

**VIRGINIA COMMONWEALTH UNIVERSITY
AUDIT, INTEGRITY AND COMPLIANCE COMMITTEE MEETING
7:45 A.M.
DECEMBER 7, 2018
JAMES BRANCH CABELL LIBRARY
901 PARK AVENUE – ROOM 311
RICHMOND, VIRGINIA**

AGENDA

- | | |
|--|--|
| 1. CALL TO ORDER | Keith Parker, Chair |
| 2. APPROVAL OF AGENDA
<i>Action Item – Approval of Agenda</i> | Keith Parker, Chair |
| 3. APPROVAL OF MINUTES
(May 11, 2018)
<i>Action Item – Approval of Minutes</i> | Keith Parker, Chair |
| 4. AUDIT AND COMPLIANCE SERVICES
CHARTER – ANNUAL UPDATE
<i>Action Item – Approval of Department Charter</i> | William Cole, Executive Director
<i>Audit and Compliance Services</i> |
| 5. AUDIT, INTEGRITY AND COMPLIANCE
COMMITTEE GOALS FY 2019 | William Cole, Executive Director
<i>Audit and Compliance Services</i> |
| 6. AUDIT, INTEGRITY AND COMPLIANCE
COMMITTEE DASHBOARD MEASURES | William Cole, Executive Director
<i>Audit and Compliance Services</i>

Alex Henson, Chief Information
Officer |
| 7. AUDITOR OF PUBLIC ACCOUNTS -
REPORTS FOR THE FISCAL YEAR
ENDING JUNE 30, 2018 | Karen Helderman, Director
<i>Auditor of Public Accounts</i>

David Rasnic, Audit Manager
<i>Auditor of Public Accounts</i> |
| 8. ERM UPDATE | Tom Briggs, Assistant Vice President,
<i>Safety and Risk Management</i> |
| 9. DATA GOVERNANCE UPDATE | Monal Patel, Associate Vice Provost,
<i>Institutional Research and Decision
Support</i> |
| 10. INTEGRITY AND COMPLIANCE ANNUAL
REPORT FY 2018 | Jacqueline Kniska, Chief
<i>Integrity and Compliance Officer</i> |

11. OVERVIEW OF INTERNAL QUALITY ASSESSMENT

William Cole, *Executive Director
Audit and Compliance*

12. OTHER SEPTEMBER AGENDA ITEMS

- Staff Credentials
- Department Budget
- ACS Goals and Accomplishments
- Audit Survey Results

William Cole, *Executive Director
Audit and Compliance*

13. AUDIT UPDATE

- A. Audit Reports for Information
- Athletics – Year 2 NCAA Compliance Review
 - Human Resources New Hire Process
 - School of Medicine – Research Administration
 - University Controller’s Office
 - College of Engineering, including IT
 - Institutional Review Board
 - Payroll
- B. Audit Work Plan Status Reports FY19

David Litton, *Director
Audit and Management Services*

14. CLOSED SESSION

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

A. Annual Reporting - Varsity Intercollegiate Athletics

Ed McLaughlin, *Vice President
and Director of Athletics*

B. University Counsel Update

Jake Belue, *Associate University
Counsel*

C. Audit Reports for Discussion

- Annual Review of Audit Recommendations Outstanding
- School of Dentistry Technology
- Development and Alumni Relations Technology
- School of the Arts, including IT
- Construction Management

David Litton, *Director
Audit and Management Services*

D. Facilities Management – Response to Audit

Rich Sliwoski, *Associate Vice
President, Facilities Management*

EXECUTIVE SESSION

15. RETURN TO OPEN SESSION AND CERTIFICATION

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

Keith Parker, *Chair*

16. ADJOURNMENT

Keith Parker, *Chair*



**Board of Visitors
Audit, Integrity and Compliance Committee
7:45 a.m.
March 11, 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
Dr. Robert D. Holsworth
Dr. Carol S. Shapiro

COMMITTEE MEMBERS ABSENT

Mr. Todd P. Haymore

OTHERS PRESENT

Mr. William H. Cole, Jr.
Dr. Michael Rao, President
Phoebe Hall, Rector
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 May 11, 2018 meeting of the Audit, Integrity and Compliance Committee, as published. After motion duly made and seconded the agenda for the May 11, 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 March 22, 2018 meeting of the Audit, Integrity and Compliance Committee, as published. After motion duly made and seconded the minutes of the March 22, 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

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

Ms. Karen Helderman, APA Audit Director, discussed the planning and scope for the annual FY 2018 financial audit. The discussion covered the timing of this year's audit, audit scope and objectives, risk considerations, auditor and management responsibilities, and audit reporting communications.

Audit, Integrity and Compliance Committee Dashboard Measures

Mr. Henson and Mr. Cole presented the current status of the dashboard measures. Indicators for Data Security, Planned Audits and Compliance Oversight are yellow and other indicators are green. Planned Audits moved to yellow due to staff turnover delays in completing a few audits; therefore, carry-over hours will be higher than normal.

Audit, Integrity and Compliance Committee Charter and Meeting Planner Update

Mr. Cole presented a few proposed changes which provide additional clarity to the Committee Charter and Meeting Planner. A motion was made by Mr. Parker to accept the changes. The motion was approved and seconded.

Proposed FY 2019 Audit Work Plan

Mr. Cole discussed the proposed FY 2019 internal audit work plan. Work plan materials included an audit planning overview, the COSO model of internal control framework; financial magnitude functions considered; university plan for risk-based audits for FY 2019; and the proposed three-year (FYs 2019-21) internal audit work plan. Audit and Management Services performed a "deep dive" risk assessment of risk factors, considered industry risks and performed interviews with key stakeholders to develop the three-year plan. A motion was made by Mr. Parker to approve the work plan. The motion was approved and seconded.

Proposed FY 2019 University Ethics and Compliance Program Initiatives

Ms. Kniska presented the proposed annual initiatives for the Integrity & Compliance Office. These initiatives provide assurances that the administration is addressing compliance requirements; ethical behaviors; and overall institutional integrity.

Data Governance Update

Mr. Henson discussed an update on the Data and Information Management Council Phase III Progress Report. The status of activities included a discussion of the progress made by the four task forces: Standards and Policies, Issue Resolution, Communications; and Data Integration and Interoperability.

Audit and Compliance Update for Information

Ms. Kniska reported on the annual Compliance Education. In January 2018, the Integrity and Compliance Office administered the fifth annual Ethics and Compliance Education module to university team members. Completion rates continue to show improvement over prior years. The use of the new learning management system was discussed.

Mr. Cole discussed the Audit Work Plan Status Report. Due to the short length of time from the last committee meeting, no audit reports have been issued; however, four reports are in the final report review stages. In addition, there will be five more audit reports planned for the September meeting.

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	
Dr. Carol Shapiro	X	

All members responding affirmatively, the motion was adopted.

ADJOURNMENT

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

AUDIT AND COMPLIANCE SERVICES CHARTER

VIRGINIA COMMONWEALTH UNIVERSITY and VCU HEALTH SYSTEM

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

Scope of Work

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

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

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

Accountability

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

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

Independence and Objectivity

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

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

Responsibility

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

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

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

Authority

The department and its staff are authorized to:

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

The department and its staff are not authorized to:

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

Standards of Practice

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

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

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

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

Quality Assurance and Improvement Program

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

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

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

Audit, Integrity, and Compliance Committee FY20198 Goals and Dashboard Measures

Goals

Fulfill obligation and duties as members by providing oversight of activities, engaging in discussions and inquiring as to Audit, Information and Data Integrity, and Ethics and Compliance matters.

