



VCU

**VIRGINIA COMMONWEALTH UNIVERSITY
AUDIT, INTEGRITY AND COMPLIANCE COMMITTEE MEETING**

7:45 A.M.

MARCH 22, 2019

JAMES BRANCH CABELL LIBRARY

901 PARK AVENUE – ROOM 311

RICHMOND, VIRGINIA

AGENDA

- 1. CALL TO ORDER** **Keith Parker, Chair**
- 2. APPROVAL OF AGENDA** **Keith Parker, Chair**
- 3. APPROVAL OF MINUTES** **Keith Parker, Chair**
(December 7, 2018)
- 4. AUDIT, INTEGRITY AND COMPLIANCE COMMITTEE DASHBOARD MEASURES** **Karen Helderman, Executive Director, Audit and Compliance Services**
Alex Henson, Chief Information Officer
- 5. ERM UPDATE** **Thomas Briggs, Assistant Vice President Safety and Risk Management**
- 6. SAFETY IN THE ARTS** **Thomas Briggs, Assistant Vice President Safety and Risk Management**
- 7. CONFLICTS OF INTEREST UPDATE - COMMONWEALTH REPORTING REQUIREMENTS** **Jacqueline Kniska, Integrity and Compliance Officer**
- 8. CODE OF CONDUCT RESULTS** **Jacqueline Kniska, Integrity and Compliance Officer**
- 9. ETHICS AND COMPLIANCE PROGRAM EFFECTIVENESS REVIEW** **Jacqueline Kniska, Integrity and Compliance Officer**
- 10. AUDIT UPDATE FOR INFORMATION** **David Litton, Director, Audit and Management Services**
 - a. Audit Reports
 - o Equity and Access Services
 - b. Audit Work Plan Status Report
- 11. CLOSED SESSION**
Freedom of Information Act Sections 2.2-3711(A) (1) and (7), specifically:

University Counsel Litigation Update

Jacob Belue, *Associate
University Counsel*

EXECUTIVE SESSION

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

Keith Parker, *Chair*

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

13. ADJOURNMENT

Keith Parker, *Chair*

Committee Members:

Keith Parker, Chair

Ronald McFarlane, Vice Chair

H. Benson Dendy III

Robert D. Holsworth

Edward L. McCoy

Carol S. Shapiro



**Board of Visitors
Audit, Integrity and Compliance Committee
7:45 a.m.
December 7, 2018
James Cabell Library
901 Park Avenue, Room 311, Richmond, Virginia**

Minutes

COMMITTEE MEMBERS PRESENT

Mr. Keith T. Parker, Chair
Mr. Ronald McFarlane, Vice Chair
Mr. H. Benson Dendy III
Mr. Edward McCoy
Mr. Todd P. Haymore
Dr. Robert D. Holsworth
Dr. Carol S. Shapiro

OTHERS PRESENT

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

CALL TO ORDER

Mr. Keith T. Parker, Chair, called the meeting to order at 7:52 a.m.

APPROVAL OF AGENDA

Mr. Parker asked for a motion to approve the agenda for the December 7, 2018 meeting of the Audit, Integrity and Compliance Committee, as published. After motion duly made and seconded the agenda for the December 7, 2018 meeting of the Audit, Integrity, and Compliance Committee (AICC) was approved.

APPROVAL OF MINUTES

Mr. Parker asked for a motion to approve the minutes of the May 11, 2018 meeting of the Audit, Integrity and Compliance Committee, as published. After motion duly made and seconded the minutes of the May 11, 2018 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 and Compliance Services Charter – Annual Update

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

AIC Committee Proposed Goals FY 2019

Proposed changes to the committee's goals for fiscal year 2019 were reviewed and discussed by the committee.

Audit, Integrity and Compliance Committee Dashboard Measures

Mr. Henson and Mr. Cole presented the current status of the dashboard measures. Indicators for Data Security and Compliance Oversight were yellow and other indicators were green.

Auditor of Public Accounts (APA) Entrance Conference For FY 2019 Audit

Ms. Karen Helderman, APA Audit Director, discussed the results and audit findings from the financial statement audit report for the fiscal year ended June 30, 2018, and presented the required communications to those charged with governance.

Enterprise Risk Management (ERM) Update

Tom Briggs, Assistant VP for Safety and Risk, highlighted recent activities of the ERM Steering Committee.

Data Governance Update

Monal Patel, the new Associate Vice Provost for Institutional Research and Decision Support, briefly discussed her background and provided insights on the direction of the Data and Information Management Council (DIMC).

Integrity and Compliance Annual Report FY 2018

Ms. Jacqueline Kniska, the university's chief integrity and compliance officer, presented the Integrity and Compliance Annual Board of Visitors' Report. Ms. Kniska provided an overview of the universitywide integrity and compliance activities highlighted in the report.

Overview of Internal Quality Assessment

Mr. Cole shared results and recommendations from the annual assessment of the internal audit function as required by internal auditing standards.

Other September Agenda Items

Mr. Cole summarized several annual reporting requirements of the committee charter, which included staff credentials, department budgets, goals and accomplishments for FY18, and audit survey results.

Audit Update for Information

Mr. Cole covered the following audit reports for information with positive conclusions and no audit recommendations for the committee’s attention: Athletics – Year 2 NCAA Compliance Review, Human Resources New Hire Process, School of Medicine – Research Administration, University Controller’s Office, College of Engineering, Institutional Review Board and University Payroll Services.

Mr. Cole indicated that the 2019 annual audit work plan is underway with four audits completed and four audits in progress. Mr. Cole also mentioned that due to recent audit staff turnover, there could be some delays depending on the ability to recruit new team members.

CLOSED SESSION

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

RECONVENED SESSION

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

Resolution of Certification

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

<u>Vote</u>	<u>Ayes</u>	<u>Nays</u>
Mr. Keith Parker, Chair	X	
Mr. Ronald McFarlane, Vice Chair	X	
Mr. Ben Dendy	X	
Dr. Robert Holsworth	X	

Mr. Edward McCoy	X
Mr. Todd P. Haymore	X

All members responding affirmatively, the motion was adopted.

