS) on the Health Sciences Campus work together to provide equal access to the university's educational programming and activities to students with disabilities. SAEO is a resource for the Monroe Park Campus for individuals with disabilities requesting reasonable accommodations to receive services and obtain the protection of Section 504 of the Americans with Disabilities Act. DAS also provides disability support services and academic support services to students on the Health Sciences Campus.

On the Health Sciences Campus, DAS enhanced the student database to gather information to ensure students seeking services understand the accommodations process and are aware of the technical standards for their programs. DAS conducted a survey open to 1,472 students with disclosed disabilities (251 responded) on barriers to disclosing. Results showed that the top two reasons students were reluctant to disclose having a disability was 1.) fear of being negatively labeled; and 2.) the competitive nature of the programs. DAS is reviewing ways to offer disability awareness training to faculty, staff and students to educate on with these impressions.



Virginia's Freedom of Information Act (FOIA)

Over the last few years, implementing FOIA training has resulted in a more educated population with better coordinated institutional responses. Responses have reached a maturity point wherein disclosing necessary information with minimal redactions helps fortify VCU's commitment to transparency in all dealings. As a public



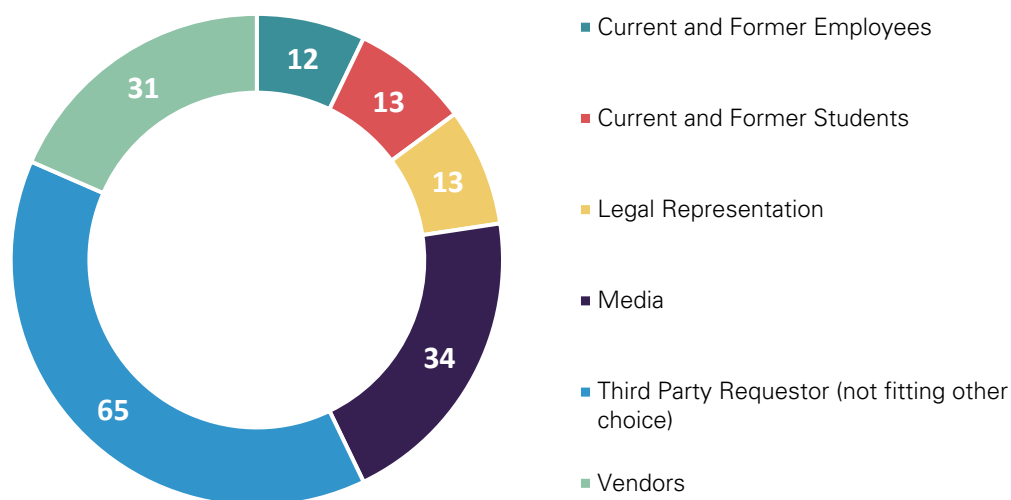
state agency, VCU has 5 days to respond to all FOIA requests.

This year, the 11% increase translates to 168 requests typically covering - procurement and athletic department contracts; employee salary data; employee hiring and recruitment; administrative investigation results; parking, transportation and GRTC; and student demographics.

Trends in the use of the Act

1. Significant increase in journalist/media requests – almost double the number of requests in FY 2019 as compared to FY 2018
2. Slight increase in requests from political consultants requesting information on individual employees
3. Requests for contracts or documents related to donations and funding attributed to increased interest in influence of foreign donors on higher education in the US

FOIA Requesting Parties



International Activities: Export Controls and Foreign Corrupt Practices Act (FCPA)

The Office of Research and Innovation provides universitywide export compliance support and optional FCPA training for the university. Placement of proactive messaging provides timely information as to resources, travel warnings, recommended safety precautions and identifies online resources, on-demand information and an optional, no cost, clean lap-top loaner program.

Individuals traveling to destinations that have US sanctions or other export restrictions are deemed high risk and receive customized guidance on compliance requirements. This year saw an 18% decrease over the prior year with 267 individuals deemed high risk travelers. Another 822 travelers were deemed low risk travelers.