For FY20198, the ~~Audit, Integrity, and Compliance~~ Committee will focus on reasonable progression and risk mitigation related to the following topics:

- Data governance and information management efforts for business processes and institutional data ~~under the stewardship of the Data and Information Management Council (DIMC)~~
- Security of data and information technology security infrastructure
- Enterprise Risk Management mitigation plans for identified risks
- Formalization of the Uuniversity's compliance program
 - Includes receiving effectiveness review report from outside third party
- Results from audits, investigations, risk assessments and other special projects requiring Committee attention
- Legal matters, ~~including EEOC updates~~

Dashboard Measures

- Data governance program progress
- Data security (Number of security incidents / breaches)
- ERM mitigation plans
- Compliance oversight monitoring (Major compliance requirements compared to known material violations requiring the Committee's or Executive Management's attention)
 - Patterns or practices emerging from reported concerns, or of unethical or noncompliant conduct
 - Regulatory reporting, non-routine agency inquiries and outcomes
 - Policy Status
 - Clery Act
 - Titles VII and IX
 - Title IV – Student Financial Assistance
 - Export Controls
 - NCAA
 - Grant/research compliance
 - ~~Controlled substances~~
 - Environmental safety
- Planned audits status (to include both planned and unplanned projects) – comparison to available audit staffing resources (actual vs. planned chargeability)

Audit, Integrity, and Compliance Committee FY20198 Goals and Dashboard Measures

University Support

Bill Cole, Executive Director of Audit and Compliance Services

~~Stephanie Hamlett~~Mike Melis, University Counsel

Jacqueline Kniska, Chief Integrity and Compliance Officer

Alex Henson, Chief Information Officer

~~Kathleen Shaw~~TBD, Vice Provost for Planning and Decision Support

~~Meredith Weiss, Vice President for Administration~~

Tom Briggs, Assistant Vice President – Safety and Risk Management

~~Laura Rugless, Director of Equity and Access Services~~

Other compliance partners, as necessary

AUDIT, INTEGRITY, AND COMPLIANCE COMMITTEE

DASHBOARD MEASURES

INFORMATION TECHNOLOGY GOVERNANCE - DATA INTEGRITY



DATA GOVERNANCE PROGRAM (development of program)



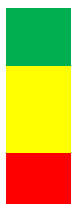
Program progressing successfully

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: Since our last meeting, there were five relatively minor security incidents resulting in the potential for unauthorized access and disclosure of sensitive information. Two of these incidents involved lost/stolen devices that contained student course and grade data; two incidences involved misconfigured sharing settings that potentially exposed some student data; and one involved a past vendor inappropriately disclosing student contact information to a third party. In all cases, affected individuals have been notified, appropriate adjustments to processes and procedures have been made, and personnel have received appropriate training. There was also one sophisticated phishing scam that compromised the credentials of three individuals. This was discovered early enough to avoid serious consequences.

Phishing scams that are aiming to extort money or trick employees into buying gift cards are continuing to rise, while scams targeting individual credentials are on the decline. Our data shows that areas receiving regular phishing exercises tend to do better in both identification and reporting of phishing scams, which supports plans to expand simulated phishing exercises university-wide. Additional training efforts are also being planned so that employees in the university can continue to be made more aware of expectations in information handling and storage.

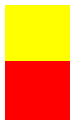
ERM PROGRAM



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.

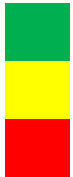
PLANNED AUDIT STATUS



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



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

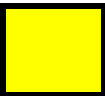


Progressing as planned and within overall budget

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

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.

Item 7 – Auditor of Public Accounts (APA) Reports for FY Ended June 30, 2018

Karen Helderman, APA Audit Director

David Rasnic, APA Audit Manager

- Annual Audit for Year Ended June 30, 2017
 - Required Communications
 - Independent Auditor's Report on the Financial Statements
 - Report on Internal Control and Compliance

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

Recent Activities

- The ERM Steering Committee met to review the following identified risks in June and August of 2018:
 - Institutional Compliance and Ethics Expertise
 - Strategic Plan Change Management
 - IT System Availability and Security
 - Clinical Research Administration Processes
 - Emergency Preparedness
 - OEHS
- In October of 2018 the ERM Steering Committee began the discussion to review, evaluate and make recommendations on the risk appetite for the top enterprise risks.
- Academic Affairs held a work shop in November to review and evaluate all enterprise risks in the Provost's area of responsibility.

Next Steps

- Changes and additions of enterprise risks from Academic Affairs will be vetted through the ERM steering Committee
- The ERM Steering Committee will continue to evaluate and make recommendations on the risk appetite for the various risks

Data & Information Management Update

Board of Visitors – Audit, Integrity and Compliance Committee
December 7, 2018



VCU

Introduction

Monal Patel – new AVP for Institutional Research & Decision Support

- Over 30 years in higher education
- Launched Purdue's first Data Governance Program
Strategy: Actionable data governance

Instructional Activity Data Mart

CIP Code mapping

Tracking Internship, Co-op,
experiences

Data Definitions – Data Cookbook

Reporting Governance

DIMC Work Plan for 1st quarter 2019

Data Issues or Lack of alignment

- Instructor of record
- Room assignment for course scheduling
- Faculty credentials
- HR definitions for data stewardship roles
- CIP Code cleanup

- **Authoritative source of information?**

DIMC Work Plan for 1st quarter 2019

- Re-launch data governance with a focused outcome aligned with strategic goals
 - Many metrics measuring strategy success
 - Are we connecting the dots?

Connect data sources to produce meaningful insights

Student Success – targeted interventions, curricula bottlenecks, subsequent course success from transformed classes, REAL tracking with qual data sources



VCU

Integrity and Compliance Annual Board of Visitors' Report

FY2018



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Introduction and the Year-in-Review

Welcome to the Annual Report of VCU's Integrity and Compliance Efforts for fiscal year (FY) 2018. Since the creation of this report in 2012, the goal has been to enhance content each year; building on a solid foundation for an ethics and compliance program. The program is modeled and supported by various regulatory drivers, industry best practices, and, at its core, rooted in the minimal requirements of the Federal Sentencing Guidelines (FSG). Benefitting from the work of a well-established and trusted compliance partner network along with Presidential and Board level support. Highlights herein showcase universitywide integrity and compliance activities and outcomes geared toward maintaining a community prepared to identify, report and appropriately address misconduct when it does arise.

The purpose of this report is two-fold.

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

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

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

Current Landscape and Industry Trends

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

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

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

VCU continues to focus on doing not only what is legally required, but also on doing the right thing. This value guides the ethics and compliance program and supports all compliance partners throughout VCU. Our partners are dedicated to continuing their ethics and compliance education and monitoring activities, ensuring that the highest standards are met, and constantly working to assess and mitigate risks.

Given VCU's scope of activities, ethics and compliance pressures on VCU remain great and in need of additional formalization and standardization in and among units. The supporting tone at the top is one of the ethical advantages benefiting VCU.

Education and Training Outcomes

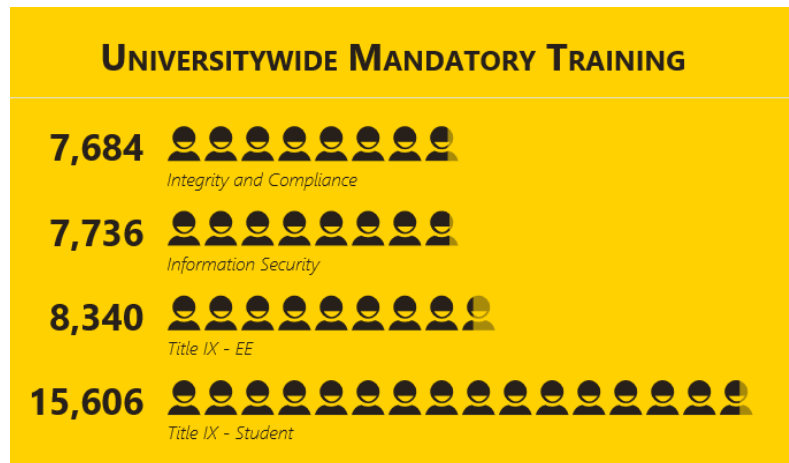
A marked increase in training offerings is likely to have had a positive effect on VCU's already existing Speak-Up-Listen-Up culture. This year's data support the following statements:

- more training offered
- more individuals completed and comprehended training content
- reported concerns were reported at an all-time high volume and more often than not, reported to the appropriate office with expertise, or was quickly rerouted to the appropriate office
- the substantiation rate is at an all-time high at 66% for substantiated and partially substantiated outcomes
- anonymity remained consistent

This may mean that the training taken was effective in bringing clarity to situations identifiable as not meeting VCU expectations and an accuracy in issues spotting as demonstrated by the all-time high substantiation rate. These outcomes may also indicate increased trust established as demonstrated best by speaking up without anonymity.

