VIRGINIA COMMONWEALTH UNIVERSITY
AUDIT, INTEGRITY AND COMPLIANCE COMMITTEE MEETING
7:45 A.M.
MAY 12, 2017
JAMES BRANCH CABELL LIBRARY
901 PARK AVENUE – ROOM 311
RICHMOND, VIRGINIA

AGENDA

1. **CALL TO ORDER**   **Mr. Steve Worley,** *Chair*

2. **APPROVAL OF MINUTES**   **Mr. Steve Worley,** *Chair*
   (MARCH 22, 2017)

3. **AUDITOR OF PUBLIC ACCOUNTS (APA) -**   **Ms. Karen Helderman,**
   ENTRANCE CONFERENCE FOR FY 2017 AUDIT   *Audit Director, APA*

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

5. **AUDIT, INTEGRITY AND COMPLIANCE**   **Mr. Bill Cole,** *Executive Director*
   COMMITTEE CHARTER AND MEETING   *Audit and Compliance Services*
   PLANNER ANNUAL UPDATE

6. **PROPOSED FY 2018 AUDIT WORK PLAN**   **Mr. Bill Cole,** *Executive Director*
      Audit and Compliance Services

7. **PROPOSED FY 2018 UNIVERSITY ETHICS**   **Ms. Jacqueline Kniska,**
   AND COMPLIANCE PROGRAM INITIATIVES   *Integrity and Compliance*
      Officer

8. **CULTURE SURVEY RESULTS**   **Ms. Jacqueline Kniska**
      Integrity and Compliance
      Officer

9. DATA GOVERNANCE UPDATE   **Ms. Kathleen Shaw,** *Vice Provost for Planning*

Mr. Alex Henson, *Chief Information Officer*

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

A. University Counsel Litigation Update   **Mr. Jake Belue,** *Interim University Counsel*

B. Audit Work Plan Status Report   **Mr. Bill Cole,** *Executive Director, Audit and Compliance Services*

EXECUTIVE SESSION

11. RETURN TO OPEN SESSION AND CERTIFICATION   **Mr. Steve Worley**, *Committee Chair*
   o Approval of Committee action on matters discussed in closed session, if necessary

12. ADJOURNMENT   **Mr. Steve Worley**, *Committee Chair*

APPROVAL OF MINUTES

VCU

VIRGINIA COMMONWEALTH UNIVERSITY

Board of Visitors
Audit, Integrity and Compliance Committee
7:45 a.m.
March 22, 2017
James Cabell Library
901 Park Avenue, Room 311, Richmond, Virginia

DRAFT

Minutes

COMMITTEE MEMBERS PRESENT

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

COMMITTEE MEMBERS ABSENT

Mr. Ronald McFarlane, Vice Chair
Rev. Tyrone Nelson

BOARD MEMBERS PRESENT

Mr. John A. Luke, Rector

OTHERS PRESENT

Mr. William H. Cole
Dr. Michael Rao, President
Ms. Madelyn F. Wessel
Staff from VCU and VCUHS

CALL TO ORDER

Mr. Steve L. Worley, Chair, called the meeting to order at 7:50 a.m.

APPROVAL OF MINUTES

Mr. Worley asked for a motion to approve the minutes of the December 9, 2016 meeting of the Audit, Integrity and Compliance Committee, as published. After motion duly made and seconded the Minutes of the December 9, 2016 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.

REPORTS AND RECOMMENDATIONS

Audit, Compliance, and Integrity Committee Dashboard Measures

Mr. Bill Cole, Executive Director of Audit and Compliance Services, reviewed the Committee Dashboard Measures. Mr. Alex Henson, Chief Information Officer, discussed current information technology security measures in place and planned activities related to the Data Security measure. Mr. Cole explained that the Compliance Oversight measure remains yellow and the Planned Audit Status had changed to yellow due to staff turnover causing a postponement for certain planned audits.

ERM Steering Committee Progress

Mr. Thomas Briggs, Assistant Vice President for Safety and Risk Management, highlighted current activities of the ERM program. The Safety and Risk Management Department, along with ERM consultants, have met with risk and process owners in January and March to determine current enterprise risks. These risks will be validated with the risk owners using the Origami system in April. The ERM findings will then be shared with the Steering Committee in May. Mr. Briggs indicated that he would be bringing the top risks of the university to the AIC committee in the next meeting.

Ethics and Compliance Education Update

Ms. Jacqueline Kniska, University Integrity & Compliance Officer, informed the committee of the successful completion rates for the 2016 annual Ethics and Compliance Education module to university team members. The completion rate reached 90% for all employees and 92% for core employees (which excludes part-time and student employees). Ms. Kniska showed the improvement over prior years for several subsets of the employee population. She discussed several contributing factors to the improvement this year.

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. Worley, Chair, called the meeting to order. On motion duly made and seconded the following resolution of certification was approved by a roll call vote:

Resolution of Certification

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

Vote	**Ayes**	**Nays**
Mr. Steve L. Worley, Chair	X	
Mr. Ben Dendy	X	
Dr. Robert Holsworth	X	
Mr. Keith Parker	X	
Dr. Carol Shapiro	X	
Mr. John Luke, Rector	X	

All members responding affirmatively, the motion was adopted.

ADJOURNMENT

There being no further business Mr. Worley, Chair, adjourned the meeting at 9:15 a.m.

AUDITOR OF PUBLIC ACCOUNTS (APA) - ENTRANCE CONFERENCE FOR FY 2017 AUDIT

Board of Visitors Executive Summary
May 2017

PRESENTATION TITLE: Auditor of Public Accounts (APA) Scope and Risk Discussion for the FY 2017 Audit	
Presenter Name and Title: Karen Helderman, APA Audit Director	
Responsible University Division: Audit and Compliance Services **BOV Committee:** Audit, Integrity, and Compliance Committee	
Quest Theme(s) and Goal(s) to be Addressed:	
Key Presentation Messages	1. The Auditor of Public Accounts is planning for the FY2017 audit of the university's financial statements. 2. The Audit Director will discuss the APA team, the timeline for completion, audit scope and objectives, and the terms of the engagement. 3. There will be a discussion of risk with committee members: - Any areas of fraud risk? - Any areas of institutional risk? - Any matters that the board believes should be considered in planning?
Governance Implications	Ensuring appropriate cooperation and coordination with the APA audit team
Governance Discussion Questions	1. Are there any risks in higher education that the APA is concerned with and will include in the scope of this engagement? 2. Do you consider the results of the ERM program in your planning process?
Next Steps for Management (Responsible Division Head; Timeframe for Action)	Timely responses to the APA requests for documentation and information.
Next Steps for Governance (Responsible Board Member; Timeframe for Action)	Progress reports on the audit engagement. Review of the final audit report.

Virginia Commonwealth University
Audit, Integrity and Compliance Committee
Entrance Conference Agenda
May 12, 2017

1. **Discussion of APA audit team and resources** –
   Project Manager – Karen Helderman, Director of IT Project Management Specialty Team
   In-Charge – David Rasnic, Audit Supervisor
   Information Security – Kristina Kemp and Goran Gustavvson

2. **Audit timing** – Our Office's work plan requires completion of the universities that are material to the Commonwealth's CAFR (UVA, VT, and VCU) during the fall of each year.

3. **Timeline of the audit completion** – We will begin control and transactional testing in the late spring and will complete substantive testing during the fall. We will also test the consolidation of the VCU Health System Authority and Foundation financial information as part of the University financial statement audit process. Our anticipated deadline is late-November 2016.

4. **Audit objectives** – Our main audit objective is to provide an opinion on the University's financial statements. More specifically, our audit objectives include:

   i. Ensuring the financial statements present fairly the financial position, the changes in financial position, and the cash flows for the period under examination in conformity accounting principles generally accepted in the United States;

   ii. Determining whether the University has adequate internal control over financial reporting sufficient to mitigate the risk of material misstatements; and,

   iii. Determining compliance with significant laws, grants, and provisions of grant agreements.

5. **Audit scope** – We do not review all transactions or accounts in detail. We use materiality to focus our work on those financial statement line items and those transactions that are material or significant to the University. We will also issue a report on internal controls and compliance that will include any findings or recommendations that we may issue. We last tested the University's student financial aid procedures during the fiscal year 2015 audit and will not test them again until the fiscal year 2018 audit. However, the University's research and development grants are in cycle to the Statewide Single Audit this year, so we will test as part of the audit. Finally, our office will complete agreed-upon procedures over VCU's NCAA program and issue a report that includes a schedule of financial activity related to intercollegiate athletics.

6. **Discussion of Risk with Board Members** – The APA encourages the Board of Visitors to provide input regarding the risks they perceive to the University in completing its mission. Board members can direct their questions and comments to the Audit Committee Chair or the Executive Audit Director, who will forward them to the APA Project Manager. During the audit we plan to communicate directly with the Audit Committee Chair to discuss the following:

- Any areas of fraud risk
- Any areas of institutional risk
- Any matters that the Board believes should be considered in planning

Terms of the Engagement

Responsibilities during the audit process:

➢ **The Auditor's (APA) Responsibilities**

Overall Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and standards for financial audits contained in the *Government Auditing Standards*. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Audit Procedures-General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable, rather than absolute assurance, about whether the financial statements are free of material misstatement whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*.

Audit Procedures-Internal Control and Compliance

Our audit will include obtaining an understanding of internal controls, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will

communicate in writing to management and those charged with governance any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Also, as part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants

<u>Those charged with governance</u>

We are responsible for communicating significant matters related to the financial statement audit that are, in the auditor's professional judgment, relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. GAAS do not require the auditor to design procedures for the purpose of identifying other matters to communicate with those charged with governance.

➢ **Management's Responsibilities –**

Our audit will be conducted on the basis that Management and those charged with governance **acknowledge and understand that they have the following responsibilities:**

- Preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America

- Design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

- Identify and ensure compliance with applicable laws, regulations, contracts, and grant agreements

- Informing the APA about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements

- Informing the APA of knowledge of any allegations of fraud or suspected fraud affecting the University received in communications from employees, former employees, regulators, or others

- Ensuring that management is reliable and financial information is reliable and properly recorded

- Making all financial records and related information available to the APA

- Providing the APA with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence

- Responding to audit findings and recommendations, as well as providing your planned corrective actions and the timing and format for providing that information

- Providing the APA at the end of the audit with a written letter confirming certain representations made during the audit
- Adjusting the financial statements to correct material misstatements and providing the APA with a representation that the effects of any uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole

➢ **Audit Committee**

- Communicate with APA about audit scope
- Communicate with management and internal audit regarding progress
- Receive reports and findings from management and external audit

Other Elements of the audit process:

Overall planned scope of the audit

➢ **Approach to internal control –** We review internal controls to identify those areas where we can replace substantive testing with transactional testing. We look for management to have written formal policies and procedures and check for the implementation of those procedures.

➢ **Concept of materiality** – We do not review all transactions or accounts in detail. We use materiality to focus our work on those financial statement line items and those transactions that are material or significant to the University.

Identification of potential fraud risks

➢ **Approach to fraud –** Most of our audit is focused on our opinion on the financial statements and materiality. Our primary interest related to fraud would be in how it may affect the financial statements and those controls that the financial statements rely upon. The audit is not designed to detect error or fraud that is immaterial to the financial statements. However, we review policies and procedures for fraud risk and may direct our testwork towards addressing fraud risk.

➢ **Responsibility for identifying fraud risks and fraud** – Auditing standards require us to assess fraud risk, interview management and staff about their knowledge of fraud and fraud risk, and review exceptions for indications of possible fraudulent transactions. Auditors should be looking for red flag fraud indicators. Even though government entities are not always profit oriented, the auditors remain vigilant about financial statement fraud.

Audit Reporting

We will issue a written report upon completion of our audit of the University's financial statements. We will make reference to the Component Auditor's audit of the Virginia Commonwealth Health System Authority, and the University's Foundations in our report on the University's financial statements. Our report will be addressed to the board of visitors of the University. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in

which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph(s). If our opinions on the financial statements are other than unqualified (unmodified), we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards.* The report on internal control and compliance will include a statement that the report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Audit Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AUDIT, INTEGRITY AND COMPLIANCE COMMITTEE DASHBOARD MEASURES

Board of Visitors Executive Summary
May 2017

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

AUDIT, INTEGRITY, AND COMPLIANCE COMMITTEE DASHBOARD MEASURES

INFORMATION TECHNOLOGY GOVERNANCE - DATA INTEGRITY

DATA GOVERNANCE PROGRAM (development of program)

Program progressing successfully

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

Significant challenge encountered; will require decision from Executive Leadership Team to resolve

DATA SECURITY (number of security incidents / breaches)

No data breaches have occurred or seem likely to occur; security risks are well understood and being mitigated; resources viewed as aligned with threat and risk environment

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

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

Notes: There have been no significant security incidents since our last meeting. We are in the initial phases of rolling out mobile device management to our highest risk areas (Massey Cancer Center, School of Medicine, and School of Dentistry), which will reduce risk around HIPAA compliance as well as address an APA audit point. This will be completed in June, 2017. The rollout of VCU 2Factor authentication is on schedule and going well. We are also in the process of expanding our phishing training program (pilot completed with VCU Police) and will be simulating phishing emails to our highest risk areas over the late spring and summer. We continue to further invest in active threat monitoring and mitigation technology as well as enhanced security training.

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) continued their review of the highest ranked Risk Mitigation and Management (RMM) Plans. AN ERM software module has been implemented. A risk management consultant to assist with the next assessment phase has begun planning the next risk cycle.

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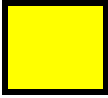
 PLANNED AUDITS (status of audits - planned and unplanned to available resources)

Notes: Delay is due to significant carryover and onboarding of new team members.

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

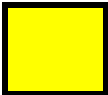 Progressing as planned and within overall budget

 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

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, INTEGRITY AND COMPLIANCE COMMITTEE CHARTER AND MEETING PLANNER ANNUAL UPDATE

Board of Visitors Executive Summary
May 2017

<mark>**PRESENTATION TITLE:** Audit, Integrity, and Compliance Committee Charter and Meeting Planner Update</mark>	
Presenter Name and Title: Bill Cole, Executive Director	
Responsible University Division: Audit and Compliance Services **BOV Committee:** Audit, Integrity, and Compliance Committee	
Quest Theme(s) and Goal(s) to be Addressed:	
Key Presentation Messages	1. The committee charter and meeting planner is updated annually in May. 2. The Audit, Integrity, and Compliance Committee will need to review and approve the charter.
Governance Implications	1. Ensure that the committee charter accurately reflects the committee's duties and responsibilities. 2. Ensure that the committee is informed on relevant matters affecting audit and compliance, data integrity, and legal matters.
Governance Discussion Questions	1. What are the potential risks associated with IT infrastructure and data governance? 2. Are there any significant audit risks for the committee to consider?
Next Steps for Management (Responsible Division Head; Timeframe for Action)	1. Continue to maintain resources for a secure IT infrastructure that provides timely and useful information and data to the users, management, and the Board. 2. Continued support to the Enterprise Risk Management program.
Next Steps for Governance (Responsible Board Member; Timeframe for Action)	1. Receive reports from management on current efforts affecting data security and data integrity in institutional reporting. 2. Receive updates on audit and compliance services, ERM program, and legal matters.

VIRGINIA COMMONWEALTH UNIVERSITY
BOARD OF VISITORS

AUDIT, INTEGRITY, AND COMPLIANCE COMMITTEE CHARTER

I.   PURPOSE

The primary purpose of the Audit, Integrity, and Compliance Committee is to assist the Board of Visitors in fulfilling its fiduciary responsibilities related to oversight of:

- Soundness of the university's system of internal controls
- Integrity of the university's financial accounting and reporting practices
- Independence and performance of the internal and external audit functions
- Integrity of information technology infrastructure and data governance
- Effectiveness of the university's ethics and compliance program
- ~~Institutional conflict of interest issues~~
- University's enterprise risk management program
- Legal matters

The function of the Audit, Integrity, and Compliance Committee is oversight. University management is responsible for the preparation, presentation, and integrity of the university's financial statements. University management is also responsible for maintaining appropriate financial accounting and reporting policies, procedures, and controls designed to assure compliance with generally accepted accounting principles and applicable laws and regulations. University management is also responsible for effective design, implementation, and operation of information technology infrastructure as well as data management and data governance policies and procedures.

Audit and Management Services, within Audit and Compliance Services, examines and evaluates the adequacy and effectiveness of the university's system of internal controls; examines whether university operations and employee actions are conducted in compliance with relevant policies, procedures, standards, and applicable laws and regulations; and performs management services activities, including advisory services for critical systems development projects, performance of special projects requested by the Board and senior management, and investigation of allegations of fraud or improprieties. The university's external auditor, the state Auditor of Public Accounts, is responsible for planning and conducting the financial statement examination in accordance with generally accepted government auditing standards.

The Integrity and Compliance Office, within Audit and Compliance Services, promotes a culture of ethics and compliance through training, support and guidance; evaluates the adequacy and effectiveness of existing policies, procedures, and compliance programs; administers the University Helpline and maintains other reporting mechanisms available to all employees, and reports information related to the Ethics and Compliance Program effectiveness throughout the year. University management is responsible for establishing and

enforcing policies and procedures and for maintaining appropriate programs to comply with all applicable laws and regulations. The Integrity and Compliance Office is a resource available to all areas of the university.

II.   COMPOSITION AND INDEPENDENCE

The Audit, Integrity, and Compliance Committee will be comprised of three or more Visitors. Each member must be free from any financial, family or other material personal relationship that, in the opinion of the Board or Audit, Integrity, and Compliance Committee members, would impair their independence from management and the university.

III.   MEETINGS

The Audit, Integrity, and Compliance Committee will meet at least four times annually. Additional meetings may occur more frequently as circumstances warrant. The Committee chairman should meet with the Executive Director of Audit and Compliance Services as necessary and at least prior to each Committee meeting to finalize the meeting agenda and review the issues to be discussed.

IV.   RESPONSIBILITIES

In performing its oversight responsibilities, the Audit, Integrity, and Compliance Committee shall:

A.   **General**:

1. Adopt a formal written charter that specifies the Committee's scope of responsibility. The charter should be reviewed annually and updated as necessary.
2. Maintain minutes of meetings.
3. Authorize investigations into any matters within the Audit, Integrity, and Compliance Committee's scope of responsibilities.
4. Report Committee actions to the Board of Visitors with such recommendations as the Committee may deem appropriate.
5. Consistent with state law, the Committee may meet in closed session (without members of senior management present) with the external auditors and/or the Executive Director of Audit and Compliance Services to discuss matters that the Committee or any of these groups believe should be discussed privately.
6. Approve the Audit and Compliance Services charter. The charter should be reviewed annually and updated as necessary.

B.   **Internal Controls/Financial Statements**:

1. Review and evaluate the university's processes for assessing significant risks and exposures.
2. Make inquiries of management and the external auditors concerning the effectiveness of the university's system of internal controls.

3. Determine whether the external auditors are satisfied with the disclosure and content of the financial statements, including the nature and extent of any significant changes in accounting principles.

4. Review management's written responses to significant findings and recommendations of the auditors, including the timetable to correct the weaknesses in the internal control system.

5. Advise management and the external auditors that they are expected to provide a timely analysis of significant financial reporting issues and practices.

6. Monitor the university's conflict of interest policies and related procedures.

7. Require Audit and Compliance Services to perform annual reviews of the President's discretionary accounts and to issue a report thereon to the Committee.

C. **External Auditors:**

1. Meet with the external auditors and university management to review the scope of the external audit for the current year. The auditors should inform the Audit, Integrity, and Compliance Committee of any significant changes in the original audit plan.

2. Discuss with the external auditors their processes for identifying and responding to key audit and internal control risks.

3. Review the coordination of internal and external audit procedures to promote an effective use of resources and ensure complete and efficient coverage of the university's risks.

4. Meet with the external auditors at the completion of the audit. A portion of the meeting may be conducted in Executive Session without members of university management present.