Additional compliance review, screening, and training efforts included:

- 421 export controls based reviews via Sponsored Programs Checkpoints
- 178 visa reviews prior to hire
 - 79 for H1-B visas for employees
 - 99 for J1 visas for post docs
- 3 Travel Training Sessions held
- 8 active Technology Control Plans – an all-time high, demonstrative of the university’s complex and strictly regulated research
- 3722 restricted party screenings performed universitywide
 - 370 performed by the Export Controls Office

Appendix A

Definitions for Report Outcome Classification

A report is classified as **Substantiated** when, after inquiry or investigation, violations of expectations, policy, regulation, or law are found. When this occurs, the ICO is available to consult in the development of a corrective action plan for appropriate parties.

A report is classified as **Partially Substantiated** when, after inquiry or investigation, a violation of expectations, policy, regulation, or law is found but other allegations—or elements of an allegation—contained in the report were unsubstantiated. When this occurs, the ICO is available to consult in the development of a corrective action plan for appropriate parties.

A report is classified as **Unsubstantiated** when, after inquiry or investigation, no violations of expectations, policy, regulation, or law exist.

Reports that contain general questions rather than concerns or specific allegations; are not related to current VCU employees or during employment with VCU; or include allegations later withdrawn by the reporter and ICO determines that no further investigation is necessary are classified as **Other**.

Reports that contain insufficient information to proceed with additional inquiry or investigation are classified as **Not Enough Information**.



Board of Visitors
Audit, Integrity and Compliance Committee
September 13, 2019



VCU

Agenda

1. Call to Order
2. Approval of Agenda
3. Approval of Minutes (May 10, 2019)
4. Audit and Compliance Services (ACS) Charter
5. Report from the Executive Director of ACS
6. Enterprise Risk Management (ERM) Update
7. Integrity & Compliance Annual Report FY 2019

Item 2 – Approval of Agenda

- Audit, Integrity and Compliance Committee Meeting September 13, 2019
- Motion to approve the agenda

Item 3 – Approval of Minutes

- Audit, Integrity and Compliance Committee Meeting held on May 10, 2019
- Motion to approve the Minutes

Item 4 – Audit & Compliance Services Charter

- Annual update and approval required
- Charter authorizes the university's internal audit and ethics & compliance programs
- No updates needed at this time
- Motion to approve the ACS charter

Item 5a – Committee Dashboard Measures

- Data Governance Program
- Data Security
- ERM Mitigation Plans
- Planned Audits
- Planned Special Projects
- Ethics and Compliance Program Oversight

Item 5b – ACS Staff Credentials & Budget

Annual report on credentials and budget

- Required by the committee charter
- 92% (12 of 13) have advanced degrees and/or industry certifications
- Budget stable except for additional 4% General Assembly approved merit increase

Item 5b – ACS Staff Credentials & Budget

Key Budget Items:

	<u>Audit</u>	<u>Ethics & Compliance</u>
Total Personnel Costs	\$1,214,806	\$482,759
Office Expenses	<u>90,000</u>	<u>52,781</u>
Total Budget	<u>\$1,304,806</u>	<u>\$535,540</u>

Funding for staff of 9 Audit & 4 Compliance FTE

Item 5c – ACS FY20 Goals

Departmental

- Complete work plan and initiatives
- Respond timely to requests and concerns
- Mature the compliance program

Audit and Management Services

- Receive favorable external quality assessment - Fall 2019
- Increase use of data analytics
- Perform more enterprisewide audits
- Adopt a responsive risk model
- Incorporate ERM controls testing

Integrity and Compliance Services

- Formalize the Ethics and Compliance program
- Address program effectiveness review recommendations

Item 5d – Audit Survey Results

- Evaluates performance in 12 specific areas
- Results returned to Executive Director
- Follow-up actions taken based on results
- Annual results provided to the committee
 - 8 departments returned surveys
 - Average score for all areas – 3.45 (scale of 4)
(3.74 in FY18)

Item 5e – Audit Work Plan Status

- Two FY19 planned audits carried forward & in progress
- Three FY20 risk-based audits in progress
- Review of President's FY19 discretionary accounts underway
- Seven special projects in progress

Item 5f – Audit Reports for Information

Audit objectives were met for the following reports and there were no Board level findings:

- Consolidated Audit of Cardiology
- Student Fees
- NCAA Compliance Review
- Network Management Controls

Item 5g – E&C Effectiveness Report Response Plan

- Response Plan in materials
- Each recommendation addressed
 - Prioritized based on risk, impact, return on effort and resources
- Committee discussion regarding changes or reprioritization of choices

Item 6 - Enterprise Risk Management (ERM)



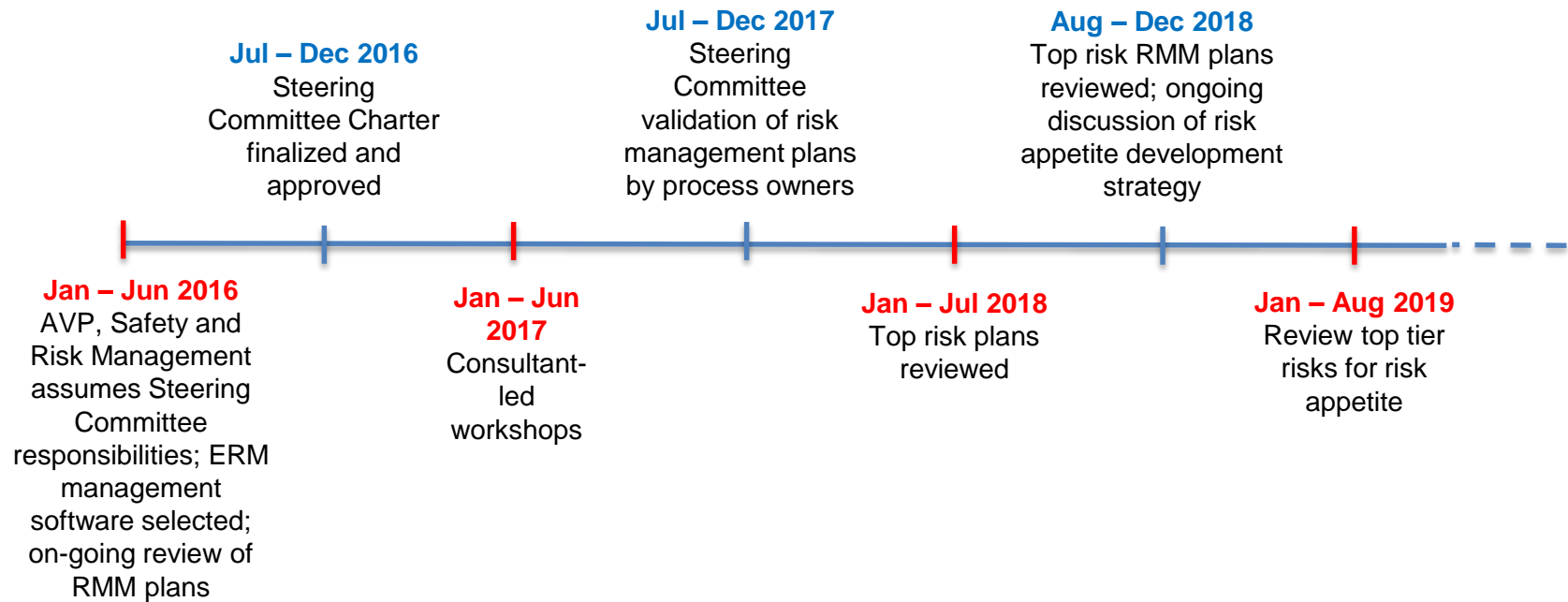
Tom Briggs

Associate VP

Safety and Risk Management

Item 6 - Enterprise Risk Management (ERM)

Timeline



Item 6 - Enterprise Risk Management (ERM)