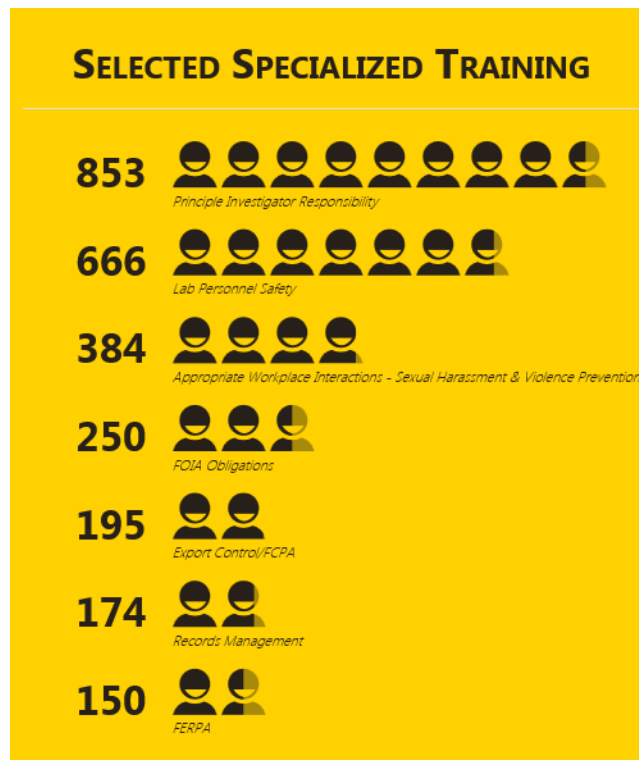
Specifically, the annual employee education requirement is the single most comprehensive, proactive, and also risk responsive endeavor from the Ethics and Compliance Program. Content reminds individuals of:

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



Completion rates remain consistent compared to prior year, at 89% overall and 95% completion rate for core faculty and staff. Mandatory training covering a single topic permits focus and a deeper understanding of specific expectations for conduct. These requirements have shown improvements year over year.

Additionally, the chart below shows the increased training efforts for specialty topics deployed to various individuals on role and the number of individuals who completed these trainings:



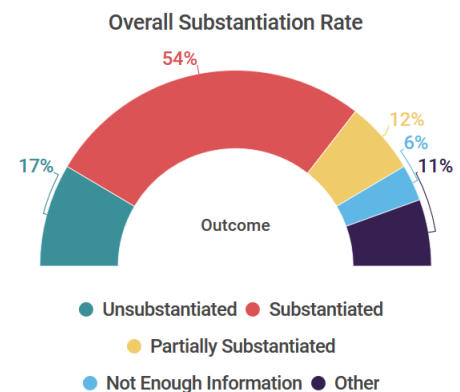
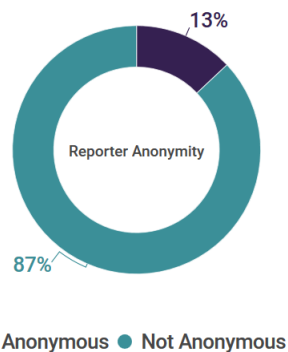
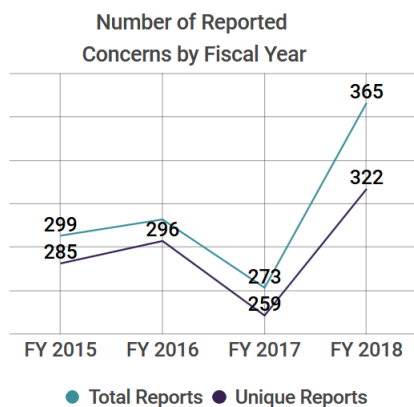
Reported Concerns Analytics and Benchmarks

Overall, the number of reports to, and utilization of, all trusted advisors continues to steadily increase. The university's ethics and compliance partners received and managed a total of 365 reports representing 322 unique concerns; an increase of 34% over FY 2017. Time to reach final outcome continues to be a challenge for multiple areas. At the close of the fiscal year, a record number of reported concerns remained open. Accounting for the increase in volume, the increase in pending matters is disproportionately high and will receive more frequent monitoring and root cause analysis to understand this significant change.

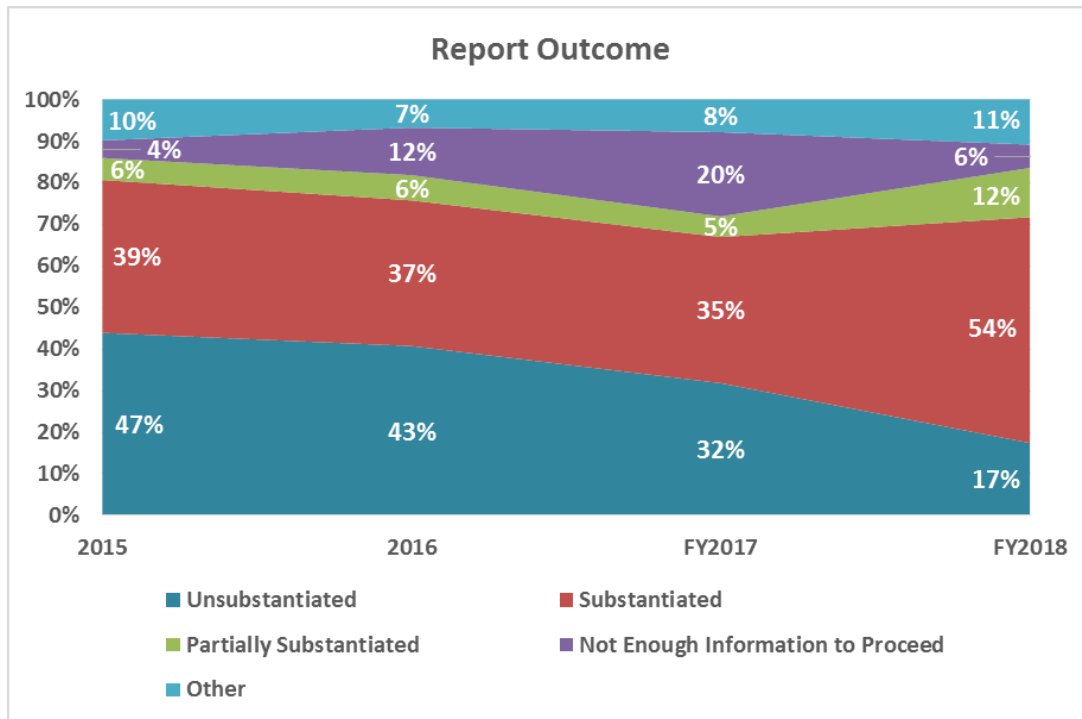
Breakdown of Reports to All Trusted Advisors Based on Independence

Fiscal Year	FY2015	FY2016	FY2017	FY2018
Reports to Independent Option – <i>ICO</i>	88	91	81	62
Reports to Independent Option – <i>Internal Audit</i>	14	24	7	11
Reports to Management Option – <i>Compliance Partners</i>	197	192	185	292
Total Reports	299	307	273	365
% Reported to <i>Audit and Compliance Services – independent Option</i>	34%	37%	32%	20%