ADJOURNMENT

There being no further business Mr. Parker, Chair, adjourned the meeting at 9:21 a.m.

AUDIT, INTEGRITY, AND COMPLIANCE COMMITTEE

DASHBOARD MEASURES

INFORMATION TECHNOLOGY GOVERNANCE - DATA INTEGRITY



DATA GOVERNANCE PROGRAM (development of program)



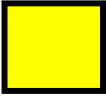
Program progressing successfully



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 IT security incidents since our last meeting, though we have seen minor incidents that involved unintentional disclosure of data through improper storage and/or sharing of data. The most common threat continues to be phishing scams aiming to extort money or trick employees into buying gift cards, while scams targeting individual credentials are on the decline. We have expanded simulated phishing exercises to campus-wide and continue to expand our training efforts, including outreach through our Security Heroes program, which rewards reporters of these scams and encourages reporting of potential scams and security incidents.

From the network security perspective, we continuously see scanning activities and exploitation attempts from various areas around the world, and we continuously monitor and assess our environment and address new and existing vulnerabilities. There are no signs of compromise or activities specifically targeting VCU at this time. To keep up with modern threats that can laterally move across our environment, we have also started to deploy additional detection and protection tools to computers in sensitive areas such as HR and Treasury. We also continue to focus security efforts in areas in which credit card processing is involved and continue to assess and remediate potential issues in our PCI environment.

ERM PROGRAM



Status of ERM mitigation plans



Program progressing on schedule

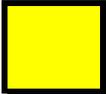


Program not on schedule; ERM Committee to address.

Program significantly behind schedule; Executive Management attention required.

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

PLANNED AUDIT STATUS



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



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



Progressing as planned and within overall budget

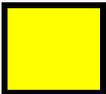
Some overload or barriers / challenges encountered that may require adjustment or reallocation of resources to resolve

Significant overload or barriers / challenges encountered resulting in major delays or changes to scheduled work plan

Three audits and two IT audits have been delayed due to staff turnover and a nearly 100 percent increase in special projects since FY2018. We have extended an offer to one auditor and are actively recruiting for an IT auditor. We have also requisitioned IT audit staff augmentation services to complete the two technology audits in the near term to address this yellow trend.

Notes:

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.

ENTERPRISE RISK MANAGEMENT (ERM) **STEERING COMMITTEE PROGRESS**

Recent Activities

- The ERM Steering Committee met with the Process Owners to evaluate the risk ranking and controls of the following identified risks in February of 2019:
 - IT System Availability and Security
 - Environmental Health and Safety

- There were two sub risks that were reviewed and will be evaluated at the next meeting by the ERM Steering Committee for risk appetite:
 - Information security related to web-based applications
 - Life safety issues related to research infrastructure

Next Steps

- The next meeting of the ERM Steering Committee will be April 9th and the following risks will be reviewed with the Process Owners:
 - Civil Rights Compliance
 - Global Programs and International Issues
 - Enrollment Management
 - Student Affairs



Design & Effectiveness Review Findings Report

Prepared for Virginia Commonwealth University | March 11, 2019

Final Report | *This Draft Report Is Confidential*

Design & Effectiveness Review

Executive Summary

- Preamble
- Executive Summary & Scorecard
- Assessment Methodology
- Assessment Findings
 - Section 1: Program Resources and Structure
 - Section 2: Measuring Perceptions of Ethical Culture
 - Section 3: Written Standards
 - Section 4: Training and Communications
 - Section 5: Monitoring and Auditing
 - Section 6: Enforcement, Discipline, and Incentives
- Appendix A: Management Interview List

Design & Effectiveness Review

Preamble

Virginia Commonwealth University (“VCU” or “the University”) retained Ethisphere, LLC (“Ethisphere”) to evaluate and benchmark the University’s ethics and compliance program, excluding the program in place at VCU’s hospital, utilizing Ethisphere’s review system and associated methodology.

The following report (“Report”) was prepared by Ethisphere at the request of VCU. The information in this Report is owned by VCU except that: (a) Ethisphere retains exclusive proprietary ownership rights to the review systems and related methodologies (“Proprietary Rights”), and VCU agrees that it will not take action to interfere with such Proprietary Rights; and (b) Ethisphere retains the right to use the numerical information and supporting data from which the Report was derived for future benchmarking and other analyses done for other Ethisphere clients, so far as Ethisphere ONLY uses this supporting data in a form whereby such information and data is aggregated with similar information of other Ethisphere clients and cannot be identified as data and information derived from work with VCU.



Executive Summary

Design & Effectiveness Review

Executive Summary

Our findings are summarized in this Report, which comprises a review and evaluation of VCU's existing ethics and compliance program and practices (not including the practices in place at the University's hospital). VCU has worked to build out an overarching program that coordinates the activities of a number of University resources and provides an avenue through which to educate VCU employees, faculty, and students about the organization's policies, procedures, and expectations around integrity as well as the channels available to raise concerns.

As evidenced during the evaluation process, VCU is very engaged in implementing a best practices ethics and compliance program and framework. There is significant support at the University for the ethics and compliance program across the leadership team and at the board of visitors level. That said, the Chief Ethics and Compliance Officer lacks a documented reporting line to either of the committees at the Board of Visitors ("BoV") responsible for overseeing the program; this is a departure from similarly-situated organizations that have emphasized a clear reporting line in response to changes to Chapter 8 of the Organizational Sentencing Guidelines in 2010, which strongly recommended a documented reporting line for the individual charged with running (not overseeing) the ethics and compliance program.

We have laid out our key areas of recommendation in this executive summary, with significant further detail to be found in the remainder of the body of the report, including supporting data. In making these recommendations, we have taken into consideration VCU's structure and the nature of its stakeholder base and risk profile. We have also considered the personnel change happening at the University with the retirement of Mr. Cole, the Executive Director for Audit and Compliance Services. We believe that each key recommendation is eminently practical and will significantly improve the ease of use of VCU's resources and program for all employees and further enhance the perception of the Integrity and Compliance Office ("ICO") as an important strategic function.

Design & Effectiveness Review

Executive Summary

From October 2018 through January 2019, Ethisphere conducted its review process on behalf of VCU.