Level	Description	Risk description
1	Insignificant	<p>No impact on reputation.</p> <p>No potential impact on enrollment/market share.</p> <p>No potential impact on the retention/recruitment of faculty.</p> <p>No potential impact on overall research funding.</p> <p>Responsibility of junior management and staff to resolve.</p>
2	Minor	<p>Consequences can be absorbed under normal operating conditions.</p> <p>Local impact on reputation.</p> <p>Potential negative impact on image, enrollment.</p> <p>Potential negative impact on retention/recruitment of faculty.</p> <p>Little impact on overall research funding.</p> <p>Responsibility of middle management to resolve.</p>
3	Moderate	<p>State-wide impact on reputation.</p> <p>Enrollment of students or image will be affected in the short-term.</p> <p>Recruitment and retention of faculty will be affected in the short-term.</p> <p>Loss of research funding for X-X grantees.</p> <p>Responsibility of senior and middle management to resolve.</p>
4	Major	<p>Adverse impact on university reputation at the regional level.</p> <p>Accreditation is threatened.</p> <p>Long-term reduction in enrollment.</p> <p>Ability to retain and recruit faculty.</p> <p>Significant loss of research funding from multiple grantees resulting in curtailment of major sponsored programs.</p> <p>Responsibility of the Board and senior management to resolve.</p>
5	Critical	<p>Loss of accreditation.</p> <p>National / Global impact on reputation.</p> <p>Significant reduction in enrollment.</p> <p>Ability to retain and recruit faculty.</p> <p>Revocation of sponsored research funding across the institution.</p> <p>Responsibility of the Board and the President to resolve.</p>

Item 6 - Enterprise Risk Management (ERM)

Likelihood (of event occurrence)		Controls (status of current controls)		Onset (amount of time prior to impact occurring)	
1	= < 5%	1	<u>No</u> practical opportunity for improvement	1	Very slow, > 1 year
2	= 6-35%	2	<u>Very little</u> practical opportunity for improvement	2	Gradual; between 6 and 12 months
3	= 36-65%	3	<u>Some</u> practical opportunity for improvement	3	Moderate; 3-6 months to impact
4	= 66 – 95%	4	<u>Much</u> practical opportunity for improvement	5	Rapid; little warning
5	> 95%	5	<u>Tremendous</u> practical opportunity for improvement	5	Immediate; no warning

Item 6 - Enterprise Risk Management (ERM)

Risk	Category	Score Rank	Risk Owner	Reviewed Date
Civil Rights Compliance	Compliance	1	Equity and Access (Office of the President)	13 August
IT System Availability and Info Security	Compliance	2 (T)	VP, Admin	12 Feb
Police	Operational	2 (T)	VP, Admin	13 August
Emergency Preparedness	Operational	4 (T)	VP, Admin	13 August
Safety and Risk Management	Operational	4 (T)	VP, Admin	12 Feb
Clinical Research Administration	Research	6	VP, Research	13 August
Institutional Compliance & Ethics Expertise Structure	Compliance	7 (T)	Executive Director, Audit & Compliance Services	TBD
Research Funding	Research	7 (T)	VP, Research	13 August
Academic Funding	Financial	7 (T)	VP, Finance and Budget	8 October
Strategic Plan Change Management	Strategic	7 (T)	Provost (Academic Affairs)	8 October
Student Affairs	Operational	7 (T)	Provost (Student Affairs)	11 June
Development and Alumni Support	Financial	7 (T)	VP, Development & Alumni Relations	8 October
Global Programs and International Issues	Operational	13 (T)	Provost (Academic Affairs)	11 June
Attract, Develop and Retain People	Operational	13 (T)	VP, Admin / Provost (Faculty Affairs)	TBD
Data Analytics & IT Functionality	Operational	15 (T)	Provost (Academic Affairs)/ VP, Admin	11 June
Transportation / Parking Incidents	Operational	15 (T)	VP, Admin	TBD
Enrollment Management	Operational	17 (T)	Provost (Academic Affairs)	11 June
Athletics	Operational	17 (T)	VP, Athletics	TBD
Facilities and Space	Strategic	17 (T)	VP, Admin	TBD

T – indicates a tie rank

Item 6 - Enterprise Risk Management (ERM)

ERM Steering Committee met with the Process Owners to evaluate the risk ranking and controls of the following identified risks in June and August of 2019:

- Global Programs and International Issues
- Data Analytics and IT Functionality
- Enrollment Management
- Accreditation (newly identified risk)
- Civil Rights Compliance (formerly Title IX)
- Clinical Research Administration

Item 6 - Enterprise Risk Management (ERM)