Reported Concerns



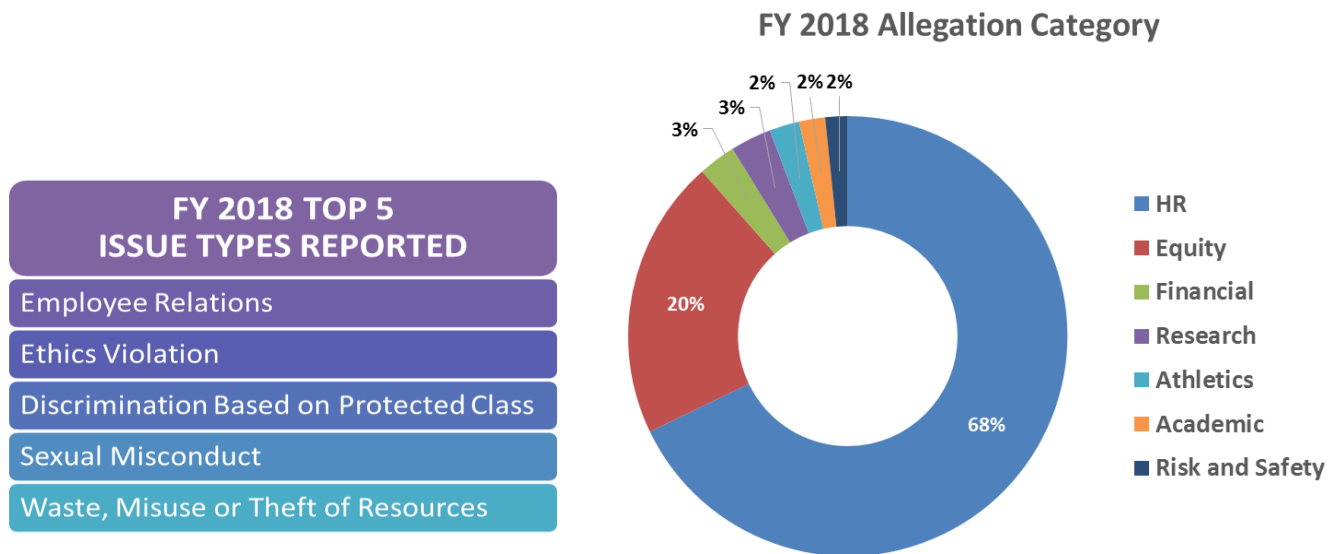
A notable increase in Human Resources reports is likely due, in part, to enhancements in data tracking, including utilization of a universitywide issues and events management e-solution. The decrease in reports to the Integrity and Compliance Office may be attributed to both employee willingness to report concerns as an identified individual to central offices and satisfaction with responses to concerns when reported to direct supervisors or other central offices. Prior to the implementation of the universitywide issues and events management e-solution, unique reports data were available only from the ICO. The increase in the difference between total reports and unique reports may be due to more robust data collection abilities from additional offices.



The substantiation rate is at an all-time high of 66%. This rate is also significantly higher than a 2018 report on national benchmarks from an industry leading vendor *and* the previously established VCU benchmark. Higher substantiation rates may indicate employees are well informed about university expectations and are empowered to speak up when those expectations are not being met. It additionally points to effective investigative procedures.¹

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

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



Benchmarking Note: Metrics collected are presented in comparison with a university benchmark for the respective metric. The university benchmark is calculated using the average from all available data from FY 2014 through FY 2017. As an enhancement to this year’s report, metrics are additionally compared to Ethics and Compliance Industry benchmarks collected and analyzed by Navex Global in the *2018 Ethics and Compliance Hotline and Incident Management Benchmark Report*.

Metric	2018 Navex Global Survey	VCU Internal Benchmark	FY 2018 Data
Cases per 100 employees	1.4 (Median)	2.53	3.14
Anonymous Reports	56%	19%	13%
Direct Contact Reports vs Helpline Reports	39%	76%	81%
Substantiation Rate	44%	40%	66%
Most Common Allegation Type	Human Resources – 72%	Human Resources – 54%	Human Resources – 68%
Concerns of Retaliation	0.66%	7%	2%

The university exceeded industry benchmarking for per capita reports of concern, demonstrating a university environment that supports a speak-up culture and providing increased visibility of issues and events in order to identify patterns and practices of unethical conduct. This is additionally supported by VCU’s 2017 Ethical Culture and Perceptions Assessment, wherein 86% of respondents stated they were comfortable reporting incidents or concerns of noncompliance directly to their supervisor.

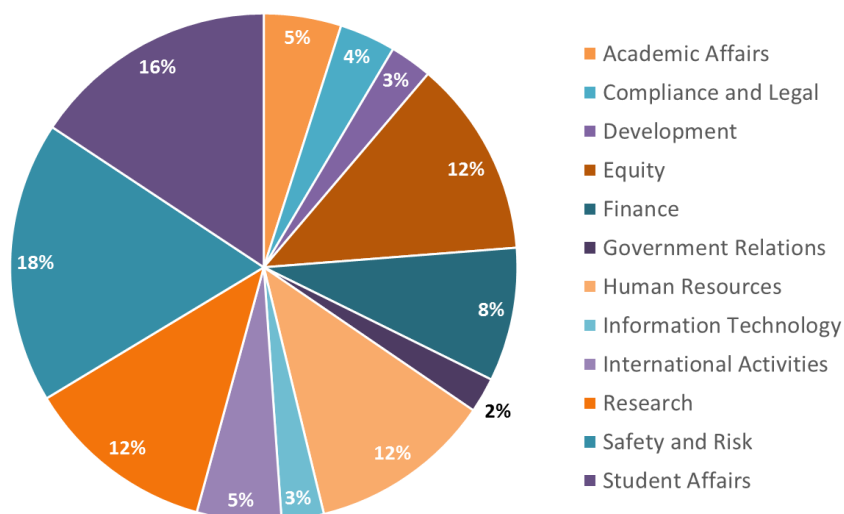
Ongoing Risk Assessment Update

ERM

The Enterprise Risk Management process continues to address the top enterprise risks with executive leadership. Specifically, the steering committee has determined the top risk in the compliance category to be Institutional Compliance and Ethics Expertise and Structure. This is the risk that institutional expertise for specific compliance and ethics areas may not exist, or exists but resides exclusively in localized areas (e.g.: specific schools or departments) and may not be known, or utilized, as an available institutional resource when needed. Risk that support for commitment to compliance and ethics initiatives and implementation may not exist. In summary, there is needed expertise and proper placement within university structure and defined scope of compliance roles for employees. This risk potentially affects other strategic plan themes. Existing mitigations have been assessed and have resulted in higher impact and likelihood ratings and that a negative event could occur with an anticipated 6 month advance notice to almost immediate onset notification. Calibration of these factors against the entire risk universe remains ongoing. The risk owner is the Executive Director Audit and Compliance Services) and the process owner is the University Chief Integrity and Compliance Officer.

Regulatory Reporting Monitoring

Federal Regulatory Responsibility by Topic



Required reporting of data to various federal agencies was automated using a no cost solution and timely completed by compliance partners without error on a quarterly basis. Full compliance was maintained without issue. Additionally, bi-monthly meetings are held with operational owners of ethics and compliance risks through the Compliance Advisory Committee and provide a forum for communication of expectations, data assessment, group discussion and support of day-to-day operations. Internal Audit is included in these meetings in an effort to inform overall strategy and foci for specific audits.

Non-Routine Government Reviews

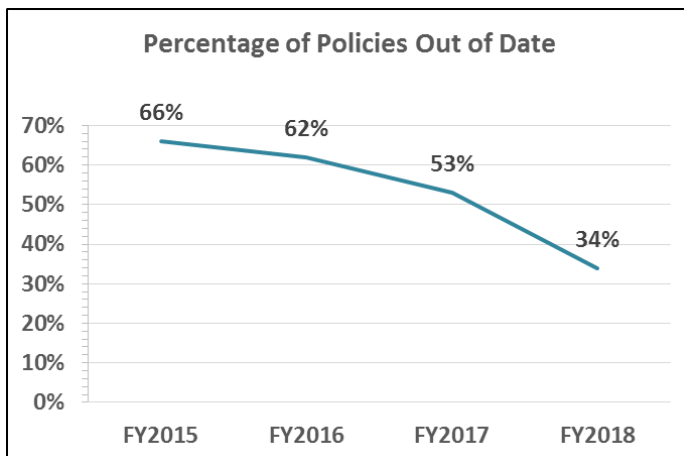
Monitoring external state or federal agency inquiry, review, investigation, or audit activities and facilitating a unified and appropriate response to external agency requests is always of continued importance. This does not include accreditation activities.