Ethisphere's assessment processes looked at the following aspects of VCU's programs and practices:



We based our findings on VCU's answers to Ethisphere's 2018 *Ethics Quotient*® (EQ) survey, submitted documentation covering 45 different elements of VCU's corporate activity, and interviews with 10 senior and operational leaders across the organization.

Design & Effectiveness Review

Summary Scorecard Methodology

VCU's 2018 Assessment Summary Scorecard (page 8) provides a summary maturity classification for each element assessed. Below are the five maturity tiers used to describe each element of the University's program, its color classification for visual reference, and a description of how to interpret each one. Refer both to Category Outcome Driving Factors and the full length Assessment Findings Report for additional information, data, and context for each Category Outcome selection.

Category Outcome Label and Color Indicator	Category Outcome Description
Very Strong	Designates a best-in-class program or practice. A "very strong" label indicates a leading or mature practice that, in many respects, serves as an example of what other organizations should aspire to implement regardless of industry or structure.
Solid; Trending Very Strong	Components of a program that are trending very strong exceed expectations in many facets, yet provide further opportunities for enhancement in others.
Solid	A classification of "solid" denotes expectations are being met for a given section; this section may be approaching best practice in a few areas, yet several opportunities exist to improve or otherwise enhance this area of the program.
Needs Attention; Trending Solid	When trending solid, a component of the program has capabilities that may be compliant or functional but lack in efficiency or efficacy, or are otherwise undeveloped.
Needs Attention	This portion of the program is nascent or does not exist, requiring significant and immediate updating to achieve compliance with regulation or functional practice. Any category receiving a designation of "needs attention" should be elevated to the top of the Company's priority list.

Design & Effectiveness Review

Summary Scorecard

Assessment Area	Summary Outcome	Assessment Area Driving Factors
Program Structure & Resources	Solid, Trending Very Strong	<ul style="list-style-type: none"> + Solid access to leadership and BoV during tenure of recently-retired Executive Director + Excellent use of Compliance Advisory Committee - Staffing levels lagging below peers - Open leadership role and lack of documented reporting line to BoV
Measuring and Communicating Around Ethical Culture	Solid	<ul style="list-style-type: none"> + Coverage of ethical culture topics - Participation rates and mechanisms used to measure perceptions
Written Standards	Very Strong	<ul style="list-style-type: none"> + Excellent Code + Strong policy governance practices
Training & Communications	Needs Attention, but Trending to Solid	<ul style="list-style-type: none"> - Opportunity to further empower managers as ethical role models - Opportunity for improved communication planning
Risk Assessment, Monitoring & Auditing	Solid, Trending Very Strong	<ul style="list-style-type: none"> + Coordination with internal audit group + Excellent tracking of harassment and discrimination metrics - Opportunity for use of additional metrics
Enforcement, Discipline & Incentives	Solid	<ul style="list-style-type: none"> - Opportunity for coordination among investigative bodies - Help managers understand how critical it is to alert ICO or HR to employee concerns; consider a simplified intake form for managers
Overall	Solid, Trending Very Strong	<ul style="list-style-type: none"> + Hyper-efficient use of available resources + Built a solid framework for future execution - Opportunity to improve staffing levels

■ = Needs Attention ■ = Solid ■ = Very Strong
■ = Needs Attention, but Trending to Solid ■ = Solid, Trending Very Strong

*Solid equals meeting best practice expectations.

Executive Summary

Key Recommendations

Key Recommendation 1

Develop Regular Training Program for All Managers

For over a decade, survey after survey conducted by Ethisphere and others has shown that employees look to their direct supervisor for guidance on “how to get ahead” at the organization. While tone at the top is important, it is really the direct supervisor who sets the example in integrity, compliance, and much more. At the same time, not everyone who is promoted to a supervisory position comes into the role with the necessary tools and understanding about how to be an ethical leader.

Recognizing this, VCU has put in place training modules that are specifically targeted at managers; the content in those modules is strong but not as comprehensively administered as we increasingly see at other organizations. For that reason, we strongly encourage the University to establish an overarching and coordinated manager professional development learning curriculum for all levels of managers, which would include new manager training as a part of onboarding for incoming managers and periodic refresher training for tenured managers. In particular, make sure that all managers are provided periodic manager-specific training on their responsibilities in supporting the University’s ethics and compliance program, such as creating an effective open-door environment, preventing retaliation in the workplace, using the proxy reporting functionality in the University’s case management system and how to handle an investigation in their area of the organization.

Key Recommendation 2

Streamline Communication Planning

VCU’s current training plan is a single-year plan with limited function-specific or risk-specific targeting. In addition, the University does not maintain a communication plan related to ethics initiatives. A robust training and communications plan—often developed in coordination with other control functions through a steering committee such as VCU’s Compliance Advisory Committee—allows the University the opportunity to pair training material with follow-up communications in a coordinated fashion that reinforces key messaging. The more targeted each piece can be, the more engaged the learner will be on average. The review team strongly recommends the University move to such a planning process.

Many of VCU’s peers are triangulating different sources of control data to look for potential hot spots (e.g., layering hotline matters, conflict of interest disclosures, turnover by manager/school or college, and phishing test results through coordination between Internal Audit, ICO, HR, and IT). Combining the places where each individual control function is seeing small problems can result in significant insights, as it is rare for only one control function to experience issues with a particular part of the business. Those insights can significantly inform training plans and make training more efficient and effective company-wide. Some of this information could be obtained through systemic conversations at the Compliance Advisory Committee; making sure the information is tracked will be critical to gathering these insights.

Executive Summary

Key Recommendations

Key Recommendation 3

Consider ICO Staffing and Ethics Ambassador Program and Review Reporting Line for CECO

While the Integrity and Compliance Office has built good working relationships with other control functions and makes excellent use of its Compliance Advisory Committee, it remains hamstrung in its capabilities by its staff size, which is extremely lean for an organization of VCU's size. Consider seriously adding to the ICO's staffing either through the addition of full-time head count or through the use of graduate-level interns. Also consider whether implementation of a formal "ethics ambassador" program is appropriate to elevate the current coordination happening through the Compliance Advisory Committee to a level where it will be easier both to track activity and to reward those who are actively supporting the University's commitment to integrity.