D. **Internal Auditors:**

1. Review and approve the annual audit and management services work plan and any significant changes to the plan.

2. Review annually the qualifications of the audit and management services staff and the level of staffing.

3. Assess the effectiveness of the internal audit function, including its independence and reporting relationships.

4. Review completed audit reports and progress reports on executing the approved work plan.

5. Review annually the status of previously issued internal audit findings.

6. Inquire of the Executive Director of Audit and Compliance Services regarding any difficulties encountered in the course of his audits, including any restrictions on the scope of work or access to required information.

7. Review the performance of the Executive Director in consultation with the President and approve the Executive Director's annual salary compensation and bonus, if any.

8. Review and approve the appointment, replacement, reassignment, or dismissal of the Executive Director of Audit and Compliance Services.

E.   Data Integrity:

1. Review the adequacy of the university's IT management methodology with regards to internal controls, including applications, systems, and infrastructure.   This includes but is not limited to:
   - Physical and virtual security with regards to university servers and storage
   - Network security architecture and operations
   - Reliability and robustness of data center (servers and storage) and network infrastructure environments
   - Disaster recovery and business continuity infrastructure and associated processes and procedures.

2. Review the adequacy of the university's data management policies and procedures to ensure data security and data integrity in institutional reporting.   This includes but is not limited to:
   - Authentication and authorization mechanisms in accessing university data
   - Data Governance structure and policies
   - Data security policies

F.   University Ethics and Compliance Program:

1. Review the annual compliance planned initiatives and any significant changes to the plan.
2. Review the qualifications of the compliance staff and the level of staffing.
3. Assess the effectiveness of the compliance program, including its independence and reporting relationships.
4. Review completed compliance reports and progress reports on the status of compliance and integrity related initiatives including process and plans in place to assess conflict of interest management (inclusive of institutional and individual conflicts).
5. Require the Integrity and Compliance Office to report on management's processes and procedures that provide assurance that the university's mission, values, and codes of conduct, and universitywide policies are properly communicated to all employees.
6. Review results of compliance reviews to ensure system and controls are designed to reasonably ensure compliance with laws and regulations, university policies and the code of conduct. Review the university's code of conduct annually and direct management to establish a system reasonably designed to reasonably assure compliance with the code.
7. Inquire of the Executive Director of Audit and Compliance Services whether there have been any restrictions on the scope of work or access to required information in conducting compliance and ethics reviews.

H. **Enterprise Risk Management**

1. Provide oversight of the university's Enterprise Risk Management program.
2. Review the university's risk appetite.
3. Require periodic reporting on the overall program's design and effectiveness, including newly identified risks
4. Monitor progress of Risk Mitigation Plans and review policy and resource improvements as necessary.

I. **Legal:**

1. Consult as necessary with University Counsel regarding legal issues concerning the university.

Virginia Commonwealth University
Board of Visitors

Audit, Integrity and Compliance Committee Meeting Planner

A = Annually; Q = Quarterly; AN = As Necessary	Frequency			Planned Timing			
Q1, Q2, Q3, Q4 based on Fiscal Year (July – June)	**A**	**Q**	**AN**	**Q1**	**Q2**	**Q3**	**Q4**
				Sep	Dec	Mar	May
A. General							
1. Review and update Audit, Integrity, and Compliance Committee charter and meeting planner	X						X
2a. Approve minutes of previous meeting		X		X	X	X	X
2b. Maintain minutes of meetings		X		X	X	X	X
3. Authorize investigations into any matters within the Committee's scope of responsibilities			X				
4. Report Committee actions to the Board of Visitors with recommendations deemed appropriate		X		X	X	X	X
5. Meet in executive session, with External Auditors and/or Executive Director of Audit and Compliance Services		X		X	X	X	X
6. Review and approve Audit and Compliance Services charter	X			X			
B. Internal Controls/Financial Statements							
1. Review and evaluate university's process for assessing significant risks and exposures	X			X			
2. Make inquiries of management and external auditors concerning the effectiveness of the university's system of internal controls			X	X		X	
3. Determine whether the external auditors are satisfied with the disclosure and content of the financial statements, including the nature and extent of any significant changes in accounting principles	X					X	
4. Review management's written responses to significant findings and recommendations of the auditors, including the timetable to correct the weaknesses in the internal control system			X	X		X	
5. Advise management and the external auditor that they are expected to provide a timely analysis of significant current financial reporting issues and practices			X	X		X	

A = Annually; Q = Quarterly; AN = As Necessary	Frequency			Planned Timing			
Q1, Q2, Q3, Q4 based on Fiscal Year (July – June)	**A**	**Q**	**A**	**Q**	**A**	**Q**	**A**
				Sep	Dec	Mar	May
6. Monitor the university's conflict of interest policies and related procedures	X				X		
7. Require Audit and Compliance Services to perform annual reviews of the president's discretionary accounts and to issue a report thereon to the Committee			X		X		X
C. External Controls							
1. Meet with external auditors and university management to review the scope of the external audit for the current year	X						X
2. Discuss with the external auditors their processes for identifying and responding to key audit and internal control risks	X						X
3. Review the coordination of internal and external audit procedures to promote an effective use of resources and ensure complete and efficient coverage of the university's risks			X				X
4. Meet with the external auditors at the completion of the audit	X					X	
D. Internal Auditors							
1. Review and approve the annual audit and management services work plan and any significant changes to the plan	X						X
2. Review the qualifications of the audit and management services staff, the adequacy of the staffing level, and the department budget	X			X			
3. Assess the effectiveness of the internal audit function, including its independence and reporting relationships	X			X			
4. Review completed audit reports and progress reports on executing the approved work plan		X		X	X	X	X
5. Review annually the status of previously issued internal audit findings	X			X			
6. Inquire of the Executive Director of Audit and Compliance Services regarding any difficulties encountered in the course of his audits, including any restrictions on the scope of work or access to required information		X		X	X	X	X
7. Review the performance of the Executive Director in consultation with the President and approve the Executive Director's annual salary compensation and bonus, if any.	X			X			
8. Review and approve the appointment, replacement, reassignment, or dismissal of the Executive Director of Audit and Compliance Services			X				

A = Annually; Q = Quarterly; AN = As Necessary	Frequency			Planned Timing			
Q1, Q2, Q3, Q4 based on Fiscal Year (July – June)	**A**	**Q**	**AN**	**Q1**	**Q2**	**Q3**	**Q4**
				Sep	Dec	Mar	May
E. Data Integrity							
1. Review the adequacy of the university's IT management methodology with regards to internal controls, including applications, systems, and infrastructure. This includes but is not limited to: • Physical and virtual security with regards to university servers and storage • Network security architecture and operations • Reliability and robustness of data center (servers and storage) and network infrastructure environments • Disaster recovery and business continuity infrastructure and associated processes and procedures			X	X		X	
2. Review the adequacy of the university's data management policies and procedures to ensure data security and data integrity in institutional reporting. This includes but is not limited to: • Authentication and authorization mechanisms in accessing university data • Data Governance structure and policies • Data security policies			X	X		X	
F. University Ethics and Compliance Program							
1. Review the annual compliance planned initiatives and any significant changes to the plan	X						X
2. Review the qualifications of the compliance staff and the level of staffing (utilization and effort focus)	X			X			
3. Assess the effectiveness of the compliance program, including its independence and reporting relationships	X			X			
4. Review completed compliance reports and progress reports on the status of compliance and integrity related activities initiatives including process and plans in place to assess conflict of interest management (inclusive of institutional and individual conflicts).		X		X	X	X	X
5. Require the Integrity and Compliance Office to report on management's processes and procedures that provide assurance that the university's mission, values, ~~and~~ codes of conduct and universitywide policies are properly communicated to all employees.	X			X			X

VCU BOV Audit, Integrity and Compliance Committee Meeting Planner, presented to the BOV May 2017

A = Annually; Q = Quarterly; AN = As Necessary	Frequency			Planned Timing			
	A	**Q**	**A**	**Q**	**A**	**Q**	**A**
				Sep	Dec	Mar	May
6. ~~Review results of compliance reviews to ensure system and controls are designed to reasonably ensure compliance with laws and regulations, university policies and the code of conduct.~~ ~~Review the university's code of conduct annually and direct management to establish a system reasonably designed to reasonably assure compliance with the code.~~			X	X	X	X	X
7. Inquire of the Executive Director of Audit and Compliance Services whether there have been any restrictions on the scope of work or access to required information in conducting compliance and ethics reviews		X		X	X	X	X
G. Enterprise Risk Management							
1. Provide oversight of the university's Enterprise Risk Management program		X		X	X	X	X
2. Review the university's risk appetite			X				
3. Require periodic reporting on the overall program's design and effectiveness, including newly identified risks		X		X	X	X	X
4. Monitor progress of Risk Mitigation Plans and review policy and resource improvements as necessary		X		X	X	X	X
H. Legal							
1. Consult as necessary with University Counsel regarding legal issues concerning the university		X		X	X	X	x

PROPOSED FY 2018 AUDIT WORK PLAN

Board of Visitors Executive Summary
May 2017

PRESENTATION TITLE: Proposed FY 2018 Audit Work Plan	
Presenter Name and Title: Bill Cole, Executive Director	
Responsible University Division: Audit and Compliance Services **BOV Committee:** Audit, Integrity, and Compliance Committee	
Quest Theme(s) and Goal(s) to be Addressed:	
Key Presentation Messages	1. The proposed audit work plan was developed based on the COSO model for assessing risks, major business unit listing, university critical issues, Enterprise Risk Management considerations, and review of updated risk assessment. 2. As discussed in 2016, we developed a three-year work plan after conducting an in-depth risk assessment. For this year, we updated information in the risk assessment and considered whether changes were needed. 3. There are some changes in the original plan for FY2018 as submitted last year. These changes will be highlighted for the committee. 4. Work plan is based on staff productivity for the funded staffing levels.
Governance Implications	Appropriate coverage of audit risk through the audit work plan with the resources provided.
Governance Discussion Questions	1. Are there the necessary resources to complete the proposed work plan? 2. How were industry risks and the ERM program considered during the development of the work plan?
Next Steps for Management (Responsible Division Head; Timeframe for Action)	Notify management responsible for areas in the audit work plan. Establish a schedule and assign personnel (Craig Anderson, Deputy Director of Audit and Management Services, University and Courtney McGregor, Deputy Director of IT Audit)
Next Steps for Governance (Responsible Board Member; Timeframe for Action)	Monitor completion of work plan and approve changes as determined necessary.

Audit and Compliance Services
Audit and Management Services
2018 Audit Work Plan Development

Below are brief descriptions of the materials provided to the Audit, Integrity and Compliance Committee for the purpose of reviewing and approving the university's annual Audit Work Plan.

COSO Internal Control and Enterprise Risk Management (ERM) Frameworks

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) is an industry standard model for assessing risks and internal controls in both the public and private business sectors. The COSO Internal Control Framework cube represents the various business objectives and control components within an organization. The ERM Framework is an expansion of the COSO Cube. It further details the risk management activities including risk event identification, prevention, and response planning. Additionally it depicts a wider array of risks, including compliance, strategic, and reputational risks. During the creation of annual audit work plan, there is coordination between these models to identify areas of risk and potential areas to be audited.

Significant Work Plan Audit Considerations

Audit and Management Services (AMS) maintains a listing of "financial magnitude" that depicts the relative impact of 10 major financial functions areas within the university including significant funding sources, expense drivers, and IT infrastructure. The financial magnitude along with the COSO, ERM and industry risks are evaluated when determining the audits and projects for the annual audit plan.

Three-Year Audit Plan

Audit and Management Services performed an in-depth audit risk assessment in spring 2015, which included extensive analysis of risk factors and interviews with key administrators. From that risk assessment, a three-year audit plan or cycle was developed to provide audit coverage of the most significant risks or units that have a periodic audit requirement. For this final year of the three-year plan, Audit and Management Services updated its scoring of risk factors, considered industry risks, and performed interviews with stakeholders to determine whether operational changes or additional risks have occurred which would result in revisions to the work plan.
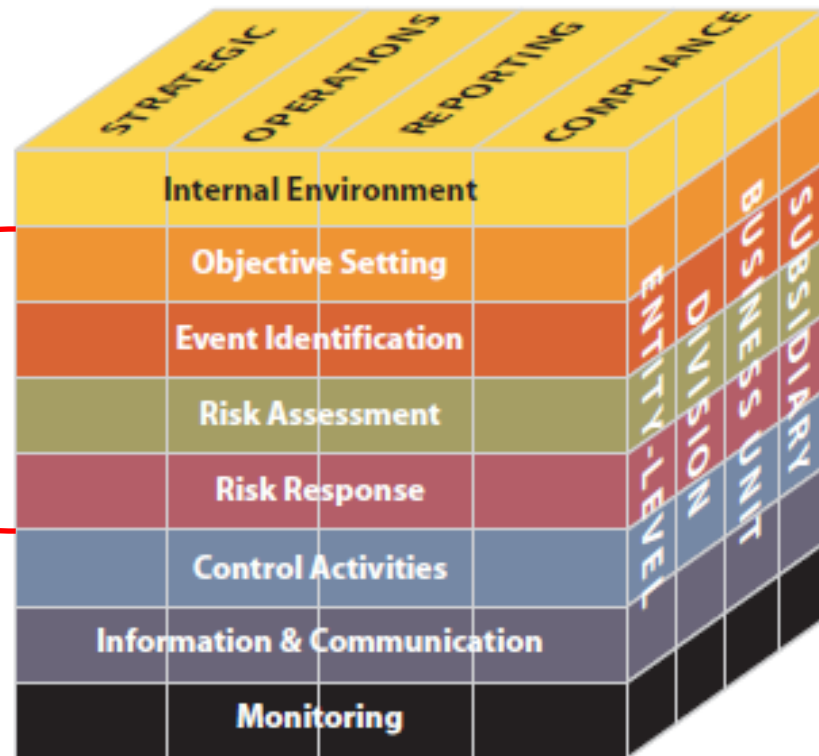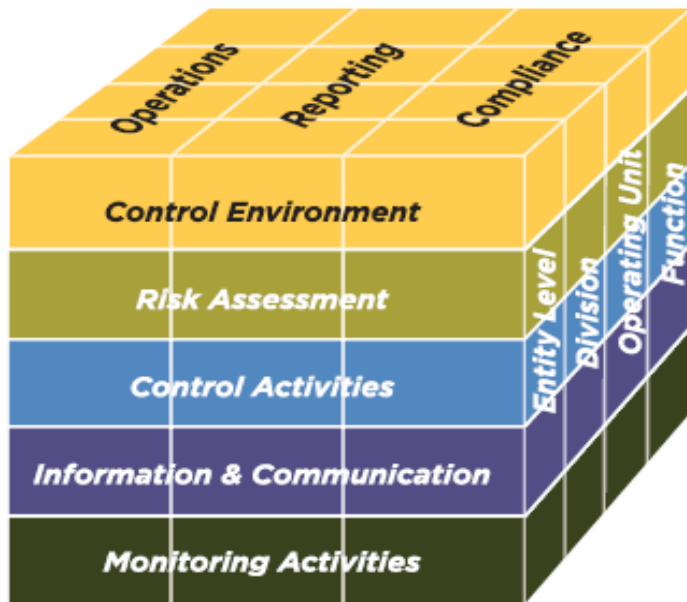
Annual Audit Work Plan

The Proposed Audit Work Plan is developed based on the annual risk assessment procedures and discussions with senior management prior to being provided to the AICC committee for review and to the full board of approval.

The COSO Model

Enterprise Risk Management Framework

Internal Control Framework

Source: Enterprise Risk Management – Integrated Framework Executive Summary - September 2004

Source: COSO Internal Control – Integrated Framework Executive Summary - May 2013

Virginia Commonwealth University

Financial Magnitude

AREA	FINANCIAL IMPACT (FY16)	OPERATIONAL CONSIDERATIONS/ IMPACTS
Enrollment	$459,883,838 Tuition and fees revenue, including portion paid by financial aid	Enrollment Management, including recruitment and retention of students
Grants and Contracts	$ 184,771,440 expenditures $ 271,199,199 total awards	Variety and complexity of compliance issues
Financial Aid	$327,429,413 (federal, state, and institutional aid)	Complexity of compliance issues
Changing Nature and Amounts of Funding Sources	$ 213,480,174 State Appropriations	Sources of significant funding and the changing levels of support; impact on university initiatives and credit rating
Information Technology Infrastructure (Core Data Services)	$ 19,009,221	Administrative information technology and academic information technology
Athletics	$ 31,674,409	Compliance with NCAA regulations; potential impacts on institutional reputation
Payroll	$ 503,721,534	Largest category of annual expenses (salaries, wages, benefits)
Procurement Services	$ 339,148,122	State & university statutory & policy requirements
Facilities Management	$1,066,711,977 capital assets	Emergency preparedness, physical security, deferred maintenance, contract management, environmental health and safety issues, hazardous substances, and renovations
Treasury Services / Cash Management	$ 485,950,000	Daily cash flow demands and investment of longer term funds

Virginia Commonwealth University
Audit and Management Services
University Plan for Fiscal Year 2018

FUNCTIONAL AREA	FY 2018
Enrollment Services	Graduate Admissions
Office of Research	Institutional Review Board
	IACUC (Animal Resources)
Human Resources/ Payroll	Termination Processes
Administrative	VP Health Sciences Construction Controller's Office
Auxiliary Enterprises	Recreational Sports
Academic Units 　**Monroe Park**	College of Humanities and Sciences * School of Engineering *
Health Sciences	School of Medicine ~~– Department TBD~~ – Pediatrics School of Medicine – Research Administration
Centers and Institutes	~~TBD~~ – Special Project with Compliance Services
Athletics	Year 2 NCAA Compliance Review 　　Recruiting 　　Camps and Clinics 　　Rules Education
Information Technology	College of Humanities and Sciences Technology * School of Engineering Technology * ~~VCU Card~~ Development and Alumni Relations Technology ~~VP Health Sciences* (added for integrated audit)~~ Technology Incident Response (moved from 2017) School of Technology (moved from 2017) Special Project – Internet Of Things (IoT)

Note: Three-Year University Plan originally incorporated FY 2016 and 2017.

* Integrated audit between University and IT Audit
** Consolidated audit between University and Health System Audit

Virginia Commonwealth University
University Audit and Management Services
Proposed Audit Plan
July 1, 2017 - June 30, 2018

RISK-BASED AUDITS:

Graduate Admissions	365	
Institutional Review Board	365	
IACUC (Animal Resources)	365	
HR - Termination Processes	365	
Vice President - Health Sciences Office	385	
Facilities Management - Construction	415	
Controller's Office	365	
Recreational Sports	265	
College Humanities and Sciences Administrative Review (including IT)*	600	
School of Engineering (including IT)*	600	
School of Medicine - Pediatrics**	315	
School of Medicine - Research Administration	315	
Technology Incident Response (moved from 2017)	365	
School of Dentistry Technology (moved from 2017)	340	
Development and Alumni Relations Technology	365	
Subtotal		5,790

ANNUAL AUDITS:

Athletics - Year 2 - NCAA Compliance Review	265	
Follow-Ups on Outstanding Audit Recommendations	320	
Prior Year Audit Carry-Over	250	
Review of Selected Accounts	80	
Risk Assessment	465	
Subtotal		1,380

OTHER PROJECTS:

Investigations and Management Requests	1,300	
Other Management Services	500	
Data Analytics / Continuous Monitoring	300	
Enterprise Centers and Institutes	365	
IT Security Special Project - Internet of Things (IoT)	265	
Work Paper System Support	175	
Subtotal		2,905
TOTAL		10,075

*   Integrated with IT Audit

** Consolidated with Health System Audit

PROPOSED FY 2018 UNIVERSITY ETHICS AND COMPLIANCE PROGRAM INITIATIVES

Board of Visitors Executive Summary
May 2017

PRESENTATION TITLE: Proposed FY 2018 University Ethics and Compliance Program Initiatives	
Presenter Name and Title: Jacqueline Kniska, University Integrity and Compliance Officer	
Responsible University Division: Audit and Compliance Services **BOV Committee:** Audit, Integrity, and Compliance Committee	
Quest Theme(s) and Goal(s) to be Addressed:	
Key Presentation Messages	Each year, annual initiatives to be accomplished within the fiscal year are set in collaboration with the Executive Director and university compliance partners. The planned initiatives continue to play an integral role in the university's overall risk assessment and mitigation process. The Compliance and Ethics Program provides advisory resources to all departments and reporting mechanisms for the university community.
Governance Implications	This is informational in nature and reflects available resources, priorities, and assurances that administration is actively engaged in addressing identified ethical and compliance related needs.
Governance Discussion Questions	1. Are there any risks that the Board should be paying closer attention to relative to these initiatives? 2. Does the Board or the Audit, Integrity, and Compliance Committee need to be aware of, or provide any information to implement these initiatives? 3. Are there sufficient resources to continue this process as outlined? 4. Do you receive necessary cooperation and assistance from university administration to meet expectations?
Next Steps for Management (Responsible Division Head; Timeframe for Action)	Continued support in addressing any identified issues, specifically in creation and maintenance of universitywide policies.
Next Steps for Governance (Responsible Board Member; Timeframe for Action)	Continued support in the Ethics and Compliance Program initiatives and addressing identified issues.