Selected highlights from significant government reviews conducted; the results of the reviews; and university remediation plans to prevent recurrence of any identified issues where applicable. There were no significant non-routine reviews this cycle.

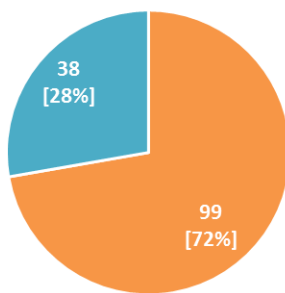


Universitywide Policies

In previous years, over half of existing universitywide policies were outdated and a majority of the policies were significantly outdated, defined as 5-7 years or more since last review or revision.

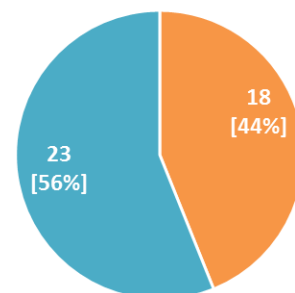


Administrative Policies



Current Past Due

Board of Visitors Policies



Current Past Due

POLICY MANAGEMENT
FY 2018

178

total policies

WEBSITE

16,822

total visits

48

Governance Phase Completed

30

Still in Development

21

New or substantively revised

27

Consolidated, retired, or removed

.....

Top 5 Search Terms

travel
alcohol
promotion and tenure
intellectual property
code of conduct

.....

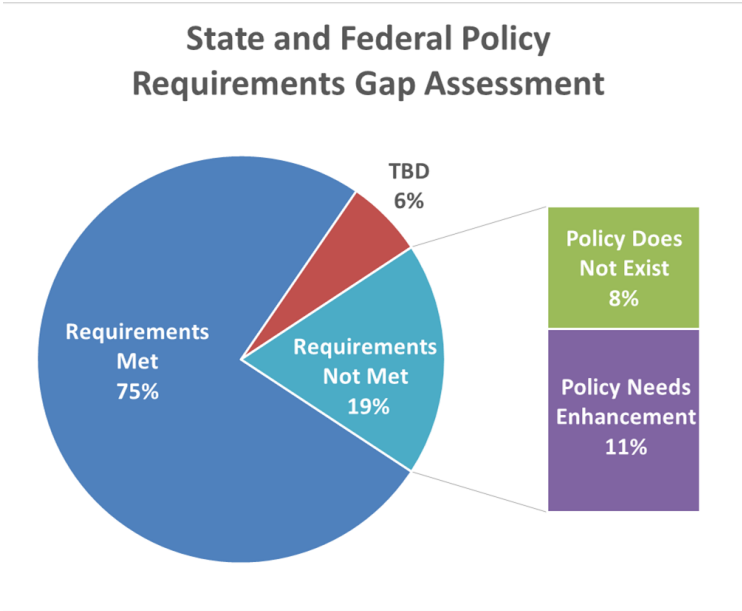
Top 5 Downloaded Policies

- Working @VCU Great Place HR Policies
- Computer and Network Resources Use
- Sexual Misconduct Violence and Gender Discrimination
- Accessibility and Reasonable Accommodation for Individuals with Disabilities
- Student Code of Conduct

.....

Marked improvements have occurred in reviewing policies for accuracy and feasibility; streamlining content to reduce quantity and improve quality of existing policies; and in completing VCU's inaugural policy gap assessment.

The policy program continued its gap assessment work, taking into consideration federal and state law requirements. Based on response analysis, gaps exist. The majority of the gaps indicate that while departments may have policies in place related to the requirements, they need to be enhanced to meet all elements of the statute.



Privacy

VCU remains in need of prioritizing risk mitigations associated with privacy. The nature of our activities and our interdependent relationship with VCU Health System further adds to the complexity of privacy in our environment and the many layers within. Extensive fact finding and assessment, in collaboration with the health system and respective legal offices, have taken place over the last two years in an effort to accurately identify affected activities; bring clarity to responsibilities and authority; and assess the capacity for both VCU and the health system. Without establishing clarity and authority, topics related to privacy (e.g.; training; breach assessment, reporting to affected individuals and regulatory bodies; risk-based capacity reviews prior to signing Business Associate Agreements and authority to sign BAAs) may go unaddressed or addressed by individuals without expertise who may or may not have authority for decision making. This approach, one of operating in silos and at times without clear expectations, often results in an unaware leadership; increased inconsistencies; and implementation programs not sufficiently accounting for privacy related matters throughout the university.

Individual and Institutional Conflict of Interest and Commitment

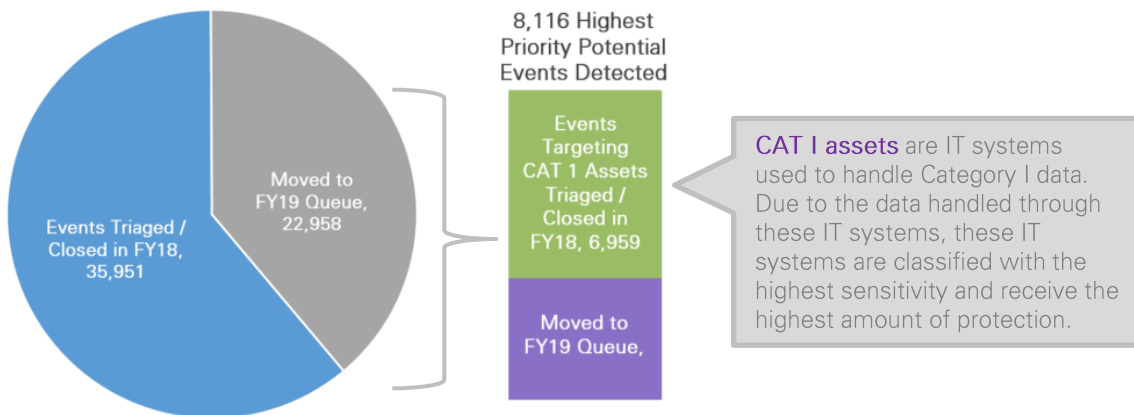
Preliminary preparations have progressed toward initial creation of a Conflict of Interest Committee. A software solution to document, review, identify, manage or clear potential conflicts has been purchased; a policy drafted with partner collaborations; an invitation and other governance documents drafted for committee purpose and membership; and creation of initial question set have all been accomplished this year. This will continue to be a complex and dynamic program with at least annual updates provided to Cabinet and to the Board.

Information Security

The Office of Information Security with Technology Services remained busy after attaining an all-time high of 89% completion rate for annual training through the new learning management system.