Finally, we recommend reviewing the current reporting line for the CECO, as the University differs from similarly-situated organizations in its *ad hoc* reporting for the CECO herself to the relevant BoV committee(s) (reporting for the Executive Director is to the BoV, but the current trend is for the individual responsible for the program to have direct documented access to the appropriate board committee).

Key Recommendation 4

Continue Consolidation of Case Management Systems

The University maintains several mechanisms through which to raise a concern, as well as multiple case management systems. While efforts are underway to consolidate onto a single system of record, for the time being, multiple systems are still in use.

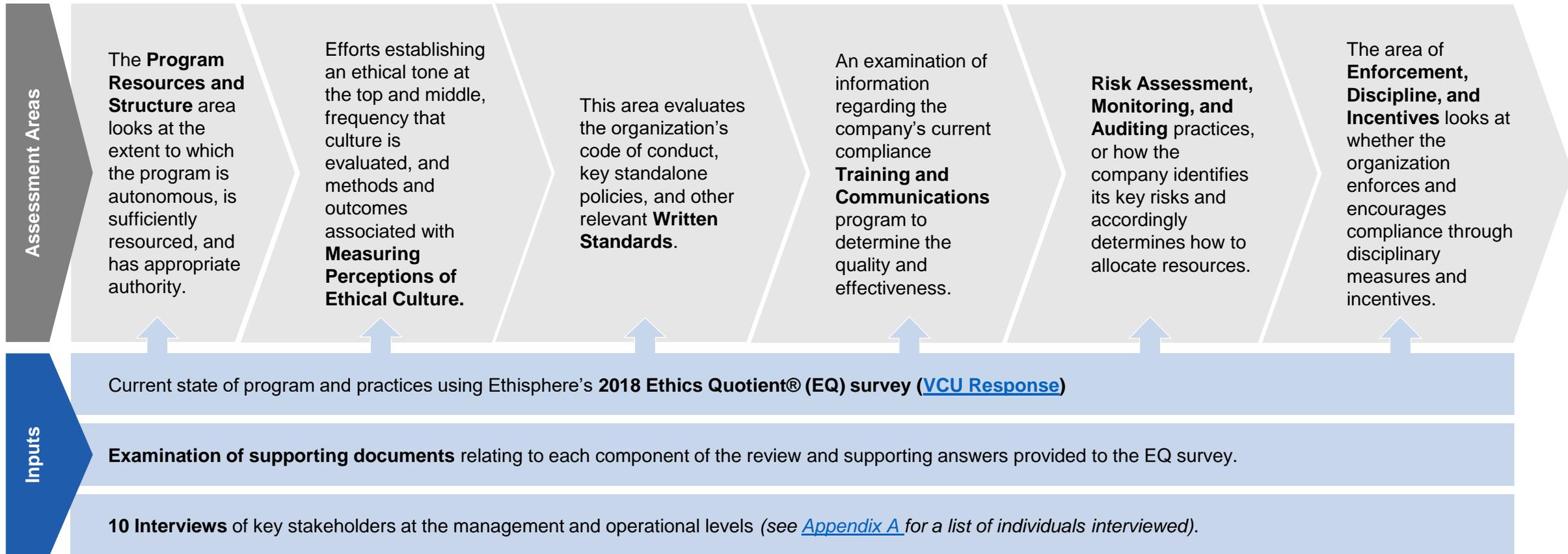
We are seeing a growing trend of organizations looking for one system of record so that the governing authority—in this case, the Board of Visitors—would have one overarching view into the issues and concerns being raised by the organization's various stakeholders. Maintenance of multiple systems increases the risk of inconsistent discipline, makes meaningful root cause analysis more difficult, exacerbates differences in investigation processes, and creates the possibility of issues not receiving the appropriate level of follow up. We recommend VCU continue its excellent work to rapidly move toward the use of a single system, and further recommend that compliance area leads emphasize their support of such work, in conjunction with the appropriate members of senior leadership.



2018 Assessment Methodology

Program Assessment Process

Ethisphere developed our program assessment methodology in an effort to shine a light on extraordinary programs and practices, as well as to recommend actionable steps for the organization to take to move the program forward.

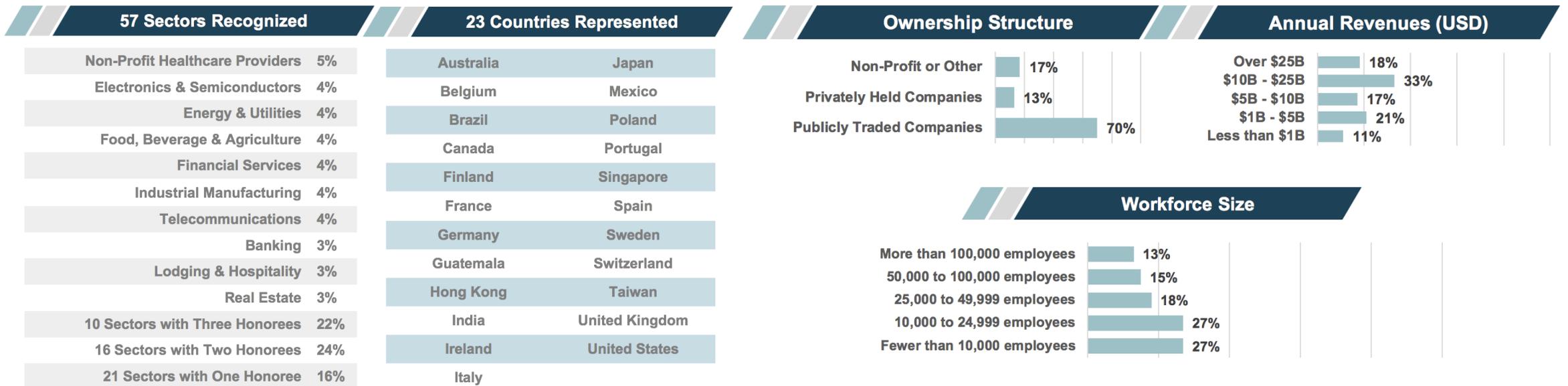


Assessment Methodology

World's Most Ethical Companies Benchmark Data Set

This Report contains data points from Ethisphere's 2018 World's Most Ethical Companies ("WMEC") data set. This data set provides insights into the programs and practices of leading companies from around the world. The illustration below describes the 135 companies that comprise the data set referenced throughout the Report.