FY 2018 Ethics and Compliance Program Initiatives

Maintenance of VCU's Ethics and Compliance Program is substantively driven by the Federal Sentencing Commission's Sentencing Guidelines, Chapter 8, which provide the basic and necessary minimum elements of an effective Ethics and Compliance Program; it is also driven by our own mission and values reflected in our Code of Conduct and university policies; excellent business sense; and the needs of the organization. To continue to play an integral role in setting and upholding accountability within VCU's culture and overall risk mitigation processes, the Compliance and Ethics Program provides advisory resources to all departments; reporting mechanisms to all employees, students and visitors; and regularly solicits interactions from a cross section of the university. Based on providing these services, interactions, and projects throughout FY 2017, the initiatives for FY 2018 reflect identified areas and topics wherein a devotion of additional time and attention are necessary to address, or continue, assurance of compliance requirements; ethical behaviors; and overall institutional integrity. Most of the topic below traverse multiple years due to the scope and size of the efforts. Year over year progress is made and any obstacles to these plans are shared with the Audit, Integrity and Compliance Committee of the Board of Visitor's as the university's governing authority.

FY 2018 Initiatives:

Integrity and Compliance Annual Report to BOV Audit and Compliance Committee – September Meeting
- Bolster Annual Issues and Events reporting results – to continue benchmarking internally; look to enhance with external to VCU data for appropriate comparisons
- Assist with development of additional monitoring processes
- Bolster universitywide training endeavors and results

Employee Ethics and Compliance Education
- Execution of fifth cycle Annual Employee Compliance Education – includes documentation of comprehension; re-assess risk based topics based on current environment of need
- Create role based modules for position within organization; explore new employee and continuing employee module options to include: Appropriately Responding to Concerns and Avoiding the Appearance of Retaliation
- Create and execute Ethical Leadership Workshop (details below in Ethics §)
- Execution of high profile events during National Ethics & Compliance Week scheduled for November 5–11, 2017 to include Compliance Partner Open House and National Ethics Expert for universitywide open forum and for targeted leadership group session RE: *Giving Voice to Values*
- Continued participation in New Employee Orientations and New Chair Training / Development

Code of Conduct Enhancements
- Conduct triennial review of document with interdisciplinary taskforce input and Compliance Advisory Committee
- Transfer Ethical Standards (basis of the Code of Conduct) into policy template and elaborate on definitions of standards and codify into formal policy requirements

Conflicts of Interest
- Obtain final approval and implement Institutional and Individual Conflict of Interest policy
  - To include set expectations; required reporting; compliance with required committee review process; and managing of identified conflicts
- Creation of formal Interest Disclosure Review Committee – to include training on expectations outlined in policy's requirements
- Continued service as liaison to Commonwealth for mandated state disclosure
- Continued utilization of structured process addressing interest disclosure reporting by designated individuals
- Continued support in responding to inquiries related to proactive avoidance regarding institutional conflicts and conflicts of commitment

Ethics
- As noted above, sponsoring expert guest speaker to community *Giving Voice to Values* in Fall of 2017
- Implement enhancements to current employee exit interview process – a collaboration with Human Resources
- Continue ethics based education to middle management and supervisory personnel
- Execute ethical education/training/workshop
  - To include implementation of ethical leadership training for pilot group: *A Leader's Guide to Integrity – Uphold the Black and Gold*

Gap and Risk Assessment Activities
- Continue quarterly oversight monitoring for timely compliance reporting through responsible parties outlined in Compliance Calendar: Federal Regulatory Reporting Requirements
- Compliance and Ethics Assessment results of respective areas to Cabinet Members (to include federal regulatory compliance; policy compliance and accuracy; recurring internal audit themes; reported concerns outcomes and trends – with focus on civility and professionalism)
- Begin assessment of compliance with state code; executive orders; and SCHEV requirements
- Risk-based reports to Cabinet and Board Members regarding satisfied or deficient compliance obligations based on Federal Regulatory Grid

Note: These activities will involve a collaborative approach with appropriate Compliance Partners

Monitoring Specifics
- Security and Privacy policy and process review for VCU's covered components within the Affiliated Covered Entity designations

- <u>Compliance with the *Clery Act:*</u> Continue to provide compliance review of the Annual Security and Fire Report before public issuance
- *Safety and Protection of Minors* <u>Policy Compliance:</u> Fully execute review of compliance with requirements
- *Outside Professional Activities* <u>Policy Compliance</u>: Fully execute review of compliance with requirements
- *Centers and Institutes* <u>Current State Assessment:</u> Fully execute review of operations – in partnership with Internal Audit function

Infrastructure Enhancements for Maximum Efficiency
- Full integration of institutional e-solution for compliance monitoring and issues and events/case management – serves areas currently tracking matters manually and/or in silos for enhanced reporting
- Continue communication avenue of social media presence

Internal Staff Development
- Attendance at national level conferences for all ICO personnel
- 3rd Annual Reflection and Strategy Retreat
- Continued memberships with Society of Corporate Compliance and Ethics; Health Care Compliance Association; Association of College and University Policy Administrators; Open Compliance and Ethics Group; Ethics and Compliance Initiative; and Systems Research and Applications (SRA) International
- Employees supported in maintaining and obtaining professional certification(s) in Compliance and Ethics and participation in all university-offered development opportunities

Policy Program – for all universitywide policies
- Partner with policy owners or area leadership to provide seminal policy reminders and tips for compliance to broader university community
- Continued gap assessment based on size, scope and complexity of university, and industry trends and standards
- Continue creation of universitywide term glossary for clarity and consistency
  - Data related terms and research related terms already created
  - Continue implementing consistent term use from finalized glossary
- Continued support in policy creation, revision and formal approval processes
  - Topics identified as needing additional assistance in the coming fiscal year: Information Technology; Privacy and Data Governance; Procurement; Human Resources; and SACS based required policies for Accreditation
  - To include: bi-annual Policy Writers' Workshop
- Identify and maintain obligations for regulatory policy creation and maintenance as required by the *Code of Virginia*; Executive Orders in Virginia and from the US Government
- Continued centralization and data normalization
- Continued monitoring of timely triennial review and interim status

Continued Participation and Resource Support and Assistance to various ethics and compliance-oriented groups and committees:

- Clery Compliance Workgroup
- Communicators Network
- Sponsorship and Chair duties for Compliance Advisory Committee (CAC)
- Data Information Management Committee; and Steering Committee
- Equal Employment Opportunity Affirmative Action Plan Workgroup
- Employee Performance Subcommittee (under Tier 3 restructure plan)
- Enterprise Risk Management Committee
- Ethics-based consultations; facilitated discussions; and assessments upon request
- Export Controls Committee
- Faculty Search Committees
- Higher Education Opportunity Act - monitoring for compliance requirements
- Internal Workplace Investigations
    - Oversight of Alleged Misconduct Reports / Non-compliance Issues
    - Conduct investigations when suspected patterns or practices of misconduct, non-compliance, or unduly sensitive issues arise
- Learning Management System Implementation Group (under Tier 3 restructure plan)
- Learning Management System Governance Steering Committee (under Tier 3 restructure plan)
- Partnership Assessment Taskforce and Policy Finalization
- Policy Consultations Related to Creation, Revision, and Governance
- Research Administrators Meeting
- Safety Liaison Committee
- Staff Senate – Employee Recognition and Rewards Subcommittee
- State Regulatory Coordinator (liaison to Commonwealth for VCU)
- Title IX Steering Committee
- Continued tracking of Office of Inspector General's Annual Work Plan for topics affecting the university
- Participation in Tabling and Speaking Events on Campus
    - Tech Fair
    - HR Benefits Fair

As a reminder, this committee will be receiving the Integrity and Compliance Annual Report at the September 2017 Meeting. The anticipated effect of providing the fiscal year Annual Compliance Program Initiatives at the May Board Meeting and the Annual Report at the September Meeting is to assure that mechanisms exist to keep this committee abreast of continued compliance efforts demonstrating effectiveness of the Ethics and Compliance Program. This committee is the appropriate authority to best assess the Ethics and Compliance Program's effectiveness. If there are suggestions or recommendations from the committee, please contact the Executive Director of Audit and Compliance Services or the University Integrity and Compliance Officer.

CULTURE SURVEY RESULTS

Board of Visitors Executive Summary
May 2017

PRESENTATION TITLE: Integrity & Compliance Culture Survey Results	
Presenter Name and Title: Jacqueline Kniska, University Integrity and Compliance Officer	
Responsible University Division: Audit and Compliance Services **BOV Committee:** Audit, Integrity, and Compliance Committee	
Quest Theme(s) and Goal(s) to be Addressed:	
Key Presentation Messages	Ethical Culture and Perceptions Assessment Report created from the universitywide 2017 Culture Survey. Internal benchmarking provided over last three cycles – a biennial survey schedule. Results shared as determined from recent Integrity and Compliance Culture Survey data analysis. Survey focused on integrity (ethical) and compliance issues as well as awareness of available resources and willingness to report known or suspected misconduct. Full analysis of 2017 data and benchmarking with data from 2015 and 2012 surveys. Any trends, patterns or practices will be noted and discussed in presentation.
Governance Implications	This is informational in nature to further provide assurances that the workforce is aware of available resources and that the university has a dedicated office interested in their understanding of and comments related to ethical and compliance issues.
Governance Discussion Questions	1. Are there any specific areas or risks that the Board should be paying closer attention to relative to the results of this survey? 2. Are there sufficient resources to continue to survey compliance and ethical topics? 3. Are you receiving the necessary cooperation and assistant from university administration regarding this issue? 4. Explain a typical response by senior leadership when notified of ethical or compliance issues in their area of responsibility.
Next Steps for Management (Responsible Division Head; Timeframe for Action)	Continued, timely support in addressing identified issues and enforcement of accountability.
Next Steps for Governance (Responsible Board Member; Timeframe for Action)	Continued support in addressing any identified issues.

2017 Ethical Culture & Perceptions Assessment

The Integrity and Compliance Office (ICO) conducted a culture survey in March 2017 to assess the university community's awareness of certain resources; perceptions of integrity and compliance in the workplace; and comfort level related to raising concerns. Since 2010, this survey has been conducted biennially and serves as one mechanism to identify/measure drivers of good conduct, opportunities to strengthen our workplace culture, and effectiveness of VCU's Ethics and Compliance program.

Methodology

The following key indicators of ethical culture were assessed through responses to questions designed to illicit perceptions based on individual experiences and observations:

Awareness of the Program and Resources
8 questions: Familiarity with the Integrity and Compliance Office, VCU's Ethics and Compliance Program, expectations and related resources

Perceptions of Employees and Environment
6 questions: Ethical perceptions of peers and leadership; and trust between supervisers and subordinates

Observing and Reporting Misconduct
10 questions: Directly observed misconduct, comfort level with reporting these incidents and perceived deterents for reporting

Organizational Justice
3 questions: Perception of whether employees are held accountable

Survey results were benchmarked against prior year surveys conducted by the ICO as well as the most recent 2016 Global Business Ethics Survey—a longitudinal, cross-sectional study of ethics in workplaces—conducted by the Ethics & Compliance Initiative (ECI).

Survey Format

The 2017 Integrity and Compliance Culture Survey was comprised of 30 single select, multiple select and open-ended text questions. Skip logic was utilized so that respondents were only asked relevant follow-up questions; therefore, not all questions were asked of every respondent. Seven point linear scales were used to measure respondent's Familiarity (Not at all to Very Familiar) and Agreement (Strongly Disagree to Strongly Agree) levels with 4 as a neutral value. Percentages are reported in rounded whole numbers.

> Twenty-five questions covered ethical perceptions of our culture
> One open-ended text field was supplied to permit submission of general comments related to an ethical and compliance environment – themes from comments are shared at the end of this report
> Four questions were demographic in nature to allow for further analysis of perceptions based on department, employee type, years of service, etc.

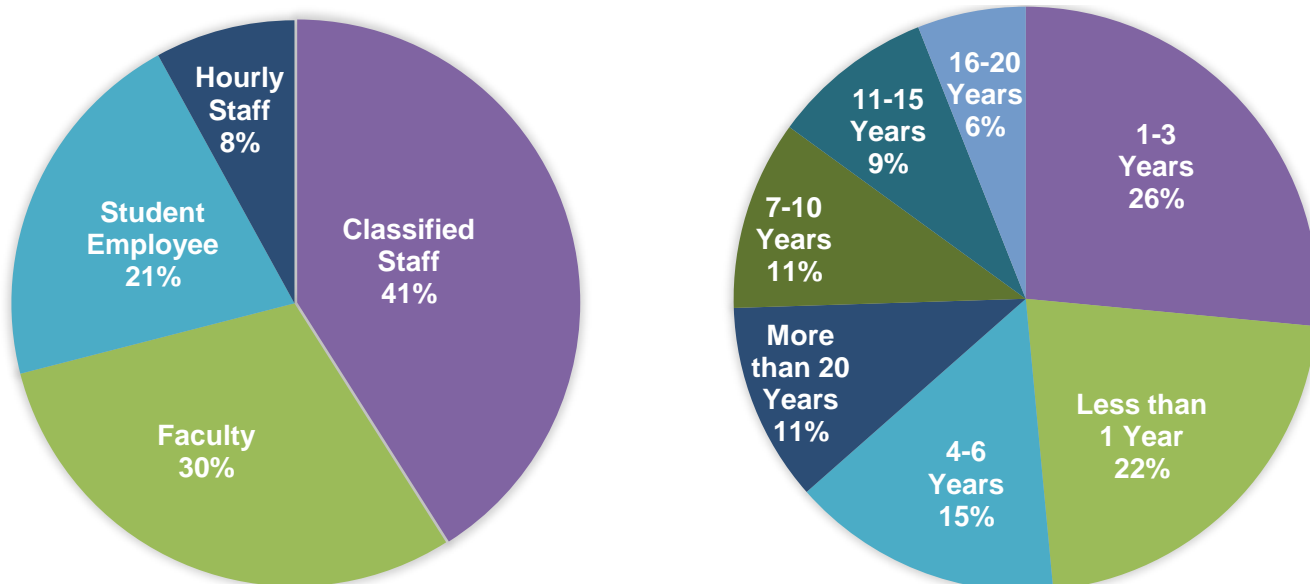**Distribution and Response Rate**

The survey was announced on Wednesday, February 22, 2017 through a broadcast email to all employees and closed on Friday, March 24, 2017. Employees had a total of 23 business days to participate in the anonymous, online survey. Reminders were also communicated over this period.

This cycle's response rate is 27%, which is a 23% increase in the number of participants from the prior survey cycle. This is most likely attributable to employees believing in the contributions of their voice; a desire for the university to listen and respond; recognizing the benefits associated with this type of survey and additional reminders to participate. As in past years, a chance to win one of five incentive prizes was also advertised to encourage participation.

Increasingly Engaged University Community

Year	Participants
2010	1660
2012	2100
2015	2522
2017	3093
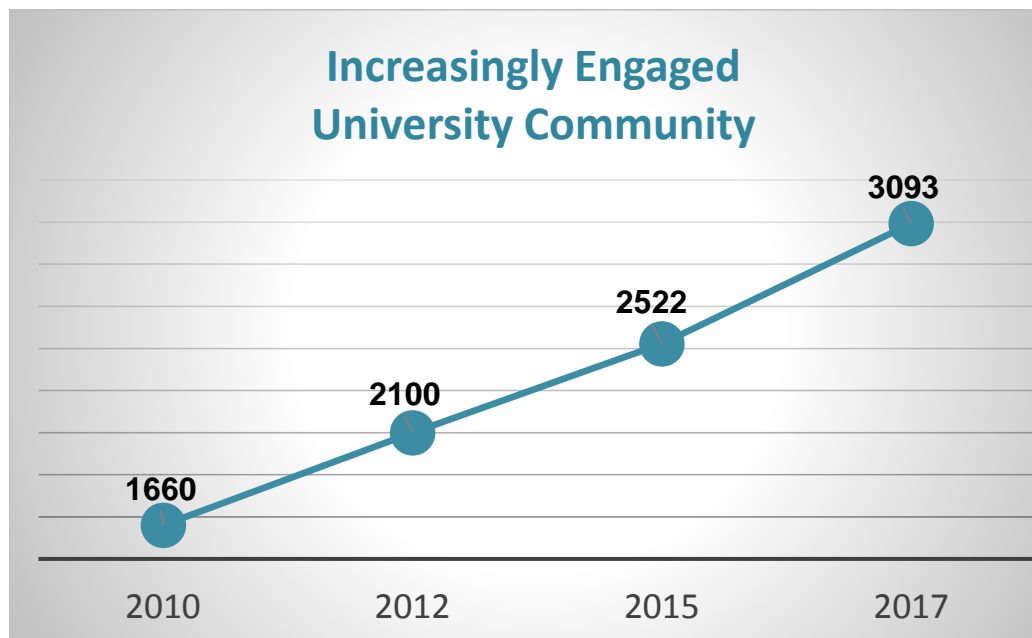
Assessment Summary

This cycle's feedback is made possible by 3,093 unique respondents representing **all** employee types and major budget units. This cross section provides a comprehensive view of perceptions in the environment and strengthens the VCU values of respectful inclusion and collaboration. Additional demographic details are included in the appendix.

Pie chart 1:
- Classified Staff 41%
- Faculty 30%
- Student Employee 21%
- Hourly Staff 8%

Pie chart 2:
- 1-3 Years 26%
- Less than 1 Year 22%
- 4-6 Years 15%
- More than 20 Years 11%
- 7-10 Years 11%
- 11-15 Years 9%
- 16-20 Years 6%

Overall, survey results are positive (resources remain well known and individuals continue to speak up) and demonstrate the university's commitment to accountability through continual measurement, assessment and response to the voice of university community members. An ethically healthy environment is evident from this survey's results as well as areas for further reflection. Specifically, data indicated managers and supervisors would likely benefit from increased training on handling reported concerns to reduce negative perceptions related to addressing concerns. Also, reporting options and anti-retaliation may need to be better communicated. These topics were recently addressed in the 2016 Integrity and Compliance Education modules due in December 2016. This education effort in combination with planned supervisor/management targeted initiatives is expected to positively impact these metrics between now and the 2019 survey.

This cycle contained the enhancement of new questions prompted by both industry best practice and prior survey results indicating a need for more specificity in follow up questions and assessment related to trust; raising concerns; and accountability. Specific topics measured and new questions covered are highlighted below along with a brief summary of notable results. Moving forward the results of this survey will be communicated broadly and help to inform all efforts related to VCU's culture.

The detailed Survey Analysis and Results Section, following this summary, provides all survey data supporting conclusions drawn and likely attributions shared

Awareness of the Program and Resources
(beginning on page 3)

Measures familiarity of resources (includes university policies).

> Familiarity with resources has increased 9% with the Integrity and Compliance Office and 7% with the Policy Library.

> Supervisors indicated an increased familiarity with resources available to assist them with encouraging ethical conduct and accountability (and addressing concerns) than in past years. Specifically, there was a 22% jump in the maximum rating of "7-very familiar" for these questions.

These results are most likely attributable to increased education as a part of the ICO's awareness initiatives, which included training presentations, compliance week activities, informational tables at VCU sponsored events, nurturing business relationships, remaining accessible and credible, and joining several collaborative committees and workgroups.

Perceptions of Employees and Environment
(beginning on page 8)

Measures perceptions of ethical conduct and trust related to employee-supervisor relationship.