Additionally, FY18 Security Incident Response statistics are below:

58,909 Total Potential Events Detected



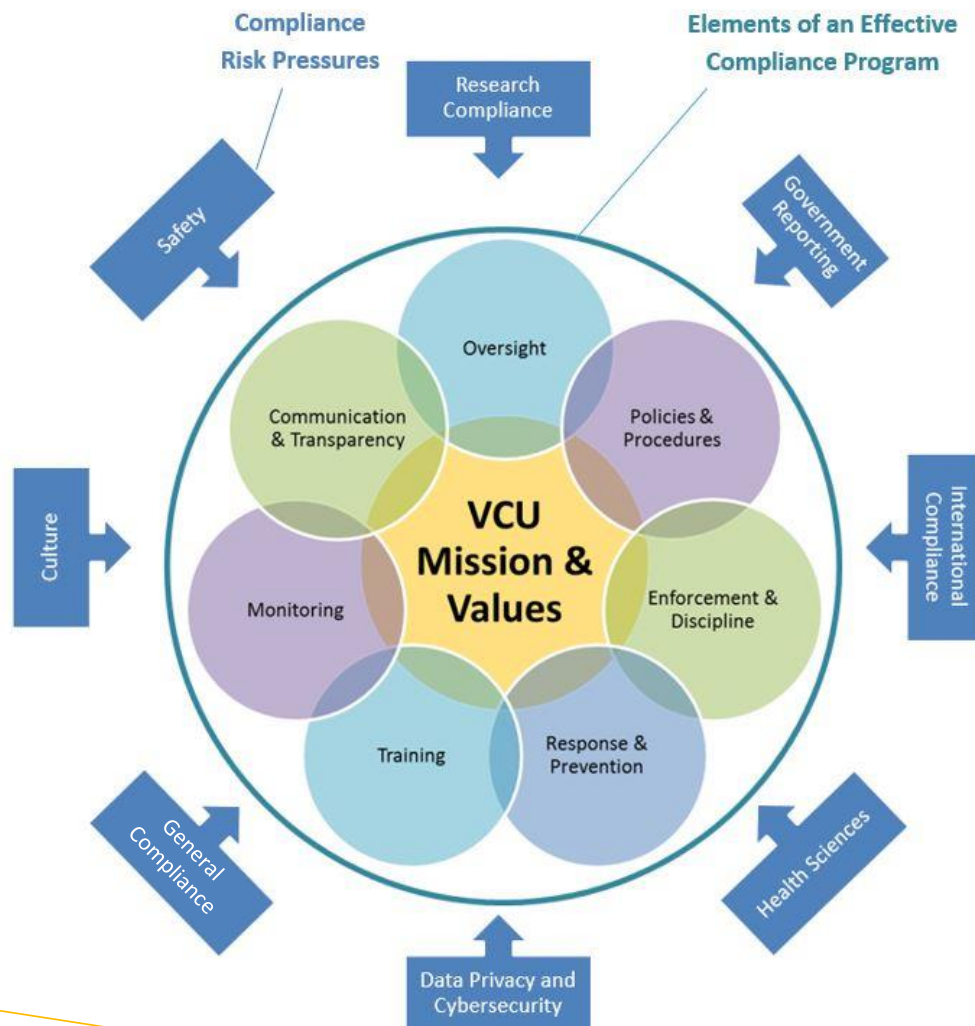
Effectiveness Statement

Apart from the challenges organizations of similar scope and complexity experience, (generally relating to communication, documentation and accountability) no newly discovered patterns or practices of systemic misconduct have been identified this fiscal year. However, further progress of ethics and compliance initiatives continues to be impacted by the lean nature of administrative staffing and turnover often resulting in challenges related to learning curves of new employees; loss of employees with significant institutional knowledge; duration and effort to fill vacancies; or the workload added to remaining employees when vacancies occur.

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

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

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



Student and Employee Selected Ethics and Compliance Areas

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

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

Student Conduct and Academic Integrity

The increase in reported academic integrity violations may be attributable to the increase in the number of training presentations delivered to faculty and students from 41 in the prior year to 68 presentations in the current year. Increased awareness and understanding typically leads to greater utilization of the process.

A substantiation rate of 72% represents the OSCAI finding of "responsible" for the misconduct. This is a decrease from 81% in the prior year.

Reports related to academic integrity

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



443

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



16%

Increase from FY 2017

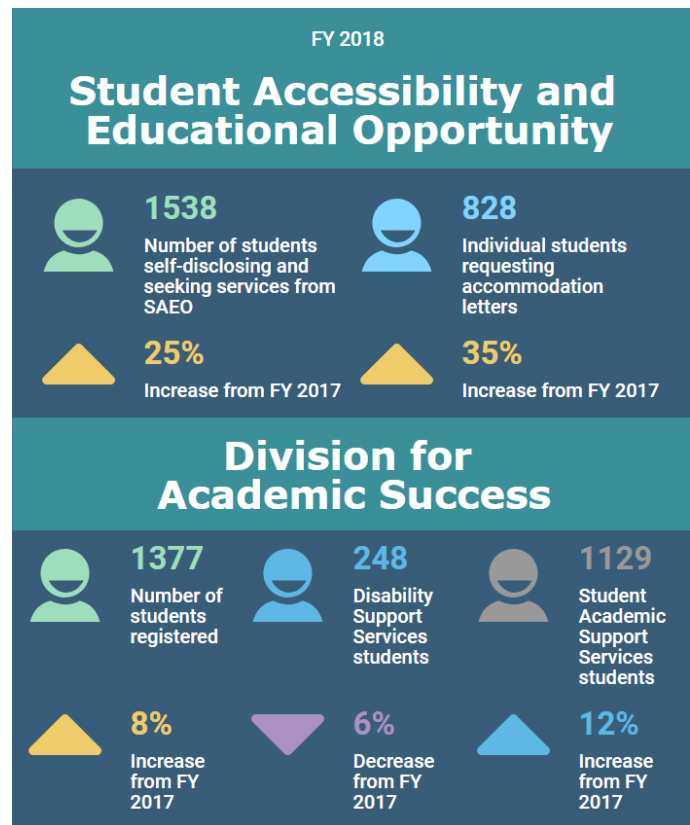
Student Accessibility and Accommodations

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

Disabilities Act. DAS also provides disability support services and academic support services to students on the Health Sciences Campus.

For Monroe Park Campus students, SAEO facilitated 94 housing accommodation requests – 59 of which were approved. Forty-eight of the housing accommodation requests were related to emotional support animals and 31 were ultimately approved. Additional services provided include:

- assistive technology consultations, licenses and hardware
- textbooks and tests provided in alternative/digital or enlarged formats
- 350 sets of notes uploaded to the new Note Taking Database in Spring 2018



On the Health Sciences Campus, DAS proctored 1,707 exams, a 41% increase from FY 2017. Overall, DAS had 7,452 student contacts in FY 2018, a 9% decrease from FY 2017.



Following national trends of advocacy groups filing hundreds of thousands of complaints to The Office of Civil Rights. VCU received a complaint related to web accessibility which resulted in a major universitywide effort to address the concerns raised. SAEO was represented on the Web Accessibility Remediation Project Team facilitating web accessibility improvement across the university. Ultimately, OCR dismissed the complaint given changing priorities of the current administration; however, the university continues to address issues of web accessibility as the right thing to do regardless of changing priorities.

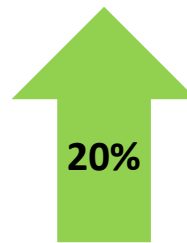
Equity and Access Services

EAS completed the governance process for revised discrimination and accessibility policies; oversaw the development of 26 Affirmative Action Plans; responded to 46 requests for employee accommodations under the ADA; addressed, by responding to or investigating, reported policy violations of the *Sexual Misconduct/Violence and Sex/Gender Discrimination* policy, the *Preventing and Responding to Discrimination* policy and the *Accessibility and Reasonable Accommodation for Individuals with Disabilities* policy. VCU's inaugural Accessibility Compliance Workgroup, a centralized, collaborative effort to facilitate the goals of physical and programmatic access and equal opportunity in university employment, educational programs, sponsored activities, and events was also established. The inaugural biennial report for Title IX related information has also been produced separate from this report and is available [here](#).

Virginia's Freedom of Information Act (FOIA)

The Code of Virginia §2.2-3704.2 (effective July 1, 2016), requires all state public bodies to designate a FOIA Officer "whose responsibility is to serve as a point of contact for members of the public in requesting public records and to coordinate the public body's compliance with the provisions" of FOIA. While VCU had so designated individual(s) for this role before this

legislation passed, VCU's first full-time FOIA Officer to ensure compliance was hired April 2017. Within weeks of hire, the FOIA Notice Resource Page was linked to the VCU Homepage, as required. This linkage, accompanied by an increase in live training sessions with the FOIA Officer resulted in a total of 900 visits to the website, a 20% increase from the prior year. FOIA content is also reiterated in the Annual Employee Integrity and Compliance Education Module.