From this data set, Ethisphere identified two segments to benchmark against VCU. First, 18 companies that identify as non-profit or not-for-profit ("Sector Peers"). Second, 16 companies with employee population totals between 10,000 and 24,999 and annual revenue between \$1 billion and \$10 billion, excluding healthcare and financial services organizations ("Headcount Peers"). These two benchmark data sets are presented alongside the overall data set to provide a comparative view into the practices of companies similar to VCU.





VCU

VIRGINIA COMMONWEALTH UNIVERSITY

Equity and Access Services

Final Report
March 5, 2019

Audit and Compliance Services

EXECUTIVE SUMMARY

Overview

Prior to 2015, Title IX functions were managed by the Office of Institutional Equity (OIE) in the office of the Vice President for Inclusive Excellence. Due to an increased profile of Title IX concerns in the national landscape, anticipated changes in state laws and VCU's policy, and other considerations, the office was renamed Equity and Access Services (EAS) and was moved to the Office of the President. Funding was provided to address the increasing volume of reported Title IX concerns and new responsibilities under VCU's Title IX policy and additional functions were consolidated within EAS. EAS administers civil rights compliance for the university in four areas: 1) Title IX, 2) other discrimination and harassment (such as Title VI and Title VII), 3) employment equity and affirmative action planning and 4) Americans with Disabilities Act (ADA) and accessibility. EAS responsibilities include:

- Investigating internal and external complaints of discrimination
- Serving as the Title IX office for VCU
- Developing and monitoring the university's affirmative action plan and employment practices
- Promoting an accessible learning and working environment
- Providing consultation for workplace accommodations
- Developing and monitoring policies and procedures related to equal opportunity
- Providing education and training in its areas of responsibility

The functions of EAS are governed by numerous federal laws, regulations, executive orders, directives, guidance documents, and state laws and executive orders. Chief among them are:

- Titles VI and VII of the Civil Rights Act of 1964
- Title IX of the Education Amendments of 1972
- Americans with Disabilities Act of 1990
- Violence Against Women Reauthorization Act of 2013
- The Clery Act
- 34 CFR (B)(1) 100 – Department of Education

In general, inquiries, incident reports and complaints are managed through the following phases, where applicable: intake (where a case number is assigned), notification, assessment, investigation, progress monitoring, resolution and reporting. The manner of processing depends on several factors, such as the nature of the inquiry or report received according to the EAS responsibilities listed above, the affiliation of the respondent (the accused individual) and issues of personal safety. Upon receipt of a report of information, as applicable, the following steps occur:

- For every report, regardless of whether it becomes an investigation, a case is opened and recorded in Maxient, the software used to record and track case activity.
- EAS acknowledges receipt and provides information in writing regarding resources and reporting options.
- EAS assesses the information and conducts intake with the impacted party.
- If it is determined that an investigation is to be conducted, a written notice of investigation is issued to the parties; interviews are conducted; other evidence is gathered; a written investigation report is prepared; and resolution is determined and communicated as appropriate.
- Regardless of whether an investigation occurs, the complainant is notified of available resources for counseling, environmental safe harbor, prevention, health services and accommodations.
- The privacy of the parties are maintained throughout the process. Reports are compiled, reviewed and delivered to the appropriate parties.

The following cases were initially reported in Maxient for the fiscal year (FY) 2018 and year-to-date (YTD) FY19 as of December 31, 2018; however, only a small percentage of the cases become investigations.

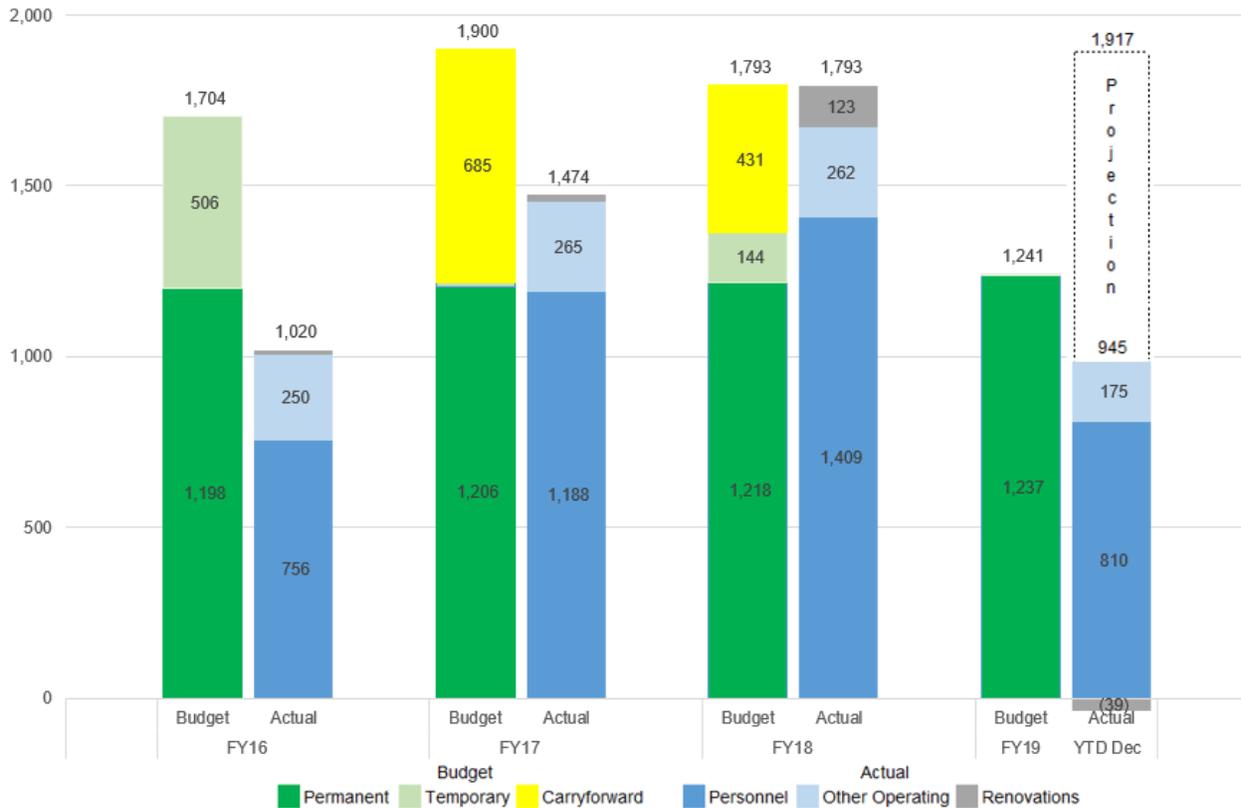
Case Type	FY16	FY17	FY18	FY19 as of 12/31/18
Title IX*	339	390	396	202
Non-Title IX discrimination and harassment	21	34	42	29
ADA Employee Requests for Accommodation and Accessibility Concerns	47	55	63	42