New questions this cycle: My supervisor trusts me to do my job well and with integrity; I trust my supervisor to support me in my role and follow through on promises/commitments.

> A 5% difference exists between perception of "employees" and "employees in a leadership position" demonstrating integrity and ethical behavior in performance of duties, 88% and 83% respectively (the 83% is a 4% increase over last cycle).

> A 7% difference exists between respondents stating their supervisors trust them and those same individuals then stating they have trust in their supervisors to have support in them and uphold commitments, 95% and 88% respectively; despite the difference in response, this is an indication of ethically healthy relationships.

Themes compiled from an open-text field question providing an opportunity to share any perceptions about the environment begin on page 24 and demographic information is on page 26.

Observing and Reporting Misconduct
(beginning on page 12)

Measures comfort level, observations and reasons for not reporting.

Responsive questions addressed whether reporting was conducted and subsequently why respondents reported or declined to report.

New questions this cycle: The follow-up question, "describe the misconduct that you observed," was presented if a respondent indicated observing or experiencing misconduct. Responsive questions addressed whether reporting was conducted and subsequently why respondents reported or declined to report.

> Comfort level with reporting concerns is at all time high since measuring began in 2010, reflecting 86% of respondents in agreement with being comfortable reporting to their supervisor.

> There remains an improved perception that protection from retaliation exists as a VCU value. Specifically, protection is perceived by reporting through the VCU Helpline at 83%, followed by reporting direct to a supervisor at 82%, and reporting to a central office at 79%.

Observing and Reporting Misconduct
(beginning on page 19)

Measures feelings toward issue response and resolutions and perceptions of retaliation.

New questions this cycle focused on reflexive questions once a respondent indicated reporting concerns and included perceived retaliation for speaking up and a description of the retaliation experienced.

> While still representative of a minor population of survey respondents, new themes revealed this cycle are:
>   - Inadequate addressing or follow-up to reported concerns
>   - Supervisors inconsistently following policy or ignoring policy when inconvenient
>   - Concerns related to reporting time/leave incorrectly

> Understandably, feelings of uncertainty and unsatisfactory handling of reported concerns is likely attributable to the fact that communication must often be limited when the resolution is related to personnel actions. Additionally, little or no follow-up is also a contributor, which illustrates an opportunity for additional education on appropriate response to employees by management when concerns are reported.

Detailed Survey Results and Analysis

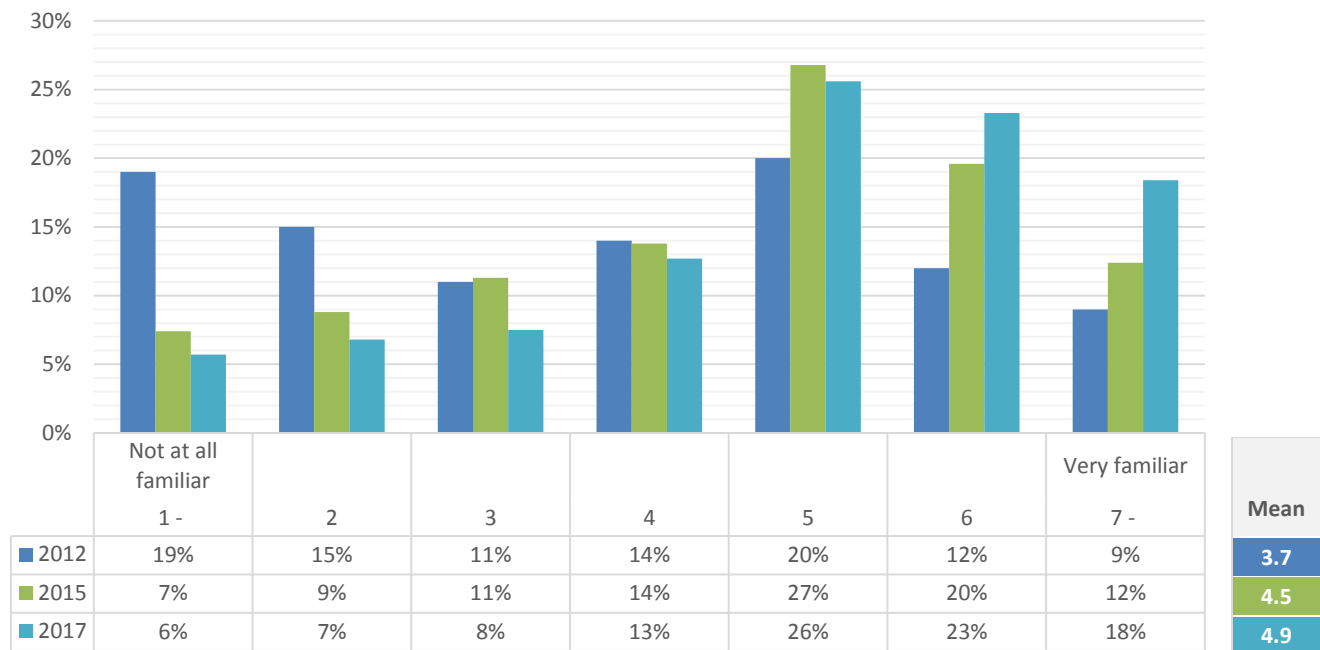The following pages contain detailed information and conclusions in the following categories and subcategories:

| **Awareness of the Program and Resources** | Familiarity with Integrity and Compliance related resources |
| | Familiarity with VCU's Policies |

| **Perceptions of Employees and Environment** | Perceptions of ethical conduct in the workplace |
| | Trust in supervisors |

Observing and Reporting Misconduct	Comfort with reporting concerns or incidents of non-compliance
	Observation of misconduct
	Reporting misconduct

| **Organizational Justice** | Appropriateness of resolution and follow up |
| | Perceptions of retaliation in response to voicing concerns |

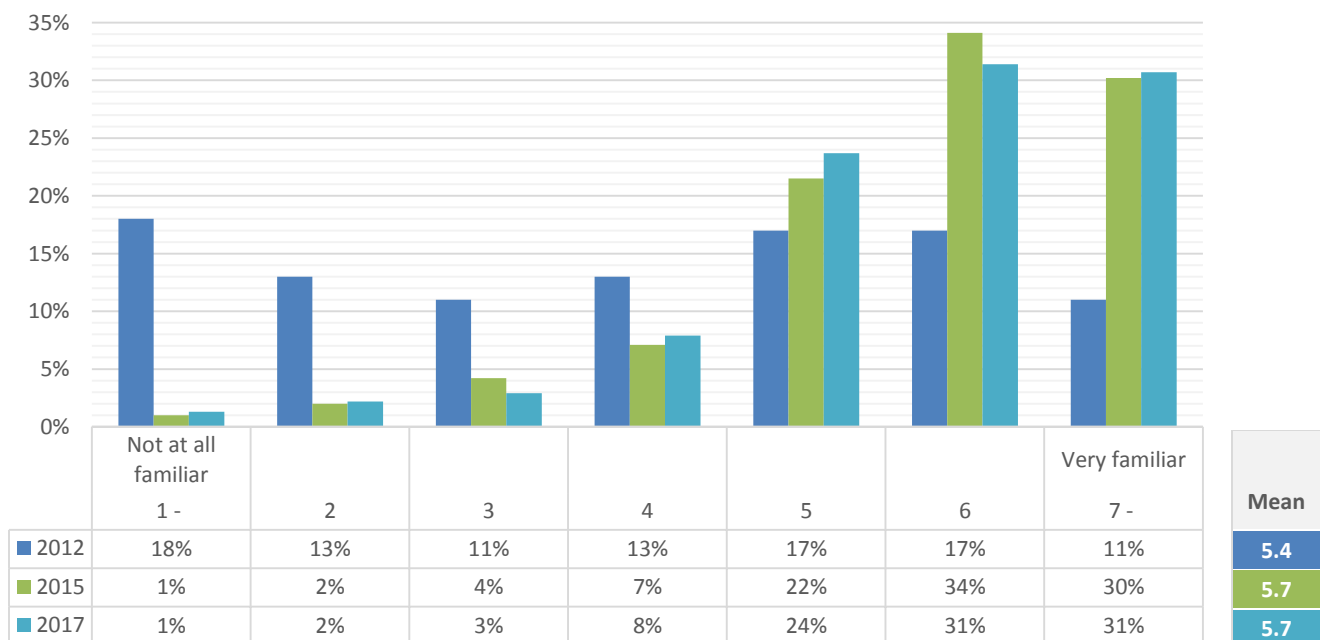## Awareness of the Program and Resources

Familiarity with Integrity and Compliance Related Resources

The Integrity and Compliance Office (ICO) serves as a resource to the university community, providing guidance and tools such as the VCU Code of Conduct, Policy Library and VCU Helpline. The following questions were posed to measure familiarity with these resources and help determine where to focus ICO awareness and education efforts.

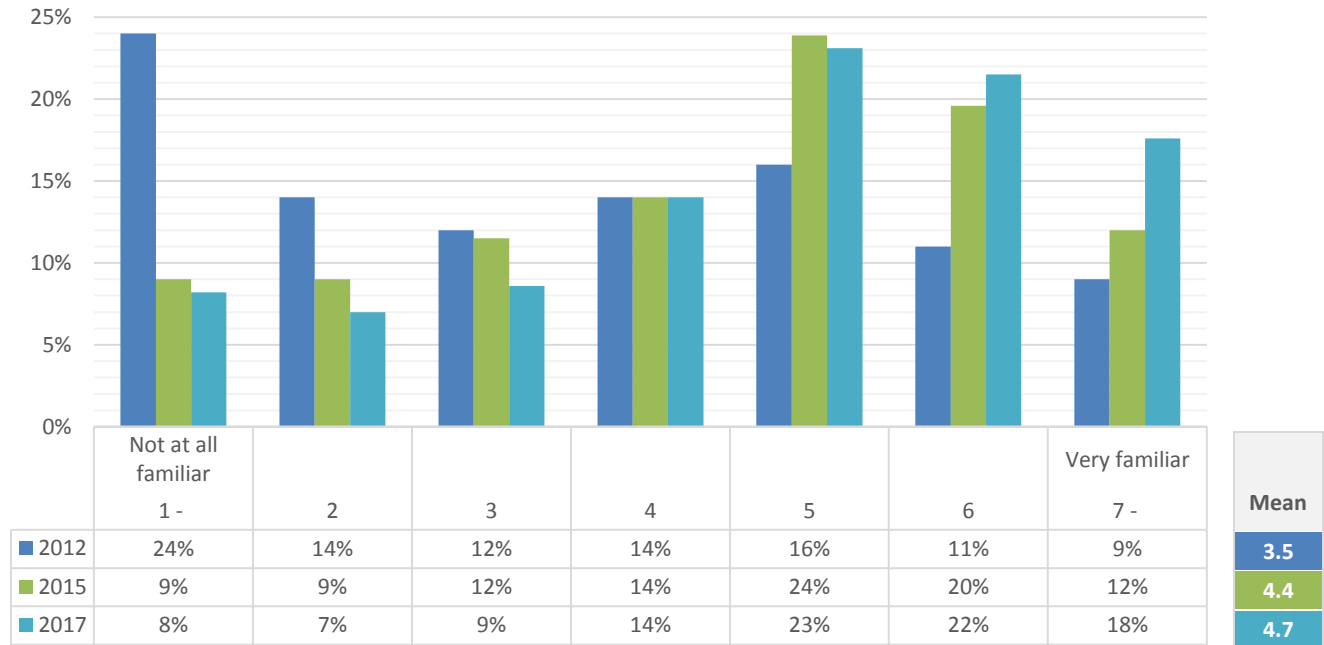**How familiar are you with the Integrity and Compliance Office?**

	Not at all familiar 1 -	2	3	4	5	6	Very familiar 7 -	Mean
2012	19%	15%	11%	14%	20%	12%	9%	3.7
2015	7%	9%	11%	14%	27%	20%	12%	4.5
2017	6%	7%	8%	13%	26%	23%	18%	4.9

How familiar are you with the VCU Code of Conduct (which contains our Ethical Standards)?[1]

	Not at all familiar 1 -	2	3	4	5	6	Very familiar 7 -	Mean
2012	18%	13%	11%	13%	17%	17%	11%	5.4
2015	1%	2%	4%	7%	22%	34%	30%	5.7
2017	1%	2%	3%	8%	24%	31%	31%	5.7

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[1] The 2010 and 2012 survey question referred to the "Code of Conduct for Business Practices" since the VCU Code of Conduct was not yet created during those survey periods.
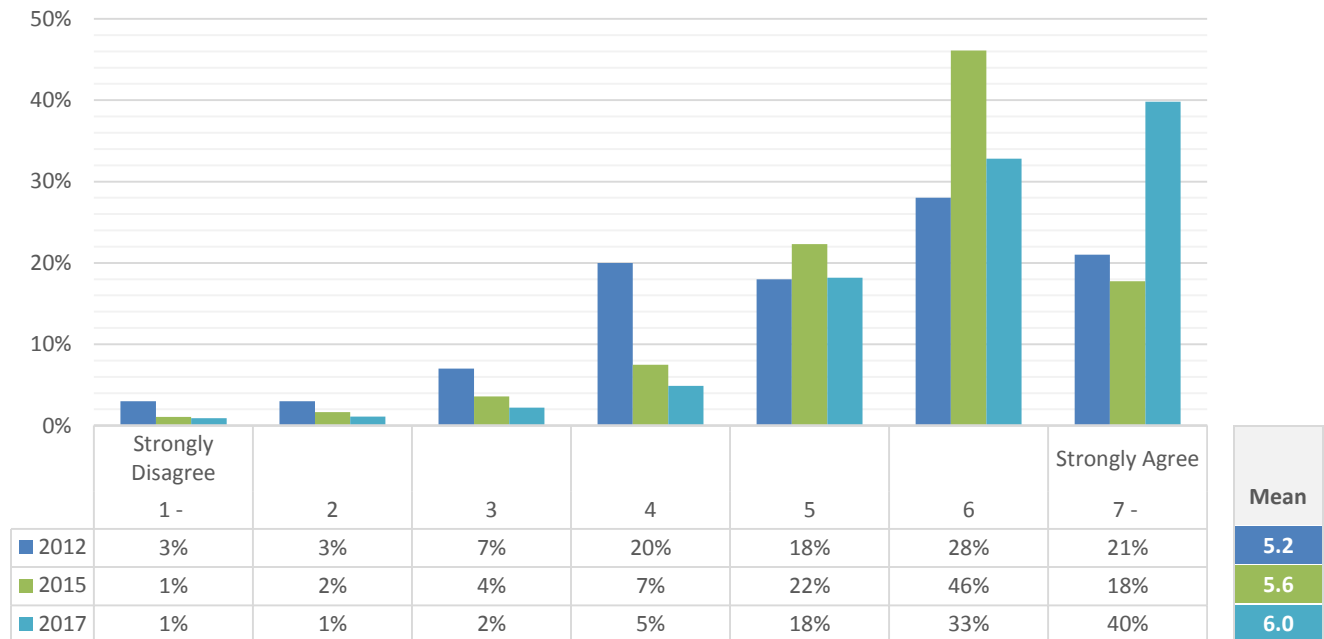
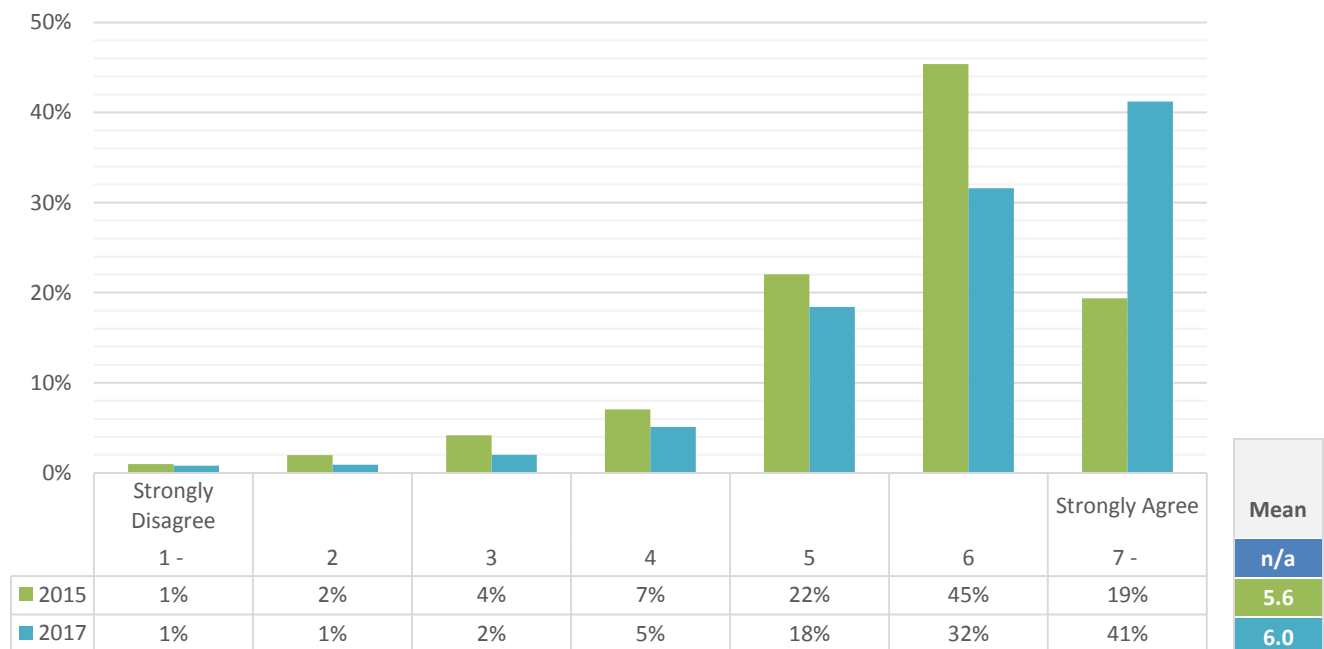## How familiar are you with the VCU Policy Library?

	Not at all familiar 1 -	2	3	4	5	6	Very familiar 7 -	Mean
2012	24%	14%	12%	14%	16%	11%	9%	3.5
2015	9%	9%	12%	14%	24%	20%	12%	4.4
2017	8%	7%	9%	14%	23%	22%	18%	4.7

How familiar are you with the VCU Helpline for anonymously reporting compliance concerns?

	Not at all familiar 1 -	2	3	4	5	6	Very familiar 7 -	Mean
2012	16%	9%	10%	11%	16%	20%	18%	4.4
2015	7%	6%	9%	11%	21%	29%	19%	4.9
2017	6%	5%	7%	12%	21%	26%	22%	5.0
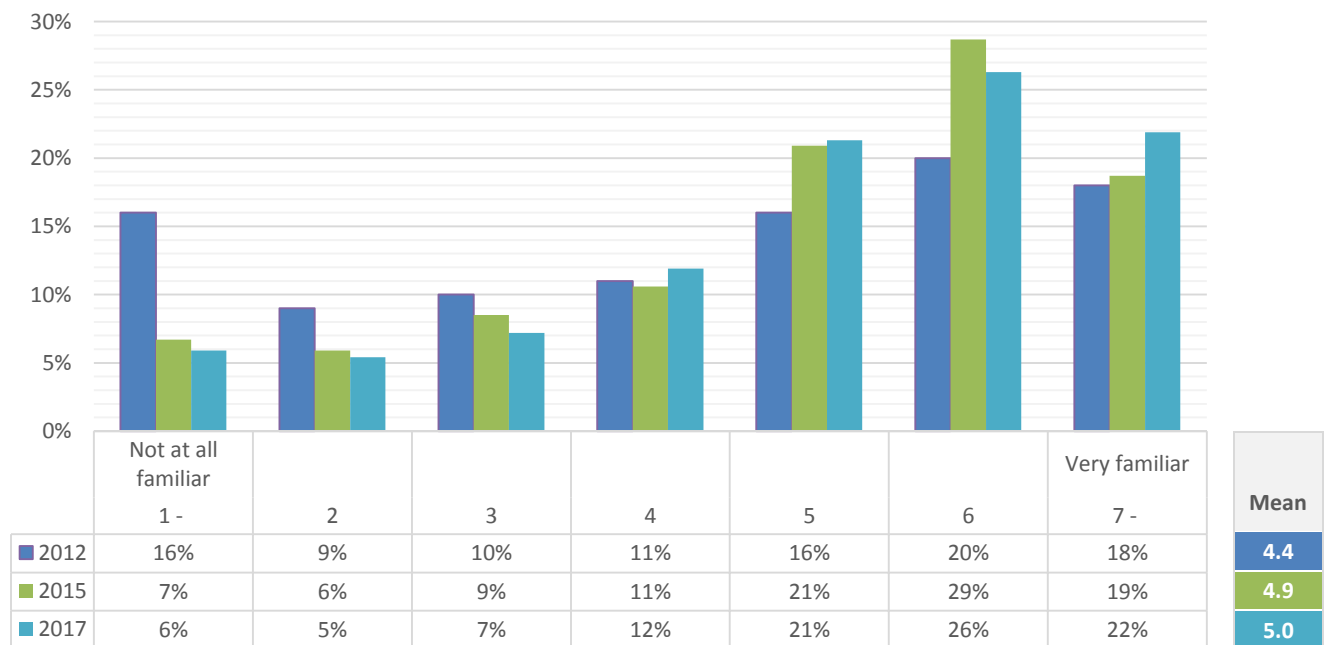
As a supervisor, or other leadership role, I know where I can find resources to assist me in <u>developing appropriate ethical behavior and accountability</u> in my employees.