- Next Steering Committee meeting on October 9th to review the following:
 - Police and Emergency Preparedness
 - Academic Funding
- Operationalizing ERM

Item 6 - Enterprise Risk Management (ERM)

Discussion of Decentralized Operations

- Sub-risk 1: “Non-compliance with laws, regulations, policies and procedures, resulting in the loss of funding, fines, reputation, increased oversight”
- Migrated to Institutional Compliance and Ethics Expertise and Structure, 1st Risk consideration
- Sub-risk 2: “Wide range of compensation for similar duties resulting in market competitiveness and internal equity issues”
- Migrated to Attract, Develop and Retain People [Faculty and Staff] as sub-risk 6
- Sub-risk 3: “Inefficient use of resources”
- Closed: Determined not to be an enterprise risk

Item 7 – Integrity & Compliance FY19 Annual Report

- **National Scene** - E&C within Higher Education
- **Virginia Scene**
- **VCU's Scene** - Summary Report and Linked Materials
 - Assists with meeting obligations from Federal Sentencing Guidelines toward demonstrating an effective E&C program

The Governing Authority shall be knowledgeable of and exercise reasonable oversight with respect to the implementation and effectiveness of the ethics and compliance program.

The organization shall take reasonable steps to communicate... its standards and procedures and other aspects of the program to [the governing authority]...

416

Total number
reported concerns



14%

Universitywide
From FY 2018



25%

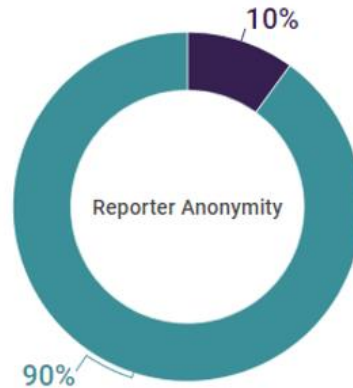
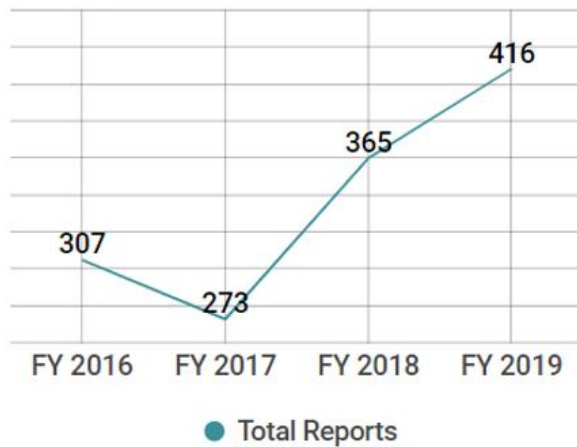
Reports to
Human
Resources



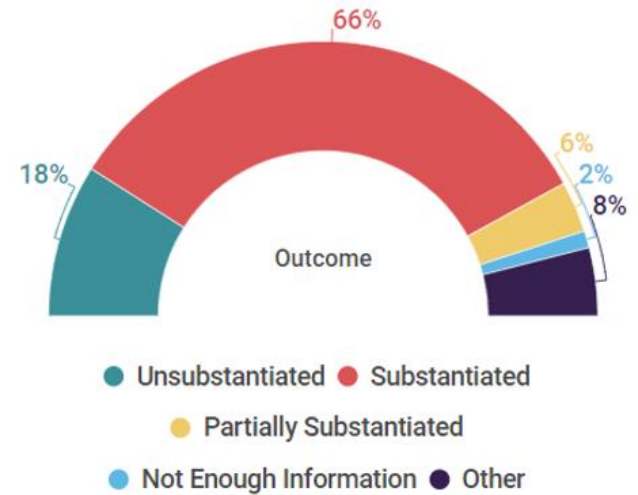
36%

Reports to
Integrity and
Compliance

Number of Reported
Concerns by Fiscal Year



Overall Substantiation Rate



FY 2019 TOP 10 PRIMARY ISSUE TYPES REPORTED



Employee Relations [163]

Ethics Violation [88]

Discrimination based on Protected Class [31]

Waste, Misuse or Theft of Resources [23]

Academic Concerns [18]