Unaudited

*These reports are primarily Title IX but may also include other types of discrimination.

Over the past four years, expenditures have increased for EAS as demonstrated in the following chart.

Budget versus Actual Expenditures
(000's)



YTD Dec – Represents FY19 expenditures year-to-date as of December 2018.

EAS' permanent budget has been relatively stable over the past four years, while personnel expenses have significantly increased. In FY16, significant savings allowed approximately \$685,000 to be carried forward as additional funding in FY17 and FY18. EAS is working with the President's Office to address the issue that projected expenditures most likely will exceed the FY19 budget.

In FY16, EAS began with a staff of seven employees, which included one hourly position and one temporary position. As of January 2019, EAS employed twelve personnel: ten full-time, one part-time and one hourly. These positions are reflected by responsibility areas shown in the table below.

Employment Type	2016	2019
Executive Director/Title IX Coordinator	1	1
Administrative/Paralegal/Other Support	1	3
Title IX/Other Discrimination and Harassment	3	6
EO/EEO	1	1
ADA	<u>1</u>	<u>1</u>
Total	7	12

FY19 personnel costs are projected to exceed FY18 by approximately \$200,000 due to reclassification of certain positions.

The table below represents the primary costs related to operating expenditures.

Expenditure	FY16	FY17	FY18	FY19 as of 12/31/18
Consulting includes Affirmative Action	\$54,694	\$19,177	\$32,349	\$54,875
Universitywide Title IX Training	-	-	37,500	30,000
Internal Cost Allocation	53,626	16,825	32,757	27,552
EAS Employee Training	38,020	50,228	37,805	23,050
Outside Legal Services	26,074	120,937	96,862	14,683
Equipment and Computers	43,114	21,796	9,363	10,601
Other	<u>34,462</u>	<u>36,207</u>	<u>15,215</u>	<u>13,878</u>
Total	<u>\$249,990</u>	<u>\$265,170</u>	<u>\$261,851</u>	<u>\$174,639</u>

Purpose

The objectives of the audit were to determine whether:

- Reports or requests of information related to Title IX, ADA, EO/EEO (Equal Opportunity/Equal Employment Opportunity) or other discrimination and harassment incidents were efficiently processed and communicated
- Investigators, officers and coordinators were adequately trained to manage cases
- The security of case information was protected in the allegation reporting and processing system
- Financial and administrative processes were performed and monitored properly
- Budget management was sufficient to ensure operational efficiency
- Costs related to the training of VCU students, faculty and staff were reasonable

Scope and Audit Procedures

The scope of our audit of Equity and Access Services included an operational and fiscal audit of policies, procedures, processes and practices revolving around compliance areas discussed above for fiscal year 2018 and first half of fiscal year 2019.

Our audit procedures consisted of the following.

- Interviews with EAS management to gain understanding of processes and practices of the department
- Review of policies and procedures and program information on the EAS website
- Study of federal and state laws and regulations on each compliance area under the

purview of EAS

- Tests of reported case documentation recorded in the Maxient data warehouse for each area of EAS responsibility
- Reconciliations of client provided data schedules regarding with independent sources or with other client provided data
- Inspection of client case information for timeliness
- Review of investigator and coordinator training documentation
- Testing of Maxient security and access documentation
- Interviews with responsible administrators about fiscal management and processes
- Analysis of budget processes and activity, including budget trends over fiscal years 2017 through 2019 year-to-date and documents of budget process decisions

Conclusion

In our opinion, based on the results of our audit testing, reports or requests of information related to Title IX, ADA, EO/EEO or other discrimination and harassment incidents were efficiently processed and communicated; investigators, officers and coordinators were adequately trained to manage cases; the security of case information was protected in the allegation reporting and processing system; financial and administrative processes were performed and monitored properly; budget management was sufficient to ensure operational efficiency; and costs related to the training of VCU students, faculty and staff were reasonable.

A detailed recommendation to strengthen EAS fiscal oversight is included in a separate report furnished to management. Our audit of Equity and Access Services began on October 1, 2018. The first draft of this report was submitted to management on February 15, 2019.