	Strongly Disagree 1 -	2	3	4	5	6	Strongly Agree 7 -	Mean
2012	3%	3%	7%	20%	18%	28%	21%	5.2
2015	1%	2%	4%	7%	22%	46%	18%	5.6
2017	1%	1%	2%	5%	18%	33%	40%	6.0

As a supervisor, I know where I can find resources to assist me in <u>appropriately responding to and addressing reported compliance and ethical concerns</u>.

	Strongly Disagree 1 -	2	3	4	5	6	Strongly Agree 7 -	Mean
								n/a
2015	1%	2%	4%	7%	22%	45%	19%	5.6
2017	1%	1%	2%	5%	18%	32%	41%	6.0

Conclusion

Overall, there was a 9% increase in familiarity with the ICO and a 7% increase in familiarity with the Policy Library. Familiarity with the VCU Helpline and *VCU Code of Conduct* was consistent with past years at 86% and 69% respectfully. Most notably, supervisors indicated that they were more familiar with resources to assist them with encouraging ethical conduct and accountability (and addressing concerns) than in past years. Specifically, there was a 22% jump in the rating of "7-very familiar" for these questions.

The increase in familiarity of resources is most likely attributable to increased education as a part of the ICO's awareness initiatives, which included training presentations, compliance week activities, informational tables at VCU sponsored events, and joining several collaborative committees and workgroups.[2]

Familiarity with Policies

Respondents were asked if they know where to find policies and procedures and what their familiarity is with policies promoting a civil and professional working environment. The purpose of this inquiry is to evaluate the accessibility of information employees need in order to perform their work in compliance with VCU's expectations.

I know where to find information on policies and procedures at VCU.

	Strongly Disagree 1 -	2	3	4	5	6	Strongly Agree 7 -	Mean
2012	2%	3%	7%	11%	21%	30%	26%	5.4
2015	1%	2%	5%	8%	21%	31%	32%	5.7
2017	1%	2%	5%	8%	19%	30%	34%	5.7

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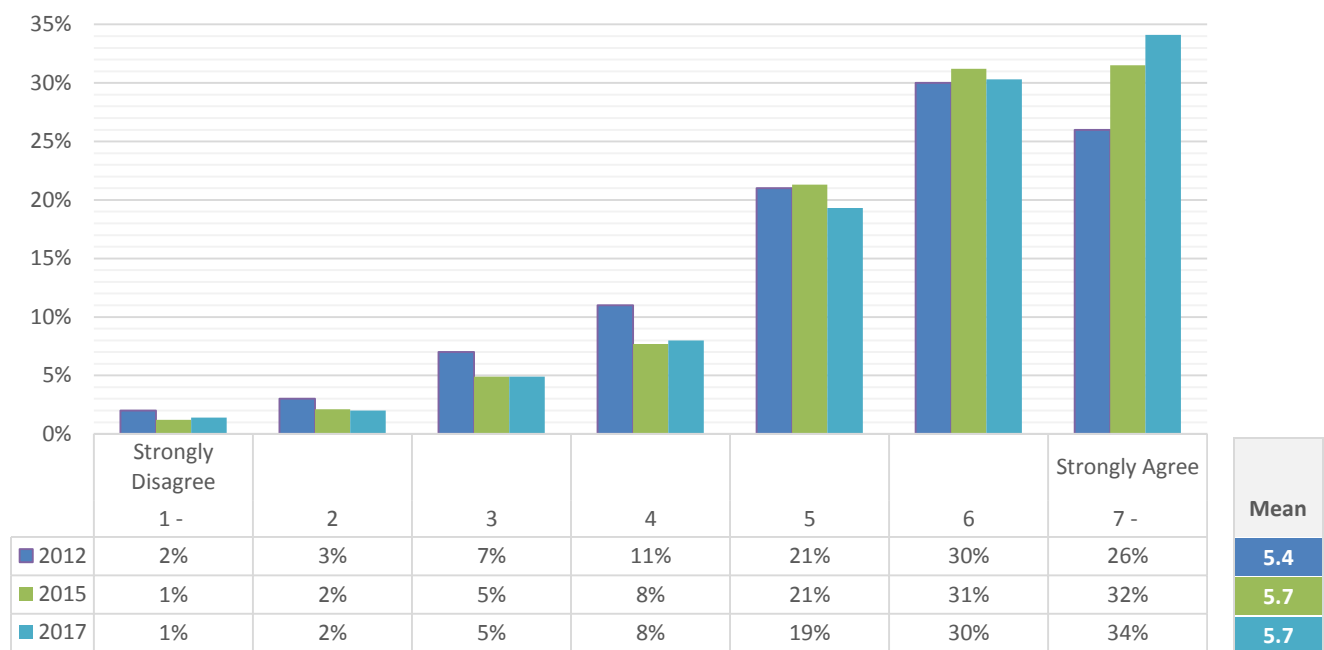
[2] This list is not exhaustive.

How familiar are you with VCU's policies promoting an ethical culture, a civil and professional working environment, and anti-retaliation for reporting concerns?

	Not at all familiar 1 -	2	3	4	5	6	Very familiar 7 -	Mean
2012	8%	8%	10%	12%	20%	24%	18%	4.7
2015	3%	3%	6%	11%	23%	30%	24%	5.3
2017	2%	3%	3%	8%	20%	33%	32%	5.7
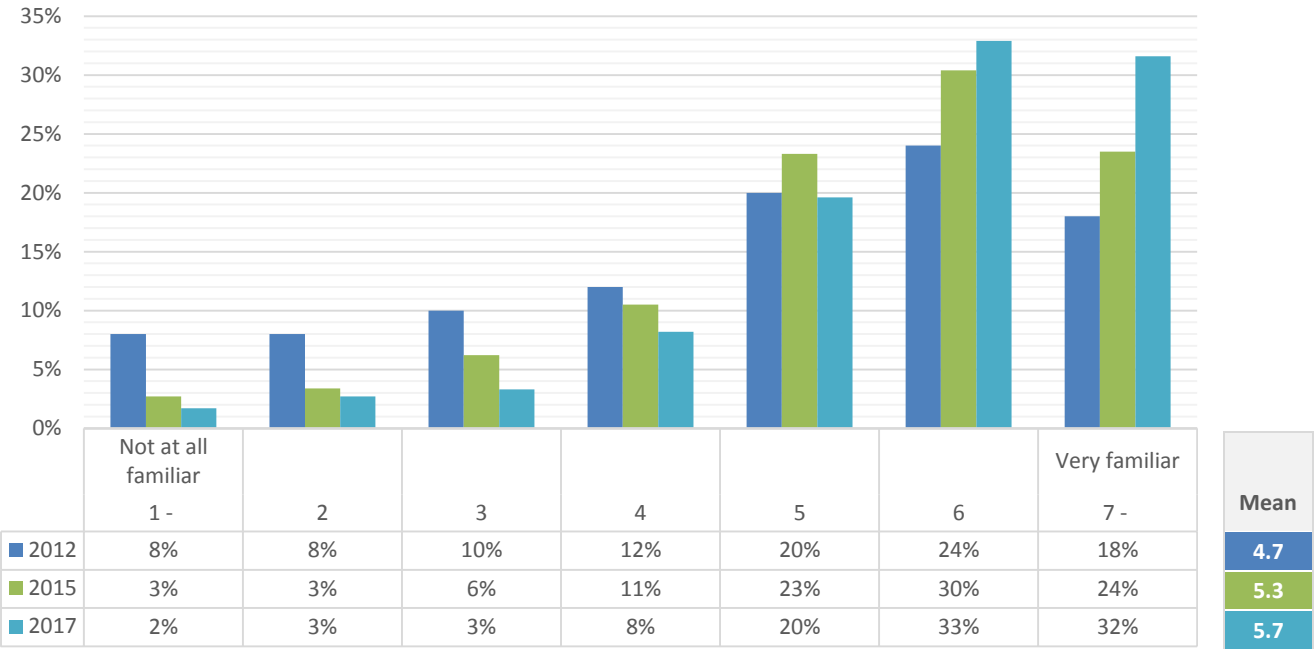
Conclusion

Eighty-three percent of employees reported familiarity with where to find policies in line with 2015 results. However, familiarity with the Policy Library grew from 56% in 2015 to 63% this year. The expectation is that this metric will continue to increase over the next several years as the Policy Program is further developed, promoted and utilized.

Complimentary to this finding, there was also a 7% increase from the 2015 survey (and a 23% increase from 2012) in familiarity with policies promoting a civil and professional working environment. This may be attributable to the President and Provost's consistent messaging related to this topic serving as reiteration of VCU's expectations, which is a positive indicator of appropriate "tone from the top."

Perceptions of Employees and Environment

Perceptions of Ethical Conduct in the Workplace

The following questions were included in the survey to measure ethical perceptions of peers and those in leadership roles.
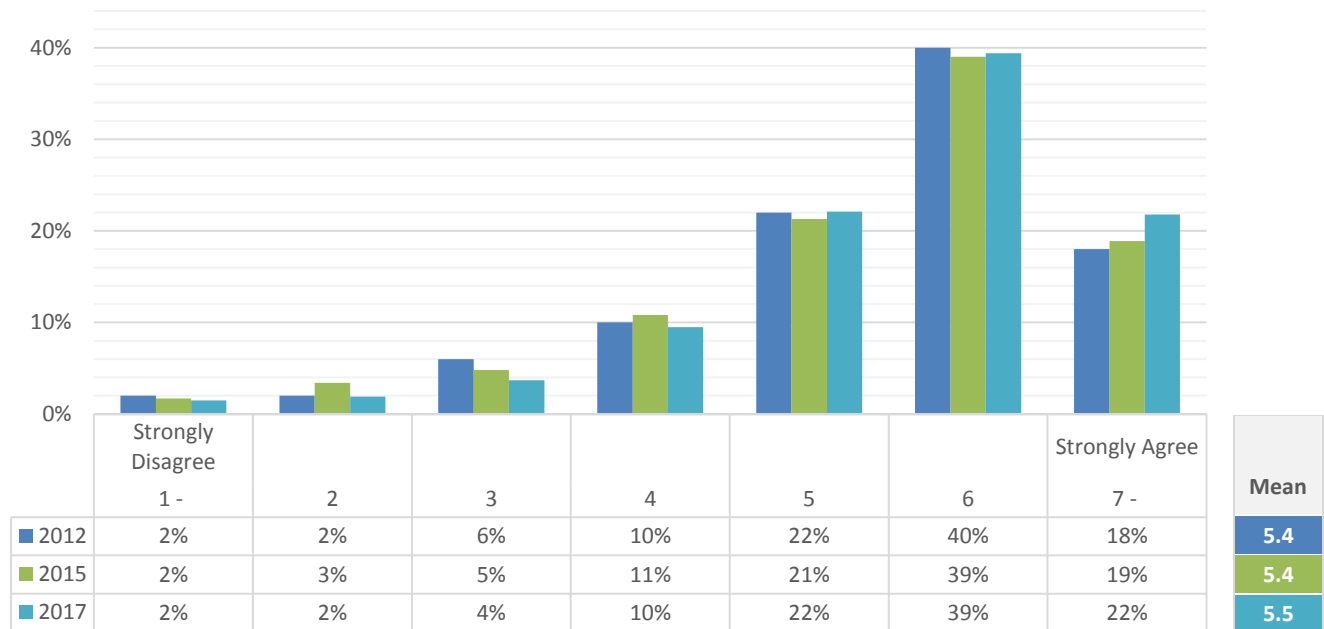
I believe that most employees at VCU know the laws, regulations and university policies that they are required to follow.

	Strongly Disagree 1 -	2	3	4	5	6	Strongly Agree 7 -	Mean
2012	3%	7%	12%	19%	28%	22%	9%	4.6
2015	2%	6%	10%	18%	28%	28%	9%	4.9
2017	2%	3%	9%	18%	28%	26%	15%	5.0
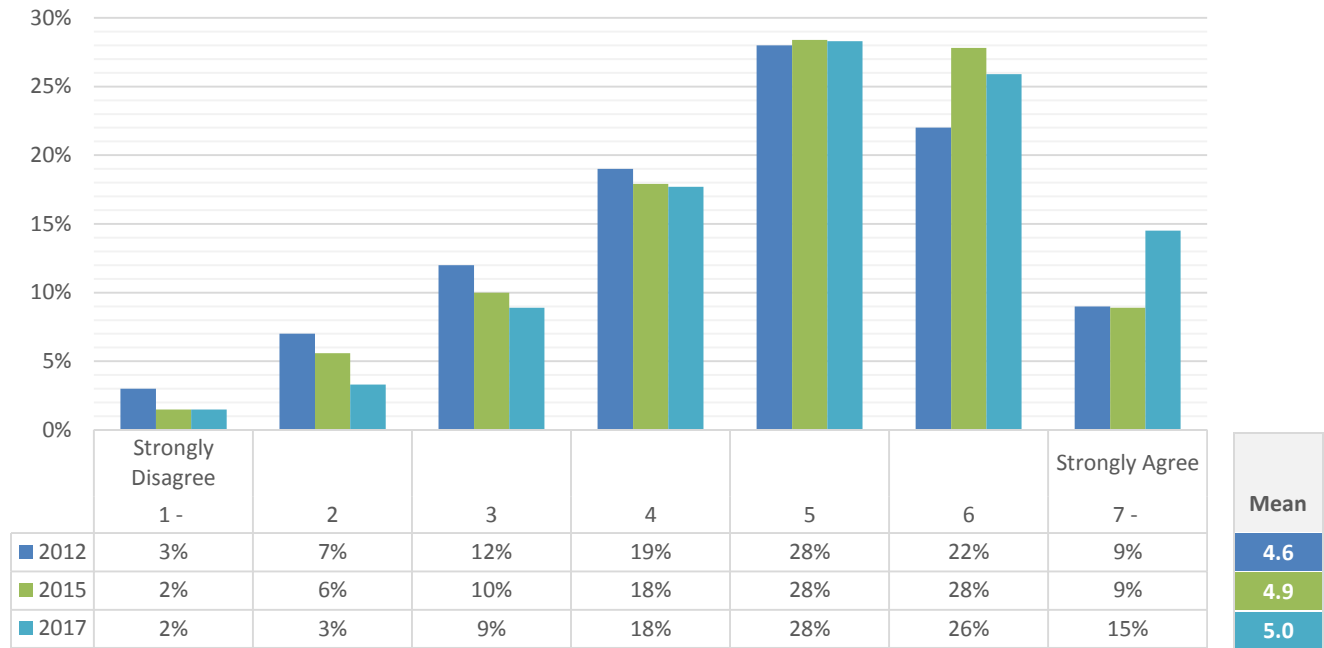
I believe that most employees at VCU demonstrate integrity and ethical behavior in performance of their job duties.

	Strongly Disagree 1 -	2	3	4	5	6	Strongly Agree 7 -	Mean
2012	1%	2%	4%	9%	25%	42%	17%	5.5
2015	1%	2%	4%	9%	25%	42%	17%	5.5
2017	0%	1%	3%	8%	24%	43%	21%	5.7
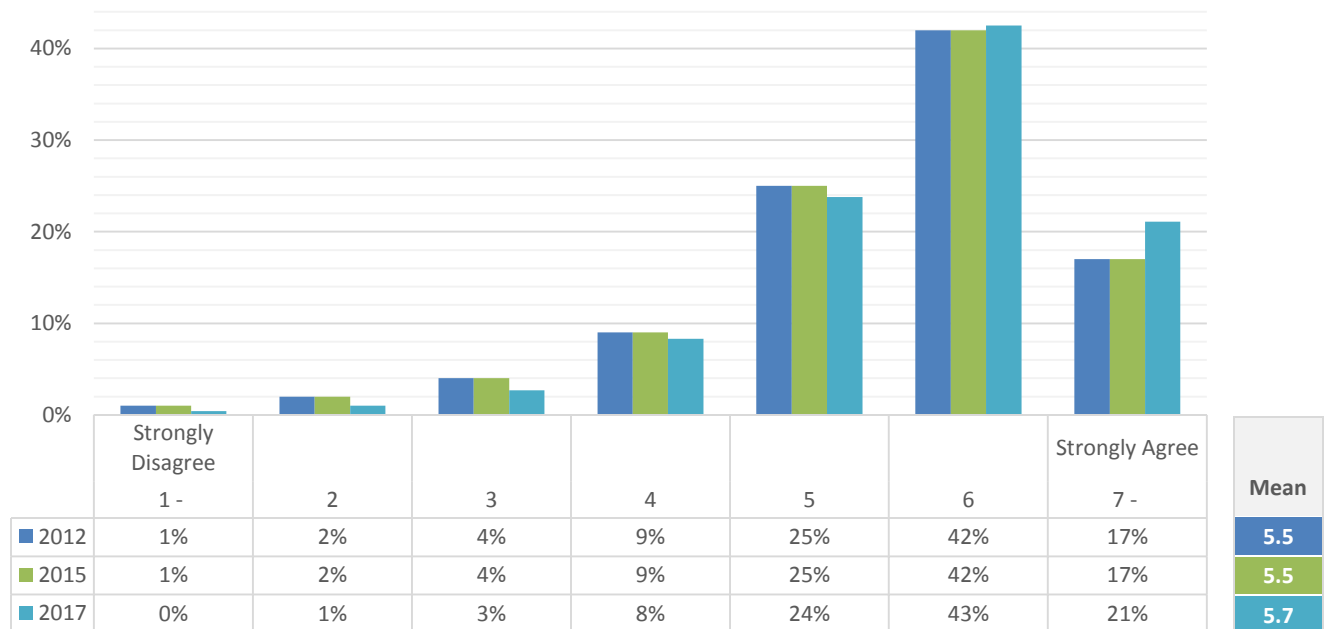
I believe that most employees in <u>leadership positions</u> at VCU demonstrate integrity and ethical behavior in performance of their job duties.

	Strongly Disagree 1 -	2	3	4	5	6	Strongly Agree 7 -	Mean
2012	2%	2%	6%	10%	22%	40%	18%	5.4
2015	2%	3%	5%	11%	21%	39%	19%	5.4
2017	2%	2%	4%	10%	22%	39%	22%	5.5

Conclusion

With an increase of 4% from the 2015 survey, the 2017 data demonstrates respondents are in agreement that most employees know the laws, regulations and university policies they are required to follow. This is supported by a 4% increase in agreement that most employees demonstrate integrity and ethical behavior in the workplace. Interestingly, that while only 69% of respondents agreed that most employees know the policies that they are required to follow, 83% of respondents agreed that they know where to find the policies that apply to their position. This data suggests that employees may express over-confidence of their policy knowledge and under-confidence in others.

Belief that leadership demonstrates integrity and ethical behavior increased 4% from 2015.

Trust in Supervisors

The following questions help measure the level of trust employees have with their direct supervisor, which impact comfort level of reporting concerns, ethical conduct and accountability.