Sexual Misconduct [15]

Health or Safety/Security Concerns [14]

Abuse of Power, Authority or Control [11]

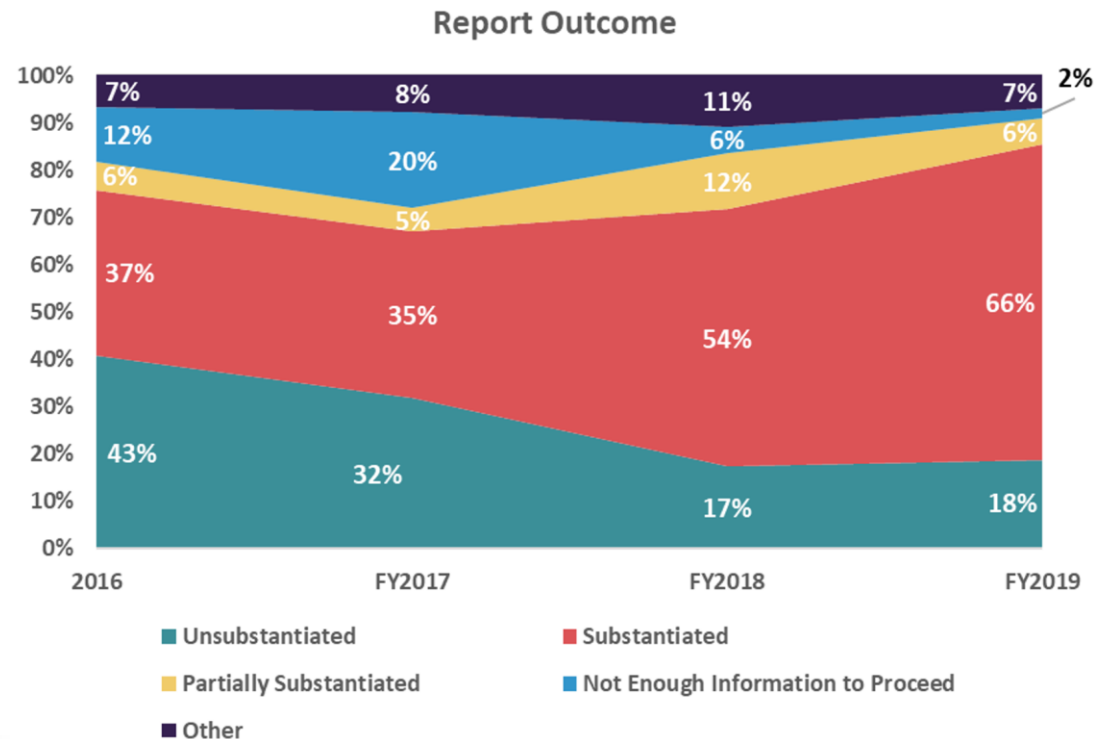
NCAA Violations [11]

HIPAA Compliance [6]

Breakdown of Reports to All Trusted Advisors Based on Independence

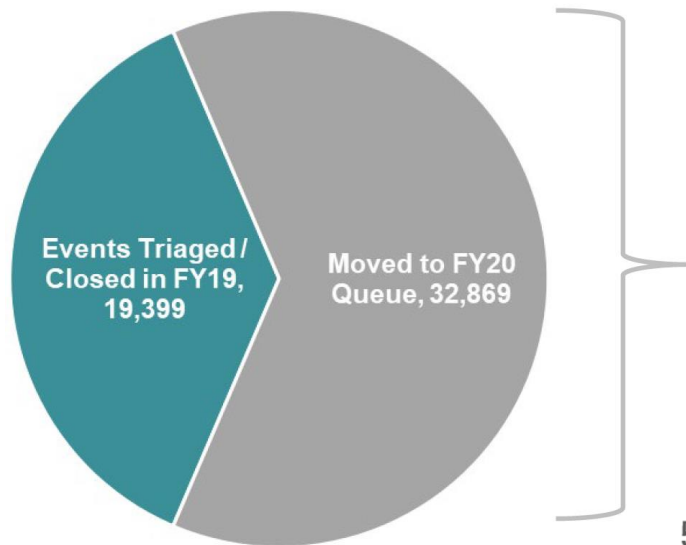
Fiscal Year	FY2016	FY2017	FY2018	FY2019
Reports to Independent Option – <i>ICO</i>	91	81	62	84
Reports to Independent Option – <i>Internal Audit</i>	24	7	11	6
Reports to Management Option – <i>Compliance Partners</i>	192	185	292	326
Total Reports	307	273	365	416
% Reported to <i>Audit and Compliance Services – independent Option</i>	37%	32%	20%	22%