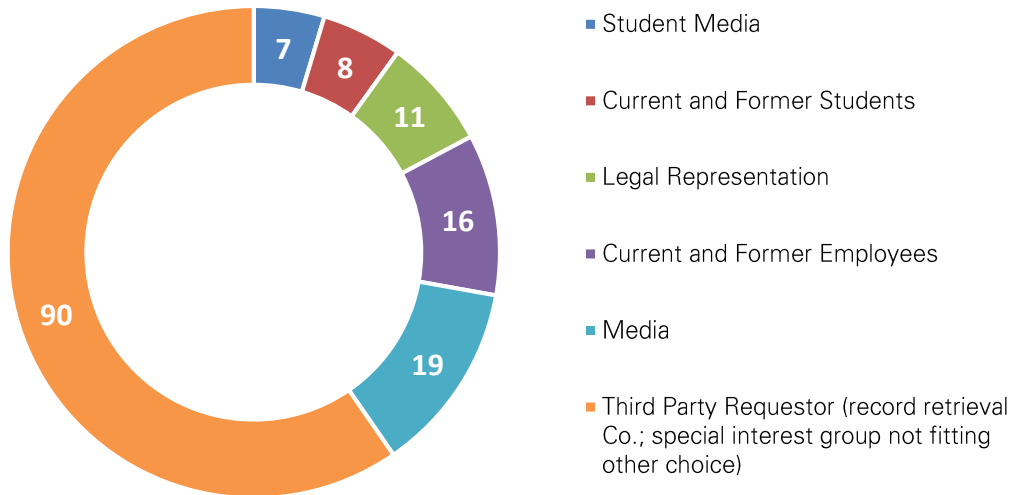
Visits to Web
Resource

FY18 requests covered a wide range of topics. In addition to the typical requests for copies of procurement contracts and athletic department staff contracts, major topics in FOIA this past fiscal year included: student contact information, animal research, sexual assault data and student conduct data. Litigation related FOIA requests centered on employee related claims.

Trends in the use of the Act: (1) attorneys gathering information quickly and at less cost to evaluate potential claims; (2) activists, particularly those opposed to the use of animals in research or those opposed to the growth (physical footprint) of the university; and (3) students seeking records related to an adverse decision or an administrative process they have experienced (e.g., dismissal from a program or misunderstanding financial aid processes, etc.).

Complex requests (usually related to current or potential litigation) can take a considerable amount of time to fulfill (20 - 40+ hours), while more routine requests average 2 - 2.5 hours. Fulfilling requests includes tracking, coordinating with records custodians and notifying stakeholders of the request and records being released in a timely manner. As a public state agency, VCU has 5 days to respond to all FOIA requests.

FOIA Requesting Parties



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

The Office of Research and Innovation provides institution-wide export compliance support and FCPA training for the university.

This year, 1,156 employees received training regarding their intended activities to certain international destinations. Placement of proactive messaging provides timely information as to resources, travel warnings, recommended safety precautions and identifies online resources, on-demand information and additional training content.

Individuals traveling to destinations that have US sanctions or other export restrictions are deemed high risk and receive customized guidance on compliance requirements. In FY 2018, 325 individuals were deemed to be high risk travelers, a 50% increase from FY 2017. The increase can be attributed to changes in the United States' sanction regulations and country alerts thereby expanding the list of countries considered high-risk.

VCU's loaner travel laptop program was utilized 69 times between July 1, 2017 and June 30, 2018 and the number of travelers making use of this program is increasing.

Additional compliance review, screening, and training efforts included:

- 490 export controls based reviews via Sponsored Programs Checkpoints
- 173 visa reviews prior to hire
 - 68 for H1-B visas for employees
 - 105 for J1 visas for post docs
- 10 scheduled trainings related to Dangerous Goods, Export Compliance, FCPA, and US Anti-boycott regulations
- 5 active Technology Control Plans in place – an all-time high for VCU and a demonstration of the increasing complexity of the university’s strictly regulated research activities

Appendix A

Definitions for Report Outcome Classification

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

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

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

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

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

Audit and Management Services

Quality Assurance and Improvement Program

December 2018 Update

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

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

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

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

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

Audit and Management Services Quality Assurance and Improvement Program December 2018 Update

Internal Periodic Self-Assessment Results

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

- Continue to review for opportunities to streamline audit tests
- Increase knowledge of the university, systems and audit processes
- Evaluate new avenues to identify risks for potential future audits or projects

Throughout the review period, Anne Sorensen has participated in departmental meetings and trainings, observed the implementation of various best practices and reviewed board and other office support documentation. Based on such exposure during fiscal year 2018 to date, the following statements can be made.

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

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

Audit and Compliance Services

Staff Credentials

University Audit and Management Services Integrity and Compliance Office

Name and Title	Hire Date	Education	Credentials/ Advanced Degrees	Years of Experience
William H. Cole, Jr. Executive Director	October, 2011	BS, Accounting	CPA; CHC MBA	39 – Audit/Compliance 1 – Finance and Administration
David M. Litton Director, Audit and Management Services, University and VCUHealth	March, 1994	BS, Accounting and Information Systems	CPA; CISA; CGFM; CGEIT; CRMA	19 – Internal Audit 10 – IT and External Audit
Jacqueline L. Kniska University Integrity and Compliance Officer	July, 2011	BA, Political Science	CHC JD LPEC	11 – Compliance 8 – Legal
Anne Y. Sorensen Deputy Director, University Audit and Management Services	June, 2018	BS, Accounting	CPA	6 – Internal Audit 10 – External Audit 15 – Accounting/Finance
Courtney G. McGregor Deputy Director, IT Audit, University and VCUHealth	March, 2017	BS, Accounting	CISA CRISC CIA MS, Business Admin/ Information Systems	21 – Audit 21 – Information Technology 3 – Teaching Adjunct / Accounting, Management
Janet W. Bishop University Audit Manager	May, 2001	BS, Business Administration	CIA, CFE	15 – Audit 24 – Accounting
Joseph B. Walton Senior IT Auditor	January 2018	BS, Science	MPA CISSP Dissertation-phase PhD, Public Policy	23 – Technology 10 – Public Policy and Administration 1 – Audit
Susan B. Donnell Senior Auditor	March, 2017	BS, Commerce; concentration in Finance	CPA Post-Baccalaureate Certificate in Accounting	2 – Internal Audit 1.5 – External Audit 19 – Accounting & Financial Services
Steven P. O'Brien Senior Auditor	March, 2017	BS, Accounting		7 – External Audit 2 – Internal Audit

Name and Title	Hire Date	Education	Credentials/ Advanced Degrees	Years of Experience
David J. Irving Staff Auditor	January, 2015	BA, History/Political Science	CPA; CIA MS, Accounting	7 – Internal Audit 15 – External Audit
Anthony T. Rapchick Senior Compliance and Policy Specialist	April, 2016	BA, Psychology	JD	21 – Legal 5 – Compliance
Jaycee L. Dempsey Senior Integrity and Compliance Specialist	May, 2007	BA, Economics	CCEP MBA LPEC	11 – Compliance 5 – Public Policy
Ashley L. Greene Senior Integrity and Compliance Specialist	September, 2012	BA, Psychology	CCEP LPEC	9 – Compliance 1 - Other

Credentials:

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

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

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

Virginia Commonwealth University - Audit and Compliance Services

Functional Budget - Fiscal Year 2018-19

	<u>Audit & Management Services</u>	<u>Compliance Services</u>	<u>Total</u>	<u>Prior Year Total</u>
Salaries/Wages	\$ 824,362	\$ 398,768	\$ 1,223,130	\$ 1,215,830
Employee Benefits	304,045	158,494	462,539	448,928
Total Personnel Costs	1,128,407	557,262	1,685,669	1,664,758
General Office	19,774	13,431	33,205	35,274
Training and Equipment	52,614	30,850	83,464	89,464
Other	13,317	8,500	21,817	23,387
Total Non-Personnel Costs	85,705	52,781	138,486	148,125
TOTAL EXPENSES	<u>\$ 1,214,112</u>	<u>\$ 610,043</u>	<u>\$ 1,824,155</u>	<u>\$ 1,812,883</u>

Note: Portions of personnel and non-personnel costs for the Executive Director, Director for Audit and Management Services, and Deputy Director for IT Audit are funded by VCU Health System and are not included in the amounts above.