My supervisor trusts me to do my job well and with integrity.
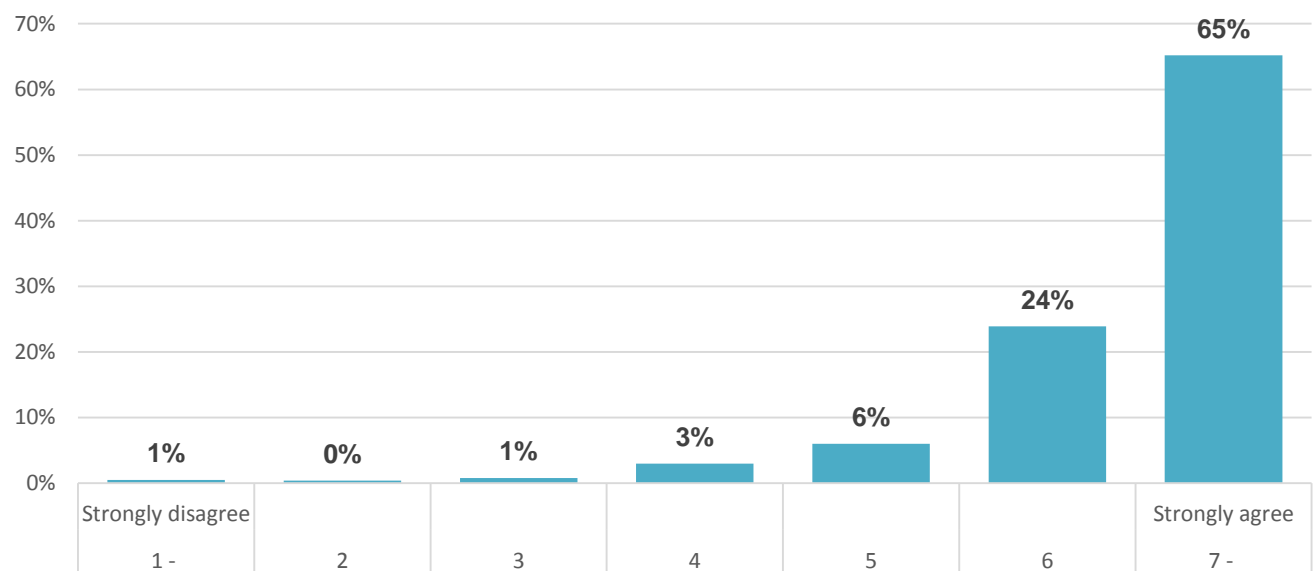
I trust my supervisor to support me in my role and follow through on promises/commitments.
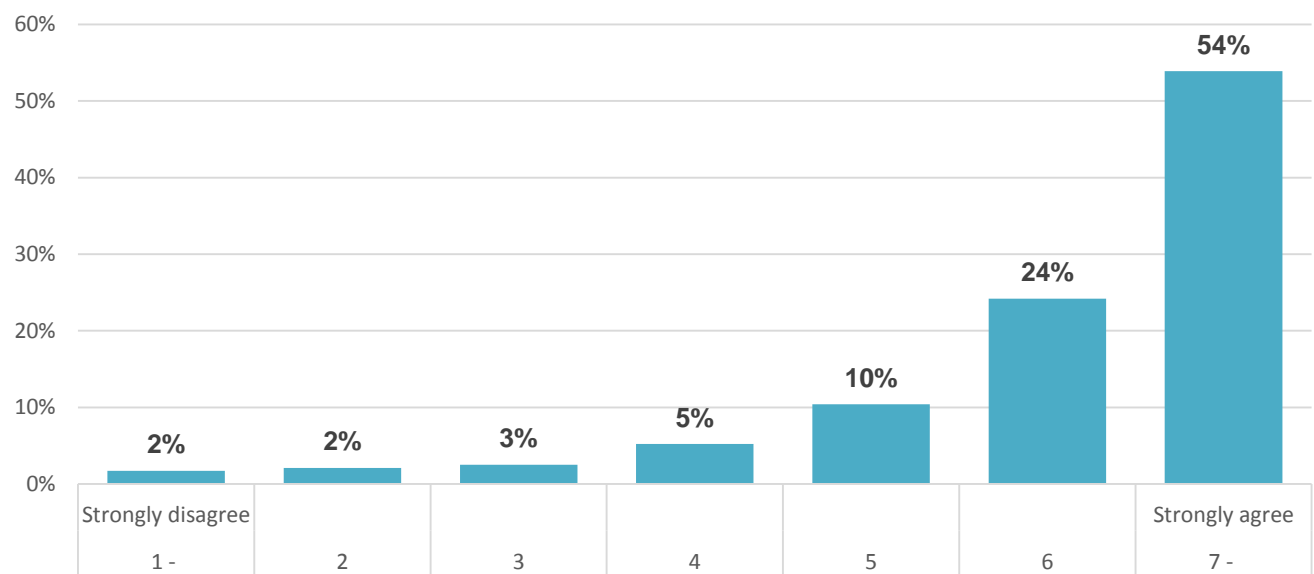
Conclusion

Ninety-five percent of employees indicated that their supervisor trusts them to do their job well and with integrity, while 88% agreed that they trust their supervisor to support them and follow through on promises/commitments. This is a positive indicator of ethically healthy relationships between employees and their direct supervisor.

Comfort Level with Reporting Incidents or Concerns of Noncompliance

Employees were asked to rate their comfort level with reporting issues to their supervisor and whether they felt they would be protected from retaliation when reporting through various mechanisms. This data was collected to evaluate whether respondents felt they could raise concerns without fear of retaliation.

I feel comfortable reporting incidents or concerns of noncompliance to my supervisor.
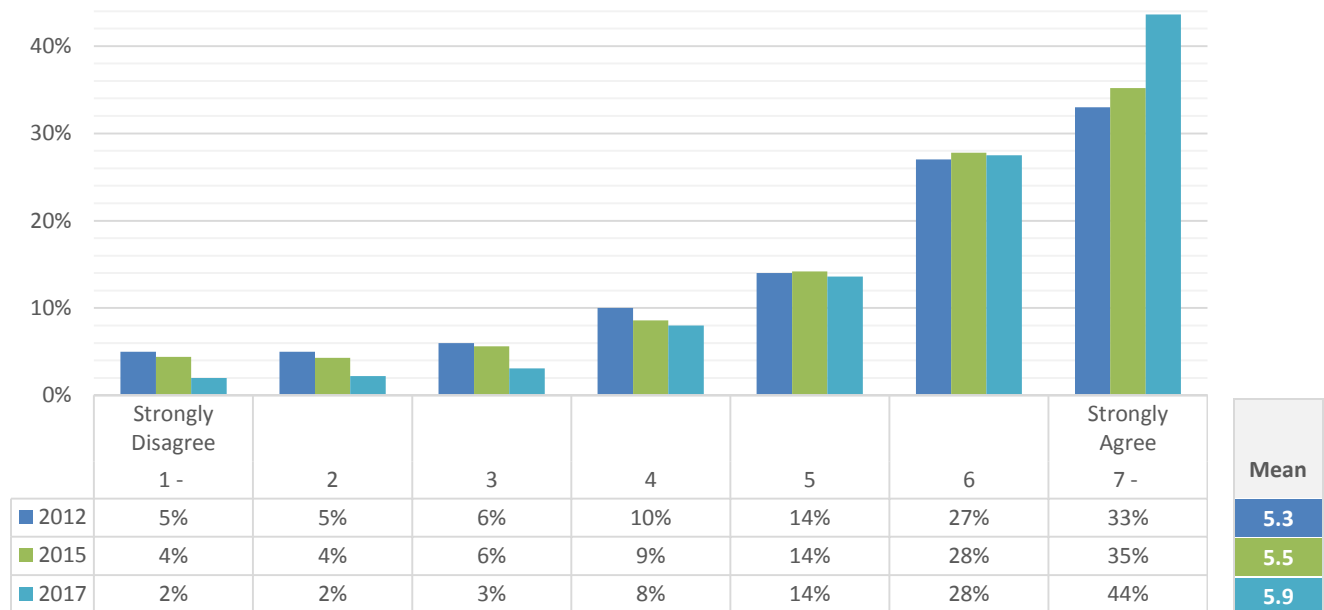
	Strongly Disagree 1 -	2	3	4	5	6	Strongly Agree 7 -	Mean
2012	5%	5%	6%	10%	14%	27%	33%	5.3
2015	4%	4%	6%	9%	14%	28%	35%	5.5
2017	2%	2%	3%	8%	14%	28%	44%	5.9

I feel that I would be protected from retaliation if I report an ethics or compliance concern to <u>my supervisor</u>.
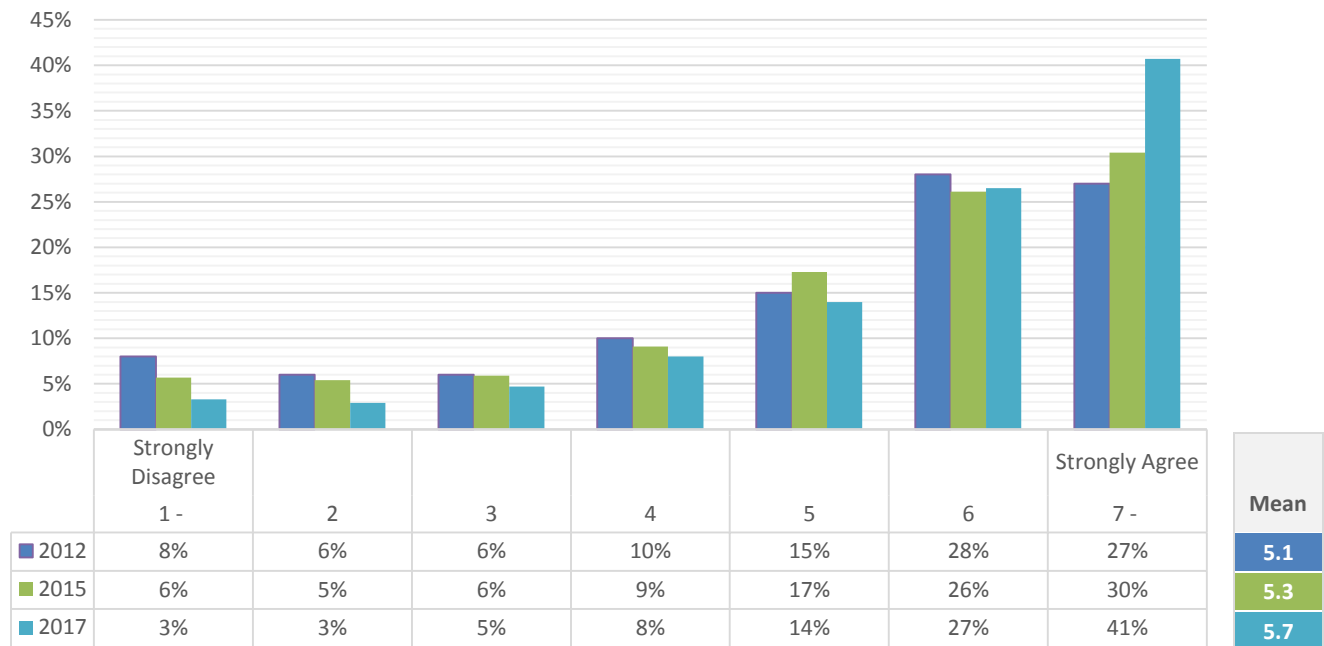
	Strongly Disagree 1 -	2	3	4	5	6	Strongly Agree 7 -	Mean
2012	8%	6%	6%	10%	15%	28%	27%	5.1
2015	6%	5%	6%	9%	17%	26%	30%	5.3
2017	3%	3%	5%	8%	14%	27%	41%	5.7

I feel that I would be protected from retaliation if I report an ethics or compliance concern to a <u>central office</u> (e.g., Human Resources; Athletics; Grants and Contracts, and Effort Reporting).
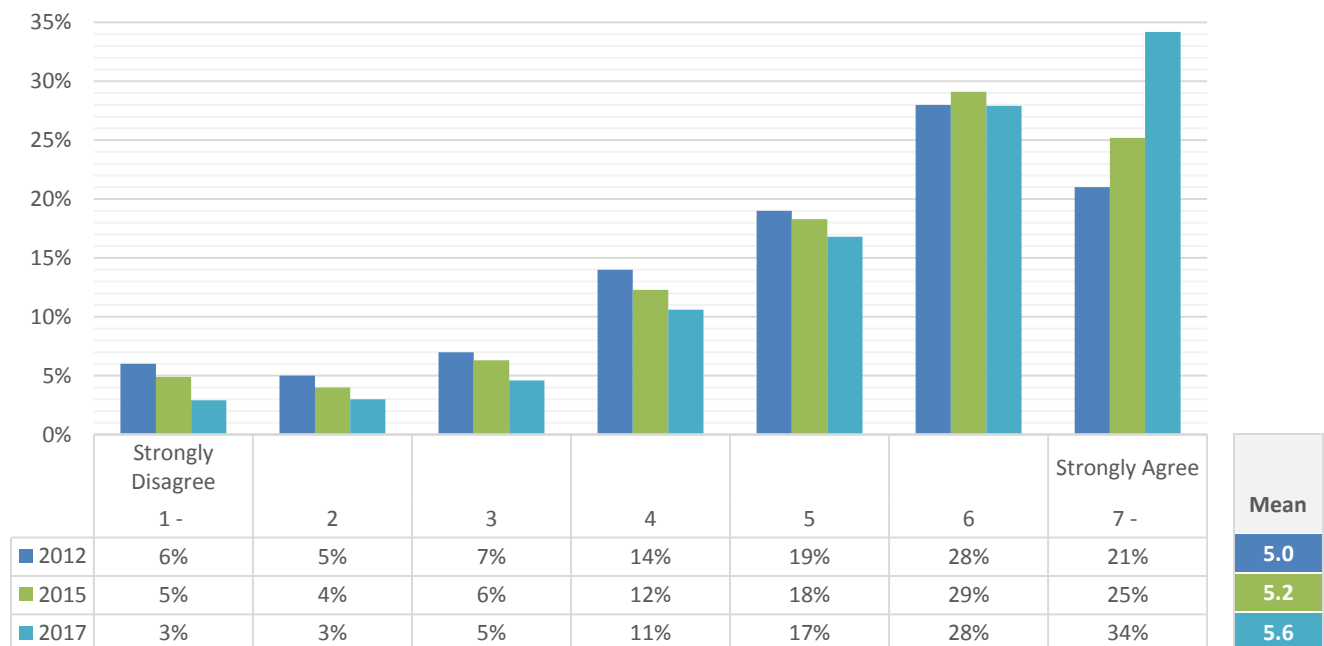
	Strongly Disagree 1 -	2	3	4	5	6	Strongly Agree 7 -	Mean
2012	6%	5%	7%	14%	19%	28%	21%	5.0
2015	5%	4%	6%	12%	18%	29%	25%	5.2
2017	3%	3%	5%	11%	17%	28%	34%	5.6

I feel that I would be protected from retaliation if I report an ethics or compliance concern through the <u>VCU Helpline</u>.

	Strongly Disagree 1 -	2	3	4	5	6	Strongly Agree 7 -	Mean
2012	4%	3%	5%	14%	16%	29%	29%	5.4
2015	3%	3%	5%	11%	16%	30%	33%	5.5
2017	2%	2%	3%	10%	14%	29%	40%	5.8
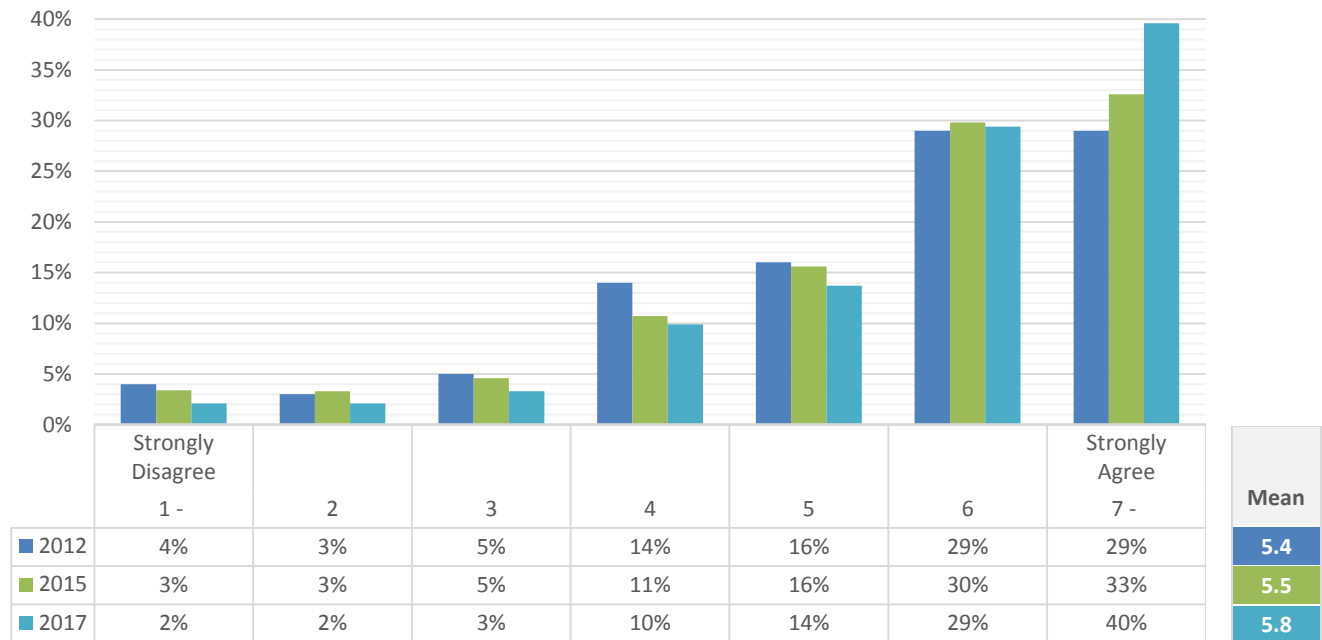
Conclusion

Although fear of retaliation is a commonly cited deterrent to reporting concerns across all industries and is reflected similarly in VCU's culture surveys, by contrast the university receives very few reports (allegations) of actual retaliation or threat of retaliation (11 in the last 18 months) and only one of these allegations was substantiated. Three were pending as of April 12, 2017.

Respondents indicated their comfort level in reporting directly to a supervisor increased by 8% from the 2015 survey, as did the belief that the reporter would be protected from retaliation if reporting to a supervisor, central office, or the VCU Helpline (increasing by 7%, 6% and 5% respectively). Additionally, respondents felt most confident that they would be protected from retaliation by reporting through the VCU Helpline at 83%, followed by reporting direct to a supervisor and reporting to a central office at 82% and 79% respectively.[3]

Observation of Misconduct

The following questions assess perceptions of misconduct in relation to actual experienced or observed misconduct.

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[3] Additional findings related to retaliation are noted on pages 22 and 23.