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

Laura Rugless

Executive Director of Equity and Access Services
and Title IX Coordinator

Karol Gray

Senior Vice President and Chief Financial Officer

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



**Director, Audit and Management Services
Audit and Compliance Services**

Audit and Compliance Services
Status of Fiscal Year 2018-2019 Audit Work Plan
February 28, 2019

Audit Area	Status	Anticipated Board Issue Date
<u>Risk Based Audits</u>		
College of Engineering, including IT (carryover from FY18)	Completed	December 2018
Institutional Review Board (carryover from FY18)	Completed	December 2018
Payroll	Completed	December 2018
School of the Arts, including IT	Completed	December 2018
Equity and Access Services	Completed	March 2019
Development and Alumni Relations	In Progress	May 2019 December 2018
Safety and Risk Management (OEHS)	In Progress	May 2019
IT Asset Management and Security	Not Started	Postponed May 2019
Global Education	Not Started	May 2019
Network Management and Security	IT Staff Augmentation (March – May 2019)	September 2019 March 2019
Human Resources - Terminations	Not Started	September 2019
Office of Sponsored Programs	Not Started	September 2019
Residential Life and Housing	Not Started	September 2019
School of Medicine - Cardiology (consolidated with HS Audit)	In Progress	September 2019 March 2019
Student Fees and Expenditures	Not Started	September 2019
VCU Jobs/Cornerstone Application Systems	IT Staff Augmentation (March – May 2019)	September 2019

Audit and Compliance Services
Status of Fiscal Year 2018-2019 Audit Work Plan
February 28, 2019

<u>Annual Audits and Activities</u>		
Follow-Ups on Audit Recommendations Outstanding	Not Started	September 2019
Athletics – Year 3 NCAA Compliance Review	Not Started	September 2019
President’s Office Review	Not Started	May 2019 March 2019
Risk Assessment	Not Started	May 2019
Data Analytics / Continuous Monitoring	Not Started	September 2019

Special Project	Status
<u>Continuing Projects</u>	
State Employees Fraud, Waste, and Abuse Hotline	In Progress – 1; Closed – 1
<u>Other Projects</u>	
Facilities Management Division Leave Recording	Completed
Virginia Employment Commission Late Payments	Completed
VCU Police Department – Review of Evidence Room – Part 1	Completed
VCU Police Department RealTime	Completed
ACH Transfer	In Progress
Department of Psychology Purchase Card	In Progress
School of Medicine – Genetics - Travel	Completed
VCUQ Fashion Show	In Progress

Special Project	Status
Wilder School - Travel	In Progress
University Internet of Things (IoT) – Special Project	In Progress
VCU Police Department – Review of Evidence Room – Part 2	Not Started
Web Services and Application Security – Special Project	Not Started



Board of Visitors
Audit, Integrity and Compliance
Committee

March 22, 2019



VCU

Agenda

1. Call to Order
2. Approval of the Agenda
3. Approval of the Minutes from December 7, 2018
4. Committee Dashboard Measures
5. ERM Update
6. Safety in the School of Arts
7. Conflicts of Interest Update
8. Ethics and Compliance Education Training Update
9. Ethics and Compliance Program Effectiveness Review
10. Audit Update for Information

Item 2 – Approval of Agenda

- Audit, Integrity, and Compliance Committee Meeting March 22, 2019
- Motion to approve the agenda

Item 3 – Approval of Minutes

- Audit, Integrity, and Compliance Committee Meeting held on December 7, 2018
- Motion to approve the Minutes

Item 4 – Committee Dashboard Measures

- Data Governance Program
- Data Security
- ERM Program Implementation
- Planned Audits
- Planned Special Projects
- Compliance Oversight

Item 5 – Enterprise Risk Management (ERM) Update

- In February 2019, the ERM Steering Committee met with the Process Owners to evaluate the risk ranking and controls of the following identified risks:
 - IT System Availability and Security
 - Environmental Health and Safety
- Two sub-risks were identified and reviewed. The ERM Steering Committee will evaluate these sub-risks for risk appetite at the next meeting :
 - Information security related to web-based applications
 - Life safety issues related to research infrastructure

Item 6 – Safety in the School of Arts

- Committee briefed on School of Arts audit report at December 2018 meeting
- Report recommended actions to improve safety training and remediate safety issues
- Update: Formal Safety Program established

Item 7 – Conflicts of Interest Update

- State Required
 - BOV Members
 - Senior Staff and Job Function based on state criteria
- University Required
 - Research disclosure requirement remains active
 - University- at large process target this fiscal year
 - Software obtained, configured, tested, in final evaluation before launch
 - Permits ongoing disclosures and annual update requests
- Ongoing interest disclosures remain pro-active