**Oversight &
Independence
remain culturally
relevant**



Cybersecurity Risk and Data Breaches

52,268 Total Potential Events Detected

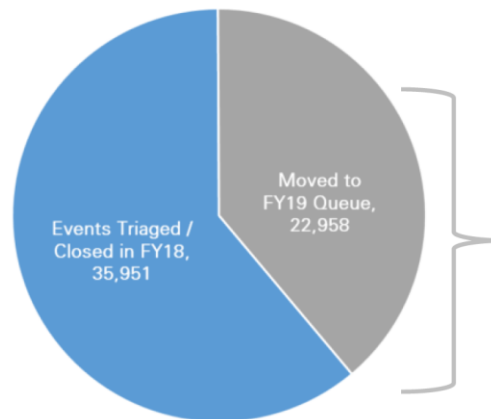


12,603 Highest Priority Potential Events Detected

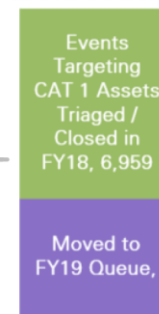


- 2019 comparison to 2018

58,909 Total Potential Events Detected



8,116 Highest Priority Potential Events Detected



CAT I assets are IT systems used to handle Category I data. Due to the data handled through these IT systems, these IT systems are classified with the highest sensitivity and receive the highest amount of protection.

Federal Reviews, Internal Early Warning System and Our Culture

**Accessible
Information**



**International
Activities**

Awareness of the Program and Resources

- Familiarity with ethics and compliance related resources
- Familiarity with VCU's policies

Perceptions of Employees and Environment

- Perceptions of ethical conduct in the workplace
- Trust between managers and their employees

Observing and Reporting Misconduct

- Comfort-level with raising concerns
- Observation of misconduct
- Reporting misconduct

Organizational Justice

- Appropriate resolution and follow up
- Perceptions of retaliation in response to voicing concerns

National Scene: New from the DOJ



GOVERNANCE
AND STRUCTURE



PROGRAM
OPERATIONS



INCIDENT
RESPONSE



Risk
Assessment



Policies and
Procedures



Training and
Communications



Confidential
Reporting Structure and
Investigation Process



Third Party
Management



Mergers and
Acquisitions



Commitment by Senior
and Middle Management



Autonomy and
Resources



Incentives and
Disciplinary Measures



Continuous Improvement,
Periodic Testing, and Review



Investigation
of Misconduct



Analysis and Remediation of
Underlying Misconduct

DOJ - More Specifically

- Autonomy and resources – specifically oversight, structure, **strategy and decision making inclusion**, reporting lines, outsourcing any compliance functions
- Senior and middle management commitment - **what is tolerated, encouraged and impeded**
- What persists in **competing interests**
- Access and enforcement of policies - **making changes based on lessons learned**
- **Risk tailored resource allocation**
- Form, content and effectiveness of training
- Investigation process and response - includes **qualifications to address, duration and monitoring, resources and tracking of results**
- Consistent use of incentives and disciplinary measures
- Use of internal audit
- Measuring the culture
- **Third party management**, including tracking those screened out or terminated

Closed Session

Item 8 - Closed Session Agenda

- A. Annual Review of Audit Recommendations Outstanding
- B. University Counsel Update

Item 8a - Annual Review of Outstanding Audit Recommendations

- No past due management level findings, meaning they have missed two deadlines to remediate the audit concern
- One past due Board level finding

Human Subject Research Data Security

- Three of four phases corrected
- Anticipate final phase completion by August 2019

Item 8c - University Counsel Update

- Litigation
- Other legal activities

Executive Session