I directly experienced or observed repeated, extremely disrespectful or unprofessional behavior in the workplace by a supervisor within the last 12 months.
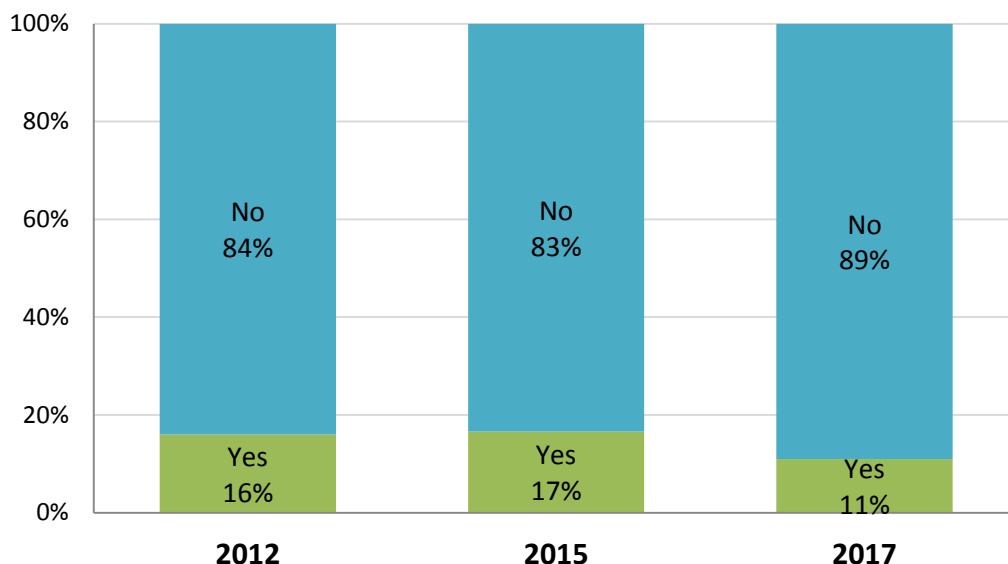

I directly experienced or observed a violation of law/regulation, university policy or our Code of Conduct within my area in the last 12 months.
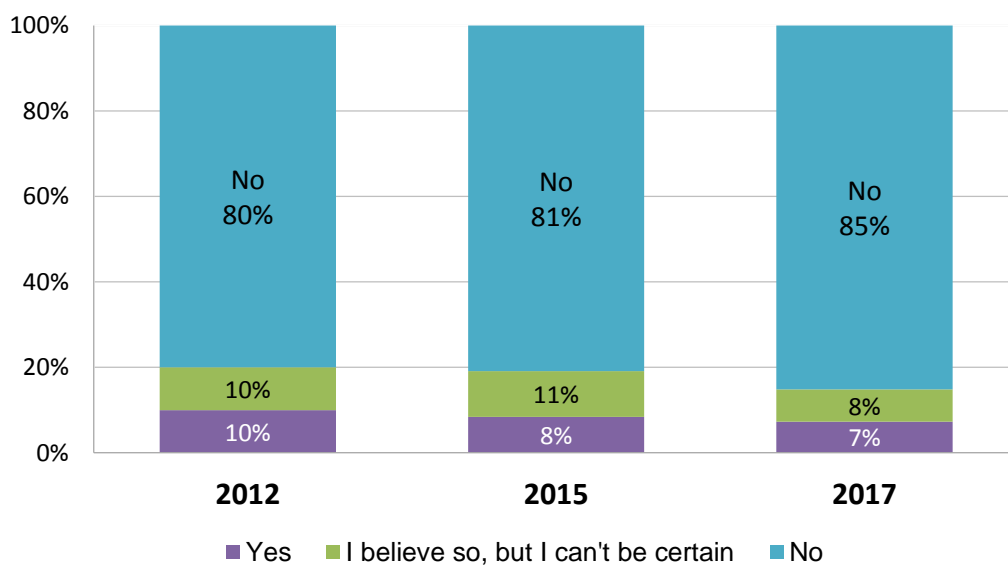
I was asked to bend, break or circumvent laws, regulations and/or university policies during the last 12 months by someone in my department.
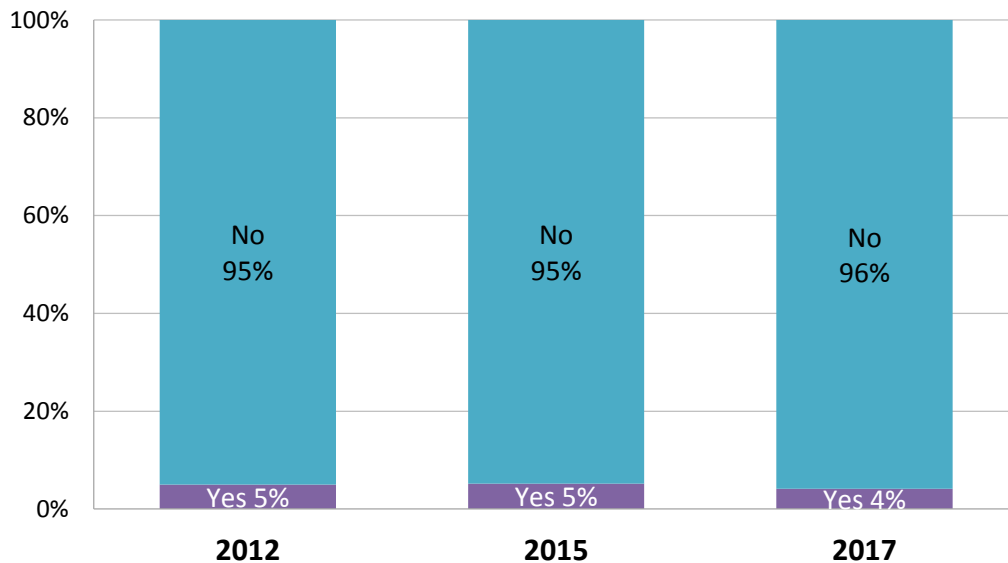
For individuals who observed misconduct [n=458 or 15% of all respondents]: **How would you describe the misconduct you directly experienced or observed?**
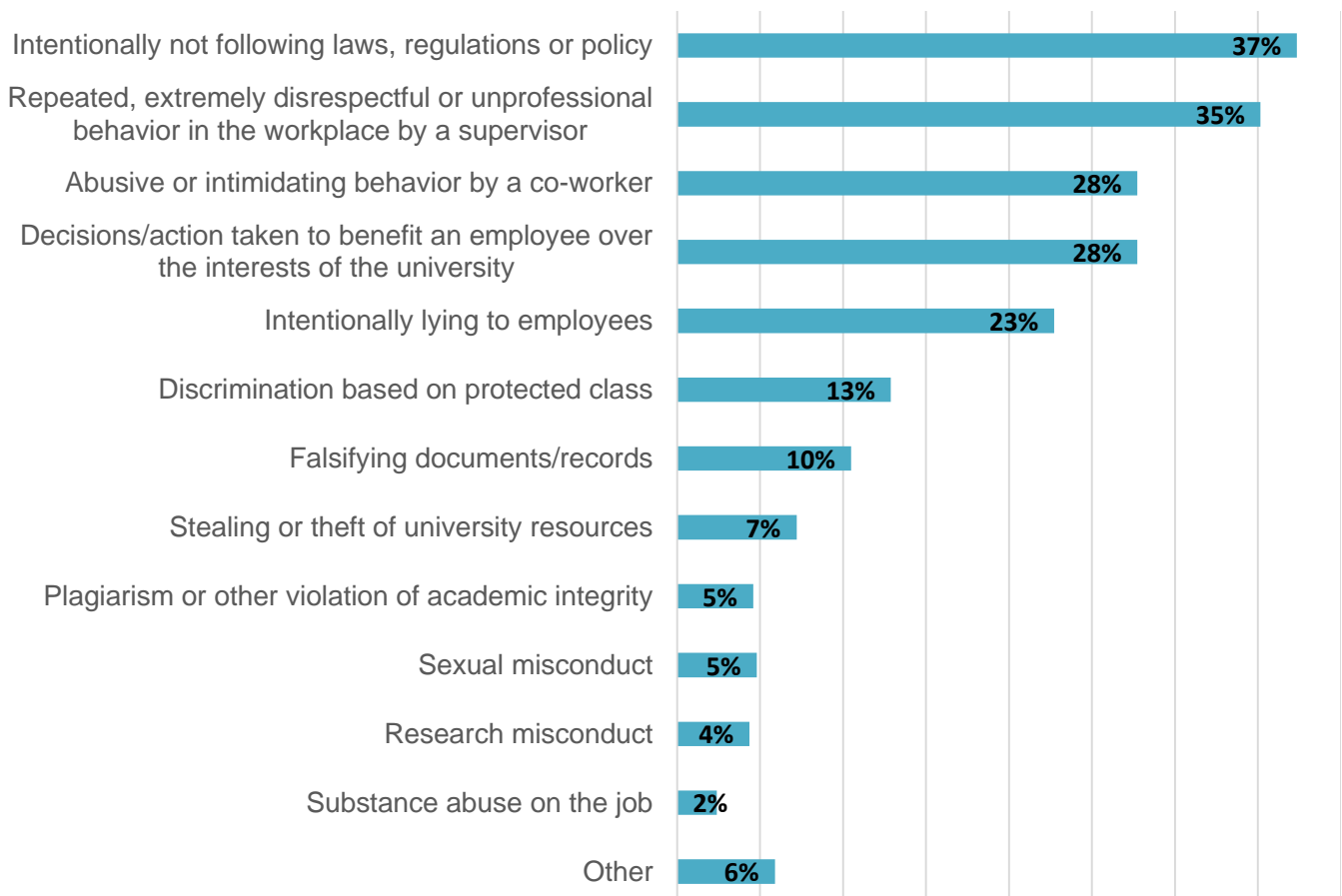
Conclusion

Those reporting (11% of all respondents) that they "experienced or observed repeated, extremely disrespectful or unprofessional behavior in the workplace by a supervisor" fell 6% from 2015. Employees who observed misconduct also fell 4 percentage points to 15% of all respondents. However, as in past years, a discrepancy remains between reported rates of "experiencing and/or observing misconduct'" and those reporting being "directly asked to bend, break or circumvent laws, regulations or policy." This implies that perceptions of misconduct may be greater than actual occurrences or that observing, or perceiving to observe, misconduct is more often the case than directly experiencing it. A similar conclusion was also reflected in the ICO's *Annual Integrity and Compliance Report* which analyzed universitywide reporting statistics for FY2016.

In contrast, the *Global Business Ethics Survey* reported that 30% of employees nationwide observed misconduct in the workplace (and 33% observed misconduct globally). VCU's significantly lower rate of 15% is a positive indicator of the VCU culture and of the *Ethics and Compliance Program*'s effectiveness.

Reporting of Misconduct

Having individuals report misconduct internally is the preferred ultimate goal in order to maintain trust and to be as agile in responding as possible. The following charts illustrate additional follow up detail from the group of employees who reported experiencing or observing misconduct (15%).
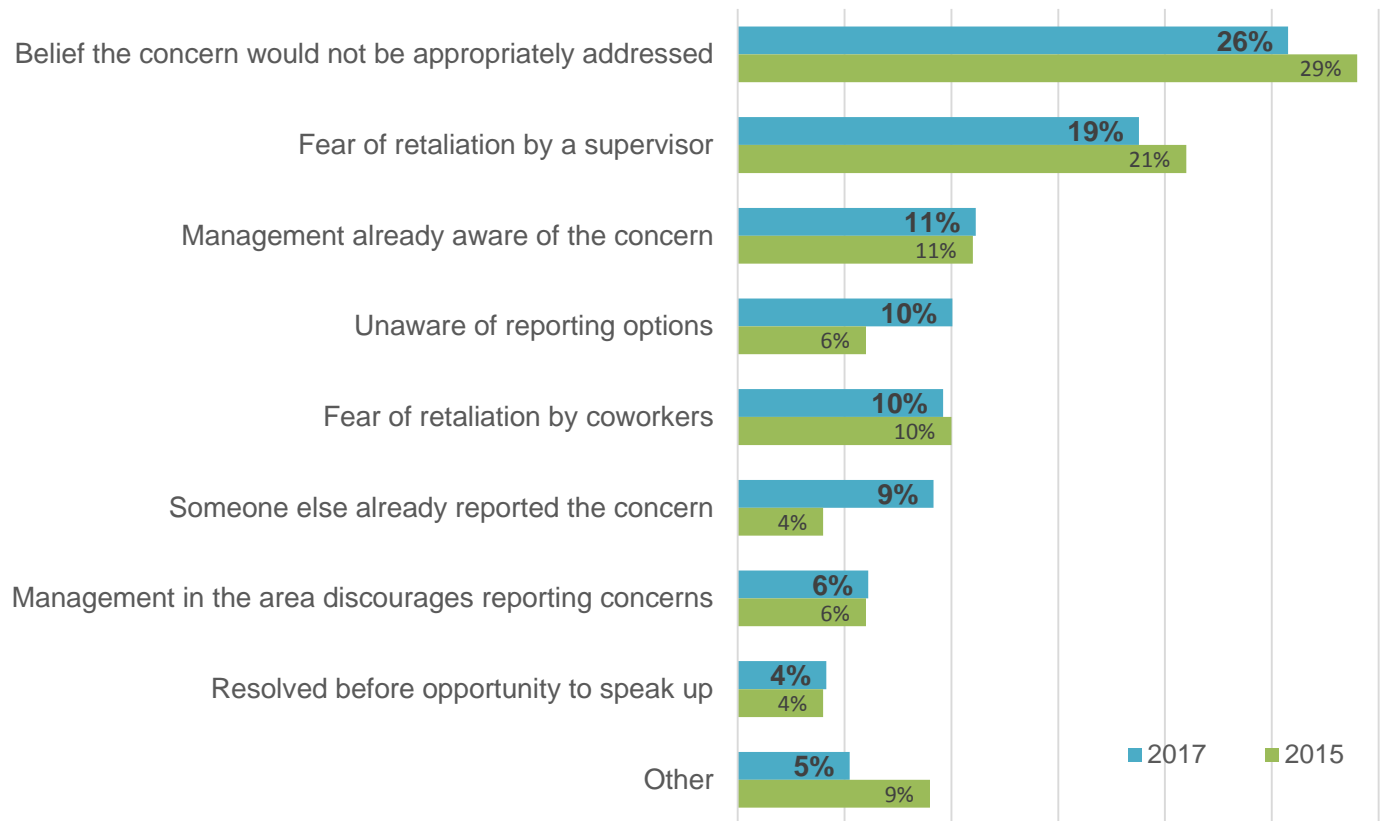
For individuals who observed or experienced misconduct [n=458]: **Did you voice your concern?** [4]

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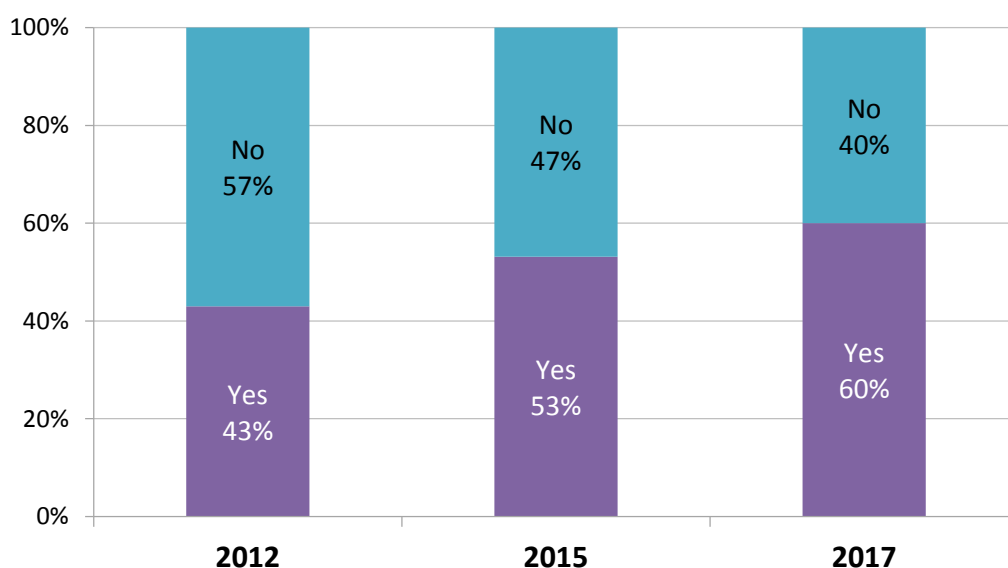
[4] This question was only asked if respondents replied "yes" or "I believe so but I can't be certain" to "I directly experienced or observed a violation of laws, regulations or university policy in my office/department within the last 12 months."

For individuals who did not report the misconduct [n=181 or 6% of all respondents]: Why didn't you report your concern?

Reason	2017	2015
Belief the concern would not be appropriately addressed	26%	29%
Fear of retaliation by a supervisor	19%	21%
Management already aware of the concern	11%	11%
Unaware of reporting options	10%	6%
Fear of retaliation by coworkers	10%	10%
Someone else already reported the concern	9%	4%
Management in the area discourages reporting concerns	6%	6%
Resolved before opportunity to speak up	4%	4%
Other	5%	9%

Conclusion

Sixty percent of employees responded that they chose to report the misconduct that they experienced or observed in the last 12 months. This is an increase of 7% from the 2015 survey.

The top three types of misconduct reportedly observed by 15% of all respondents (or n=458) are:

- Intentionally not following laws, regulations or policy (37% or n=171)
- Repeated extremely disrespectful or unprofessional behavior by a supervisor (35% or n=161)
- Abusive or intimidating behavior by a co-worker (28% or n=127)

For outside perspective, consider the most common types of reported misconduct published in the *Global Business Ethics* Survey:

- Abusive/intimidating behaviors by a co-worker (22%)
- Intentionally lying to employees or customers (22%)
- Decisions or actions taken to benefit an employee over the interests of the organization (19%)

This cycle, the belief that a reported concern would not be appropriately addressed (19% or n=47) was cited as the number one reason employees chose not to report their concerns (down from 29% in 2015),

followed by fear of retaliation by a supervisor at 12% (n=22). Additional analysis of this data reveals that 24% (n=43) of employees who did not report their concern attributed this to one of the following:

- The issue was resolved before the employee had the opportunity to speak up
- Someone else already reported
- Management was already aware

Of those who observed misconduct at VCU (n=458), a majority of this sub-population (60% or n=277) chose to report their concern. While this is an 7% increase in reporting for VCU since last cycle, 60% remains notably lower than the 76% of U.S. employees metric in the *Global Business Ethics Survey,* indicating that managers and supervisors would likely benefit from increased training on handling reported concerns to reduce the perception that concerns are not appropriately addressed. Additionally, reporting options and anti-retaliation may need to be more broadly communicated. All of these topics were recently addressed in the 2016 Integrity and Compliance Education modules due in December 2016. This education effort in combination with planned supervisor/management targeted initiatives is expected to positively impact these metrics between now and the 2019 survey.

Organizational Justice

Organizational justice refers generally to employee perceptions of fairness in the workplace. This section of the survey aim to measure satisfaction of issue response and resolution and inquire as to feelings and perceptions related to conduct in the workplace after voicing concerns. Measuring these components is critical to understanding more about what is, or is not, reported *and why*.

Appropriateness of Resolution and Follow-up

Fair and consistent corrective action in response to reported concerns is a foundational element to an effective ethics and compliance program. Employee perception that reported concerns are addressed appropriately also drives propensity to voice concerns and encourage others to do so, and thus is a key indicator of an ethical workplace culture. The following charts illustrate perceptions of the 60% of respondents [277] who reported concerns over the last 12 months.

For individuals who reported misconduct [277]: Was the matter properly resolved?


Chart data:

- No: 2017 = 36%, 2015 = 38%
- Mostly: 2017 = 25%, 2015 = 9%
- Not sure; no follow-up: 2017 = 23%, 2015 = 9%
- Yes: 2017 = 15%, 2015 = 32%
- Resolution/Investigation pending: 2017 = 2%, 2015 = 12%

Legend: ■ 2017 ■ 2015
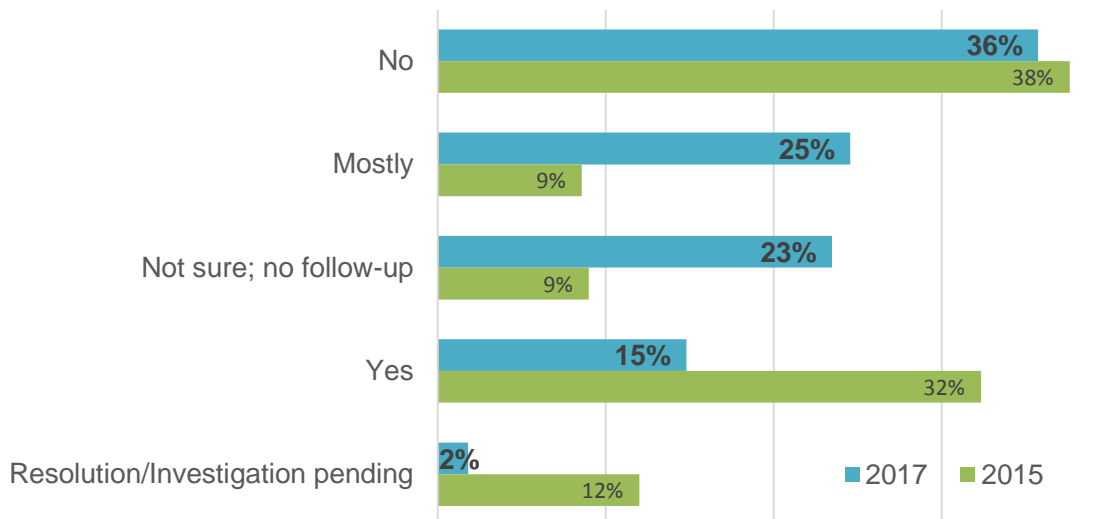
Conclusion

Of those individuals who reported misconduct, 40% (n=109), felt the matter was fully or partially resolved, 23% (n=65), were unsure, and 36% (n= 99), were unsatisfied with the resolution. It is suspected that the unsatisfactory and unsure rate is likely attributable to the fact that communication of the resolution is limited when related to personnel action. Additionally, little or no follow-up is also a contributor, which illustrates an opportunity for additional education on appropriate response to employees by management when concerns are reported.