Item 8 – Ethics and Compliance Education: Training Update

Code 2.0 Acknowledgement November

94% of Total Faculty

- 97% Full Time Faculty
- 85% Part Time & Adjunct Faculty

97% of Total Staff & UAP

- 100% Full Time Staff
- 86% Part Time & Hourly Staff

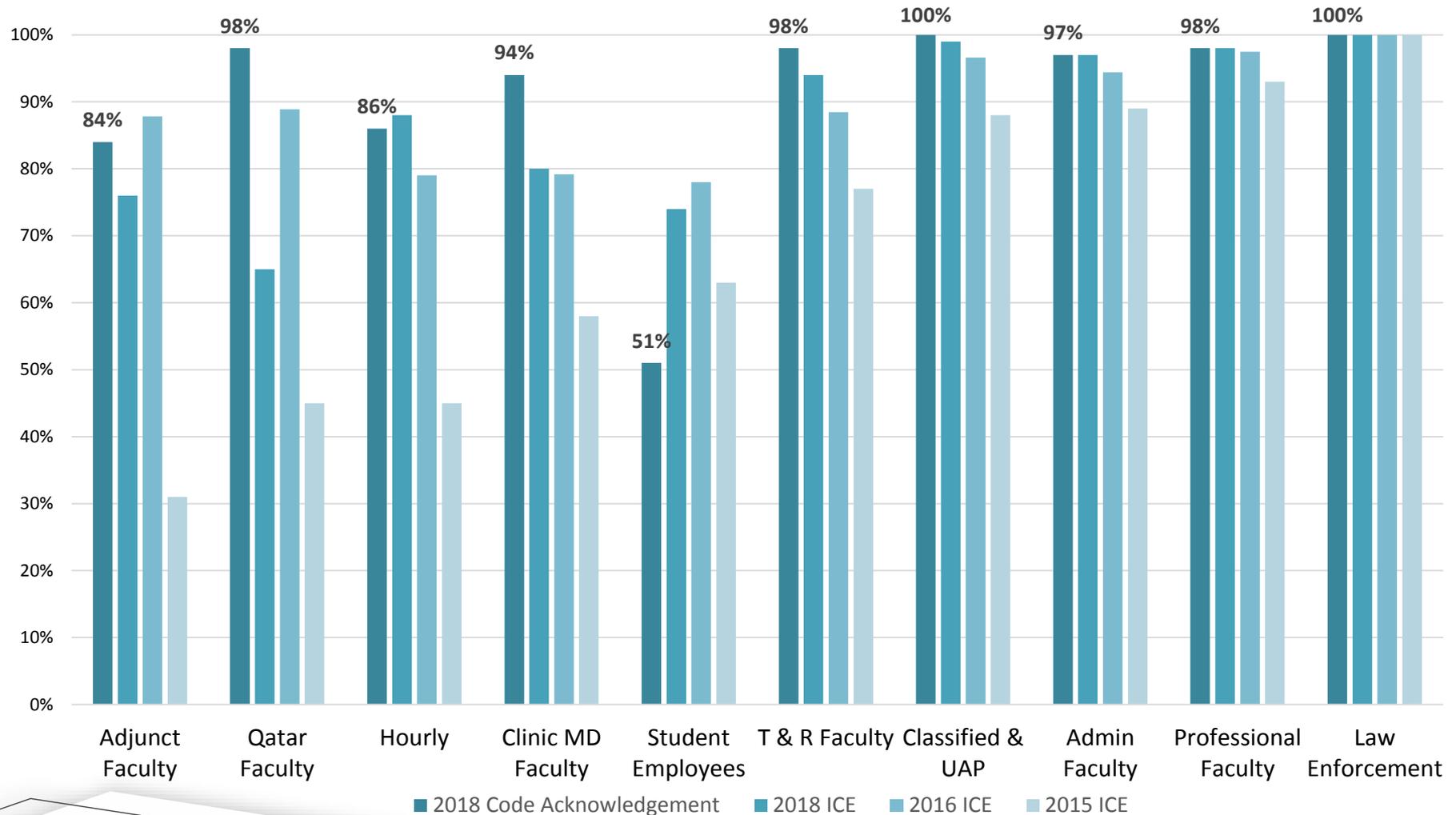
90% Overall

99% Core Faculty & Staff

(does not include P/T EEs or student EEs)

Annual Ethics and Compliance Education

Completion Rates by Employee Type by Year: 2015 to Present



Hourly **-2%**
Student Employees* **-23%**

Law Enforcement **=100%**
Professional Faculty **=98%**
Admin Faculty **=97%**

Qatar Faculty **+33%**
Clinic/MD Faculty **+14%**
Adjunct Faculty **+8%**
T & R Faculty **+4%**
UAP/Classified **+1%**

* Training in Blackboard

Item 9 – Effectiveness Review of VCU's Ethics and Compliance Program

- VCU E&C Program is 13 years wise
 - Has had 2 CECOs and 2 Executive Directors when review was conducted
- Conducted by Third Party
 - Summary presentation provided today
- Assessed against both headcount peers and industry peers



Current state of program and practices using Ethisphere's 2018 Ethics Quotient® (EQ) survey

Examination of supporting documents relating to each component of the review and supporting answers provided to the EQ survey.

12 Interviews of key stakeholders at the management and operational levels (see [Appendix A](#) for a list of individuals interviewed).

Inputs

**Ethics and Compliance
Program Resources and
Structure**

**Employee Perceptions of
VCU's Ethical Culture**

**Written
Standards**

**Training &
Communications**

**Risk Assessment,
Monitoring & Auditing**

**Enforcement, Discipline
& Response**

**Employee Knowledge of
Ethics and Compliance
Concepts**

**Senior Leader
Perceptions of the
Compliance Environment**

**Aspects Reviewed
of Program and Practices**

Scoring Rubric

Designates a best-in-class program or practice. A “very strong” label indicates a leading or mature practice that, in many respects, serves as an example of what other organizations should aspire to implement regardless of industry or structure.

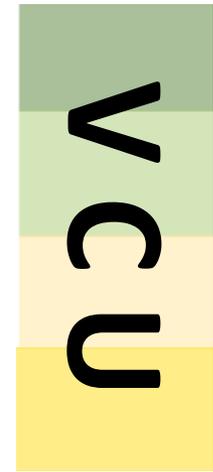
Components of a program that are trending very strong exceed expectations in many facets, yet provide further opportunities for enhancement in others.

A classification of “solid” denotes expectations are being met for a given section; this section may be approaching best practice in a few areas, yet several opportunities exist to improve or otherwise enhance this area of the program.

When trending solid, a component of the program has capabilities that may be compliant or functional but lack in efficiency or efficacy, or are otherwise undeveloped.

This portion of the program is nascent or does not exist, requiring significant and immediate updating to achieve compliance with regulation or functional practice. Any category receiving a designation of “needs attention” should be elevated to the top of the Company’s priority list.

Results



Strengths

- governance practices for policy setting
- clear expectations around values and ethics (Code of Conduct)
- excellent metric tracking (Culture Survey and reported concerns)
- hyper efficient use of resources

Improvement Opportunity

- Streamline Communication Planning - frequency and involvement of area leadership (mid and upper) to message efforts results, ethics, values and training
- Training Program for All Managers - local handling of concerns; consistency; appropriate collaboration
- Case Management Consolidation – investigation coordination
- Structure: reporting line

Very Strong

Solid; Trending Very Strong

Solid

Needs Attention; Trending Solid

Needs Attention

Item 9 – Effectiveness Review of VCU's Ethics and Compliance Program

- Next Steps
 - Consider all detailed recommendations against
 - VCU Mission, Strategic Plan, Student Success & Values Commitments
 - Compliance Partner and Leadership Involvement
 - Resources, Timing, etc...
 - Accept, Amend or Reject Recommendations
 - Provide detailed Report response for discussion at May AICC Meeting
- Your input requested

Item 10 – Audit Update for Information

A. Audit objectives were met for the following report and there were no Board level findings:

Equity and Access Services

B. 2019 Audit Work Plan Status Report

5 audits completed

3 audits in progress

5 special projects completed

4 special projects in progress

C. IT Audit Staff Augmentation Services

Closed Session

Item 11 – Closed Session

University Counsel Litigation Update

Executive Session