Perceptions of Retaliation in Response to Voicing Concerns

Employee perception that retaliation occurred in response to voicing concerns can be detrimental to an organization's culture and to its effective ethics and compliance program, as employees usually respond by not reporting future incidents and sharing their negative experience with others. For this reason, the 60% of respondents who reported concerns, or n=277, were asked about whether they felt they experienced any type of retaliation for speaking up and if so, how did the perceived retaliation manifest.

For individuals who reported the misconduct [277]: Do you feel that you experienced any type of retaliation for speaking up?

Yes
16%

I'm not sure, but I think so
19%

No
65%
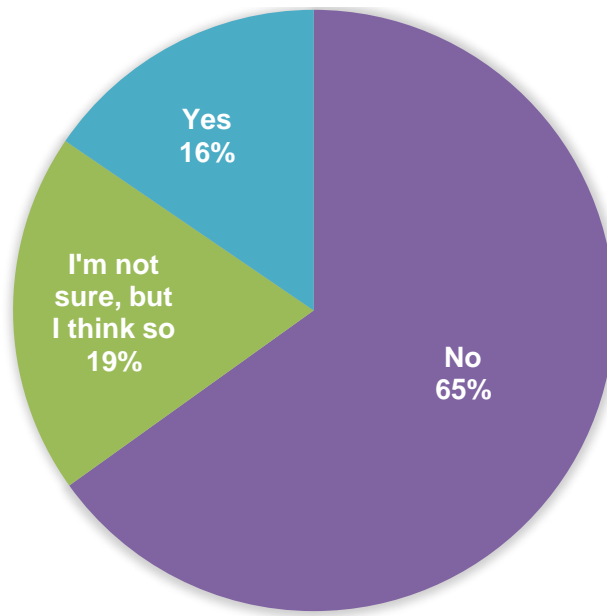
For individuals who reported the misconduct [277] *and* reported experiencing retaliation [97]:
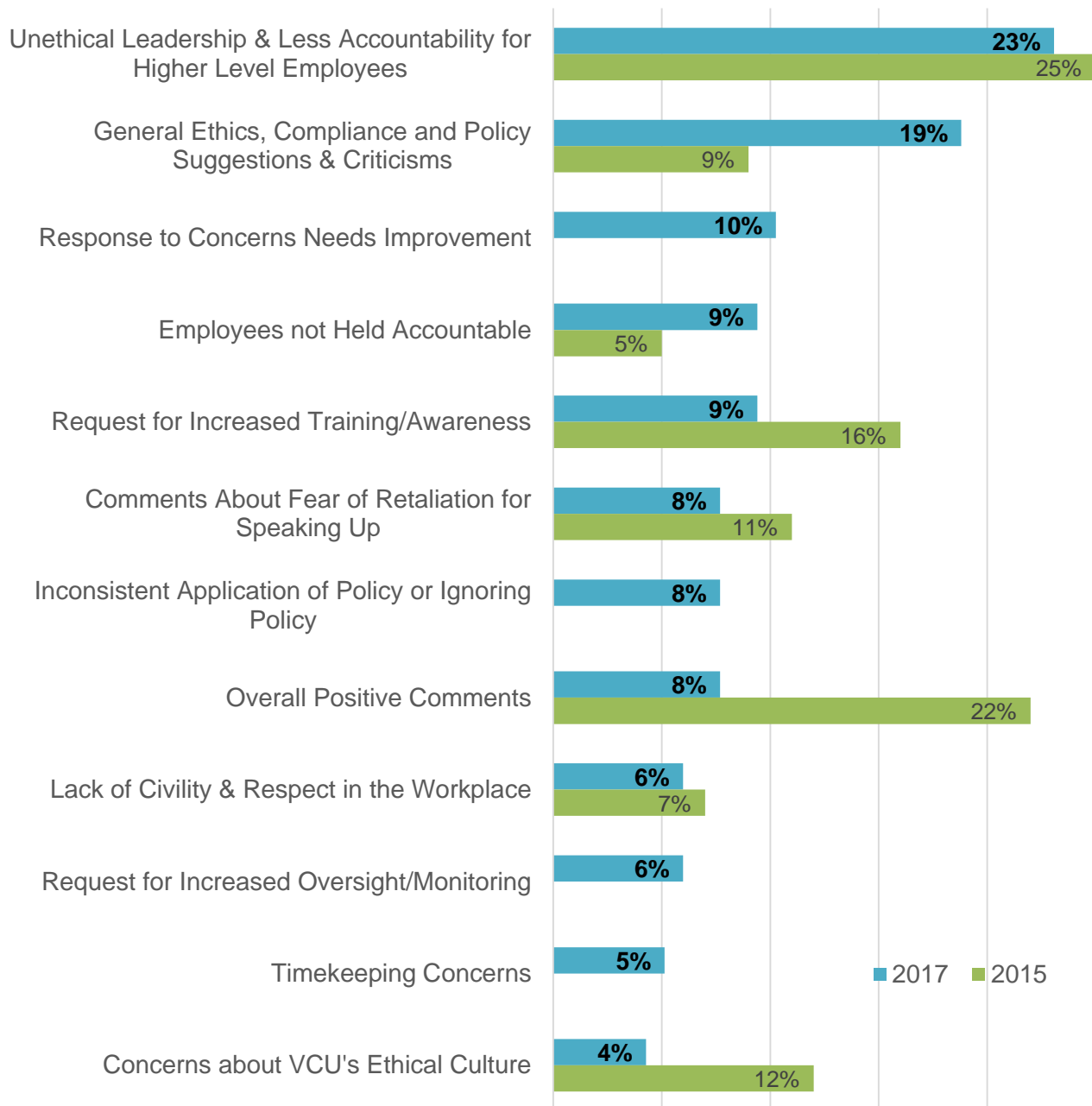**Please describe the retaliation you may have experienced as a result of speaking up.**

Category	Value
My supervisor or management intentionally ignored or began treating me differently	61% or 59
My supervisor or management excluded me from decisions and work activities	42% or 41
Other employees intentionally ignored or began treating me differently	36% or 35
I was not given promotions or raises	27% or 26
I was verbally abused by a supervisor or someone else in management	20% or 19
I was demoted or my responsibilities were removed	19% or 18
I was relocated or reassigned	10% or 10
Others were retaliated against	6% or 6
My work hours were reduced	5% or 5
Comment; no retaliation described	5% or 5
I was verbally abused by other employees	4% or 4
Other	10% or 10

Conclusion

As charted above, the respondents who voiced concerns and felt they were retaliated against for speaking up (at 16%) combined with suspected retaliation (at 19%) accounts for a sub-population total of 35% (n=97) which is 3% of all respondents. For perspective external to VCU, the *Global Business Ethics Survey* found that 53% of reporters in the U.S. felt they were retaliated against (36% globally). The most common type of retaliation described was a supervisor ignoring or treating an employee differently (61%), followed by supervisors/management excluding employees from decisions and work activities (42%). This data suggests that supervisors and management would benefit from increased training on avoiding retaliation and the appearance of retaliation. As noted in the *Reporting of Misconduct* section above, this topic was recently covered in training in December 2016. This education, in combination with planned messaging over the next year, is expected to positively impact these metrics between now and the 2019 survey.

Open Text Comments Analysis – Covering 2 Survey Cycles

Employees had the opportunity to share comments related to an ethical and compliance environment at VCU in an open-ended text field. A total of 117 substantive comments were shared, representing 4% of survey respondents. General themes from these comments are as follows:

Theme	2017	2015
Unethical Leadership & Less Accountability for Higher Level Employees	23%	25%
General Ethics, Compliance and Policy Suggestions & Criticisms	19%	9%
Response to Concerns Needs Improvement	10%	
Employees not Held Accountable	9%	5%
Request for Increased Training/Awareness	9%	16%
Comments About Fear of Retaliation for Speaking Up	8%	11%
Inconsistent Application of Policy or Ignoring Policy	8%	
Overall Positive Comments	8%	22%
Lack of Civility & Respect in the Workplace	6%	7%
Request for Increased Oversight/Monitoring	6%	
Timekeeping Concerns	5%	
Concerns about VCU's Ethical Culture	4%	12%

Conclusion

While the number of comments shared this cycle compared to last cycle remained steady, the number of *substantive comments* has dramatically reduced from 338 to 117. This is likely attributable to an intentionality in the 2017 survey question design, based largely in part from the 2015 cycle's feedback. In the prior cycle, feedback indicated a misunderstanding that the final open comment question was optional; therefore, this cycle an obtuse demarcation of 'optional' was added and may explain the decline in substantive comments and perhaps in positive comments (dropping 14%). Additionally, based on prior results, specifically designed skip logic questions related to reporting concerns and retaliation enhanced this cycle's opportunity to measure individuals' perceptions in the survey questions in order to obtain feedback in question design throughout the survey; therefore resulting in respondents knowing their impressions were previously captured and perhaps further resulting in little need to re-iterate in an open comment field.

The chart above demonstrates unethical leadership decisions and less accountability for higher-ranking employees remained the most commonly mentioned topic. New themes that emerged in 2017 are inadequate addressing or follow-up to reported concerns; supervisors inconsistently following policy or ignoring policy when inconvenient; and concerns related to reporting time/leave incorrectly.

Demographics

All employee types, major budget units, campus locations and years of service are represented in this year's survey. Below is a breakdown of respondents based on these criteria.

The following best describes my job title or duties:

Hourly Staff 8%
Student Employee 21%
Classified Staff 41%
Faculty 30%
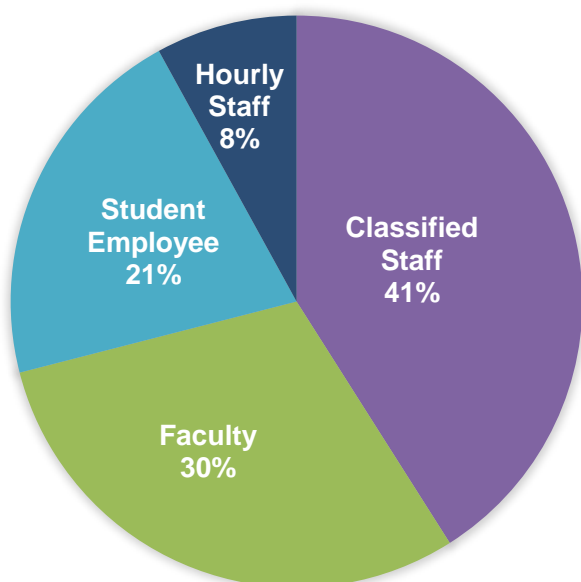
I am primarily located on the:

Off-Campus 6%
Qatar Campus 1%
Medical Center Campus 30%
Monroe Park Campus 63%
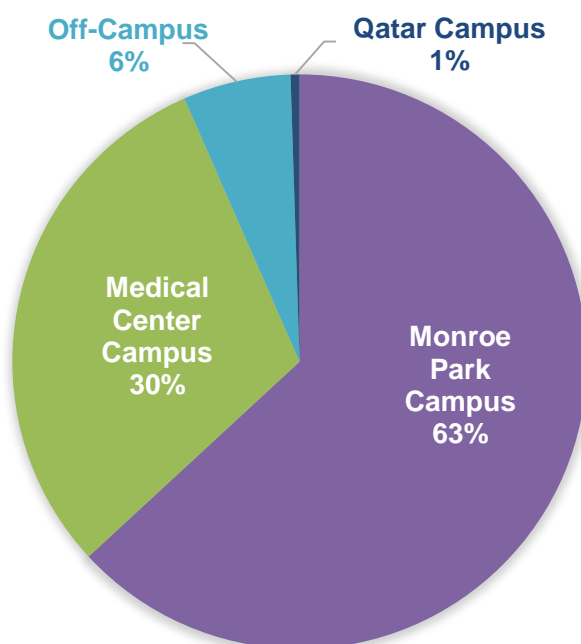
I have been employed by VCU for:

16-20 Years 6%
11-15 Years 9%
7-10 Years 11%
More than 20 Years 11%
4-6 Years 15%
1-3 Years 26%
Less than 1 Year 22%
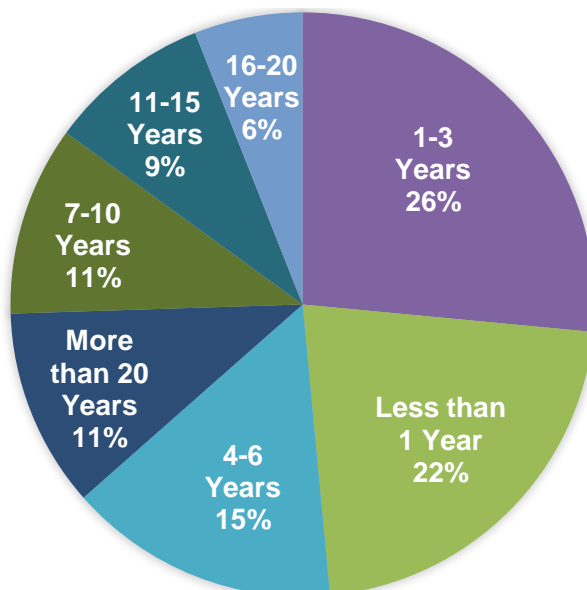
DATA GOVERNANCE UPDATE

Board of Visitors Executive Summary
May 2017

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

Key Presentation Messages	DIMC Phase III Update
	
	   a. Progress made by AY 2016-2017 task forces
	
	       i. Standards and Policies
	
	       ii. Data Stewardship
	
	       iii. Issue Resolution
	
	       iv. Communications
	
	   b. Enhanced technology infrastructure deployed – SAS Visual Analytics
	
	   c. New task group focused on data management strategy

Governance Implications	Provide DIMC update and progress against FY17 work plan for committee members
Governance Discussion Questions	Are there specific questions or concerns the committee would like to have DIMC address that are not included in the current work plan?
Next Steps for Management (Responsible Division Head; Timeframe for Action)	
Next Steps for Governance (Responsible Board Member; Timeframe for Action)	

Item 10 - DIMC Work Plan for 2016-2017:
% Completion

Policy & Standards (95%)

- VCU data governance policy under review by Office of University Counsel
- Toolkit designed and deployed
- Master data definition initiative continuing

Data Stewardship (100%)

- Data stewardship framework complete
- Institutional data map complete
- Data domain liaisons identified for areas with multiple data stewards

Finance: Administrative data related to financial operations and resources					
Data Steward	Data Steward's Email	Location	Data Trustee	Systems of Record	Data Repository
Budget and Resources					
Leslie Brown Dir. Budget & Resource Analysis	lbrown39@vcu.edu	University - Overall (Does not Include VCU Health System)	Karol Kain Gray, VP, Finance	Banner	ODS

VCU

Communication & Outreach *(ongoing)*

- Website redesign continues as task groups complete components of their work plans
- FAQs being added May 2017
- Will link to new data governance policy when approved (est. fall 2017)
- Institutional Data Map (IDM) to be added as live 'drill down' link June 2017
- Training materials for data trustees, stewards and custodians under development; will be added to website as new component
- VCU data governance program being presented at two upcoming national conferences
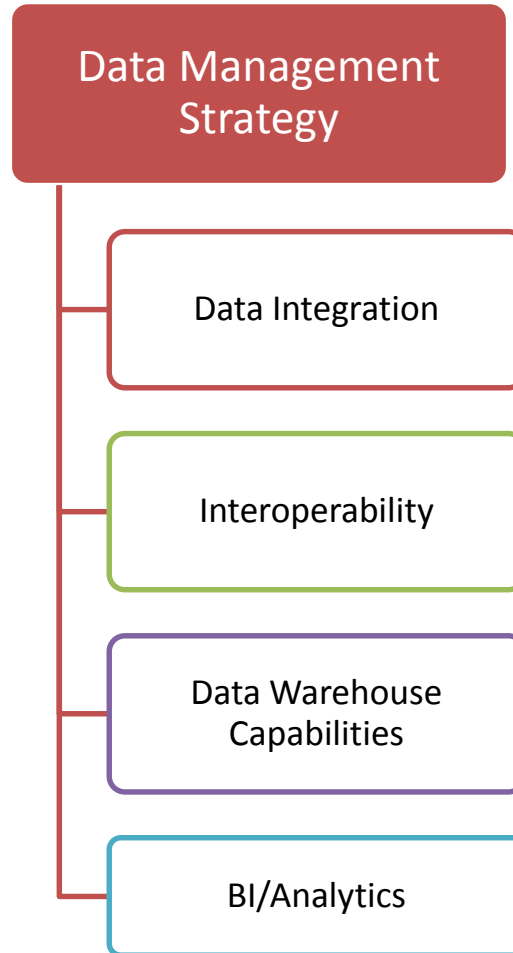
Issue Resolution *(ongoing)*

- 5 distinct data quality issues:
  - Data duplication
  - Stale data
  - Incomplete data
  - Invalid data
  - Data conflicts
- 4 questions to address to resolve issues:
  - What is it?
  - What causes it?
  - What does it impact?
  - What can be done about it?
- Use risk assessment model to set priorities

Resolution Process

Issue Selection	Data Steward Assigned	Work Group Formation	Issue Resolution	Monitor & Report
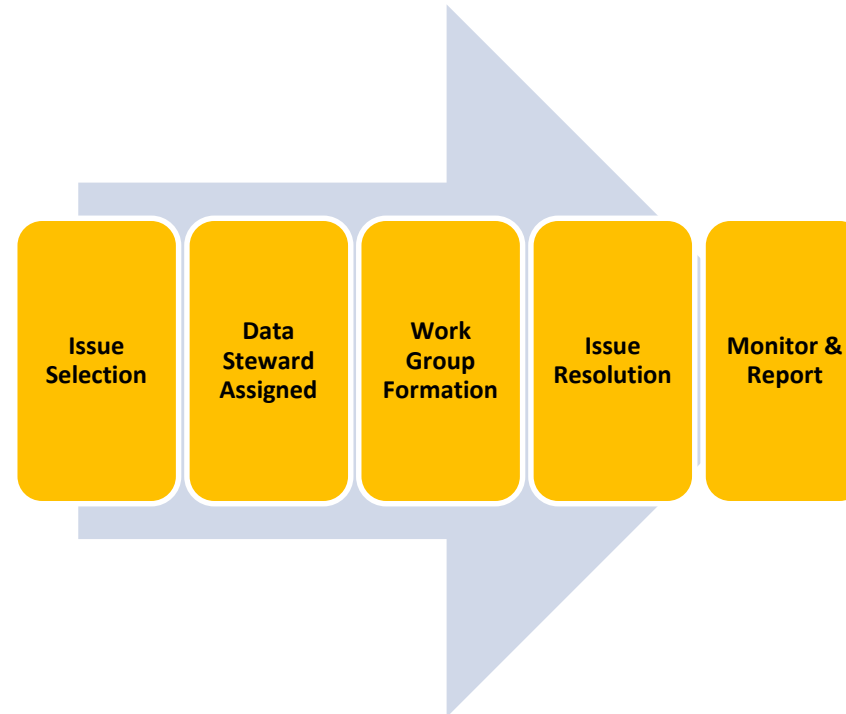
- Instructor of Record
- Non-traditional Course and Degree Data to Support New Budget Model
- Integrated Enrollment Reporting