Audit and Compliance Services

Goals and Objectives in Support of the University's Strategic Plan Fiscal Year 2019

Audit and Compliance Services (ACS) supports the mission and vision of *Quest 2025: Together We Transform* by providing quality audit and ethics and compliance programs that incorporate the university's core values. The department strives to ensure accountability and stewardship of the university's assets and resources; provide unbiased recommendations to improve operations; ensure the integrity of systems; identify and monitor risks; and promote the university's expectation of professional ethics and conduct. In addition, the department fosters a collaborative working relationship with the university community to achieve the distinction as a premier urban, public research university.

To assist the university in reaching the goals of *Quest 2025* and university priorities for fiscal year 2019, the department has developed the following goals and objectives:

Cross-functional Department Priorities

- Completion of FY19 Audit Workplan and Integrity and Compliance Office Initiatives as approved by the Board of Visitors in May 2018
- Provide timely response to management requests, reported concerns and special projects
- Provide risk-based reports to Cabinet and Board Members regarding satisfied or deficient compliance obligations and repeated audit findings
- Provide, where applicable, early warning to management regarding internal controls, ethical and compliance based matters
- Develop additional departmental metrics to demonstrate effectiveness and value to university community
- Continue to maintain commitment to enhanced professional expertise for all staff

In addition to the annual audit workplan, Audit and Management Services has the following initiatives:

- Continue its annual internal quality assessment and prepare for an external quality assessment scheduled for Fall 2019
- Continue to expand on the development of continuous auditing opportunities
- Seek opportunities with an external IT specialist to train and utilize technical security tools when conducting highly technical audits or investigations
- Maintain knowledge of current and upcoming industry risks and utilize this information for the annual risk assessment process; and share with those in governance where needed

Virginia Commonwealth University Audit and Compliance Services

Audit Survey Results

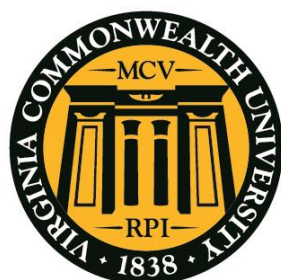
At the completion of each audit, we request that the audited department evaluate our performance in 12 specific areas and provide comments or recommendations that might help to improve our services. We provide a copy of the survey to management at the planning stage of our audit so that management can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

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

During the fiscal year 2017-2018, thirteen surveys were completed, the numerical results of which are summarized below. The average of all responses this year was 3.74 on a 4-point scale, which is consistent with prior year results of 3.73.

<i>Survey Item</i>	Average Score
1. The audit process was clearly explained prior to the start of the audit work.	4.00
2. The audit staff solicited suggestions from management as to areas of possible audit coverage.	3.85
3. The final audit objectives were reviewed with appropriate departmental personnel early in the audit process.	3.85
4. The process of issuing the audit report, including distribution and resolution of potential business issues and recommendations, was explained to management at the beginning of the audit.	3.77
5. The audit staff had or obtained a sufficient working knowledge of the operations and systems of your department, including current technology and current events.	3.46
6. The audit staff was willing to provide advice and assistance to personnel in the department.	3.82
7. The audit staff kept management informed throughout the audit regarding potential audit business issues.	3.64
8. The audit was completed within a reasonable time frame. Any delays in completing the audit were explained to management.	3.54
9. The audit results in minimal disruption of operations in the department.	3.54
10. The business issues in the audit report were accurately stated.	3.91
11. The recommendations in the audit report were useful and relevant.	3.91
12. The audit report contained adequate explanations for the business issues and recommendations.	3.82

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



VCU

VIRGINIA COMMONWEALTH UNIVERSITY

Department of Intercollegiate Athletics NCAA Compliance Review

*Final Report
August 21, 2018*

Audit and Compliance Services

EXECUTIVE SUMMARY

Overview

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

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

Although the NCAA no longer requires an evaluation of its rules compliance program once every four years, university management decided that it would be a best practice to continue with the evaluations. In working with the Director of Athletics, a four-year cyclical review has been established for these evaluations (Attachment). The Association of College and University Auditors (ACUA) publishes a standard set of audit programs designed to support efforts to evaluate and improve athletics rules compliance programs at NCAA Division I member institutions. The ACUA audit program was used as a guideline for this audit.

Our focus for year two of the four year cycle included reviewing the areas of recruiting, rules education, camps and clinics, investigations and self-reporting of rules violations, representatives of the university's athletic interests and complimentary admissions.

Purpose

The objectives of the audit were to determine whether:

- VCU Athletics was monitoring and maintaining proper documentation to establish compliance with NCAA legislation governing both off-campus and on-campus recruiting activities, sports camps and clinics, and complimentary admissions
- A written policy exists concerning the review of information about potential violations of NCAA legislation and specific individuals/titles were identified to undertake these responsibilities
- The basic components of an effective rules education program have been implemented
- The institution maintained adequate control over known groups representing the institution's athletics interests and complied with applicable NCAA legislation

Scope and Audit Procedures

Our scope of the NCAA Compliance Review encompassed academic year 2017-2018 and included all sports for recruiting activities; Men's Basketball; Women's Soccer; Baseball camps and clinics; and special fundraising events.

Our audit procedures included:

- Review of Athletics Compliance Policies and Procedures Manual and applicable NCAA regulations
- Interviews with the appropriate athletics personnel
- Review of recruiting records and rules education materials
- Review of rules violations and self-reporting documents
- Review of special events financial information
- Testing of camps and clinics documentation
- Testing of complimentary admissions documentation

Conclusion

In our opinion, based on the results of our audit, VCU Athletics was monitoring and maintaining proper documentation to establish compliance with NCAA legislation governing both off-campus and on-campus recruiting activities, sports camps and clinics, and complimentary admissions. A written policy existed concerning the review of information about potential violations of NCAA legislation and specific individuals or titles were identified to undertake these responsibilities. The basic components of an effective rules education program have been implemented. The institution maintained adequate control over known groups representing the institution's athletics interests and complied with applicable NCAA legislation.

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

Our audit of the Department of Intercollegiate Athletics – NCAA Compliance Review began on April 23, 2018. The first draft of this report was submitted to management on August 8, 2018.

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:

Mr. Noah Strebler

Mr. Jon Palumbo

Mr. Edward McLaughlin

Assistant Athletic Director for Compliance

Deputy Director of Athletics

Associate Vice President and Director of Athletics

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


Executive Director
Audit and Compliance Services

VCU's Four-Year Athletic Review Plan

Below is the breakout of the four-year cyclical plan based on the ACUA NCAA Division I Audit Guide.

Year 1 (FY 2017)

Financial Aid Administration

Student Athlete Employment

Extra Benefits – Team travel

Extra Benefits – Student Athlete Vehicles

Eligibility (includes Initial-Eligibility Certification, Continuing Eligibility Certification and Transfer Eligibility Certification)

Year 2 (FY 2018)

Recruiting – Off-Campus

Recruiting – On-Campus

Extra Benefits – Representatives of the University's Athletic Interests

Rules Education

Extra Benefits – Complimentary Admissions

Camps and Clinics

Investigations and Self-Reporting of Rules Violations

Year 3 (FY 2019)

Governance and Organization

Extra Benefits – Athletic Apparel and Equipment

Commitment to Personnel to Rules Compliance Activities – Certification of Compliance

Commitment to Personnel to Rules Compliance Activities – Coaching Staff Limits and Contracts

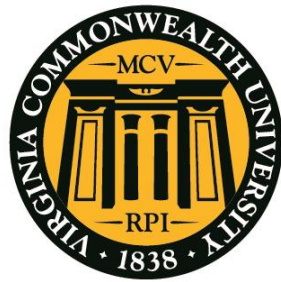
Playing and Practice Seasons

Amateurism

Academic Performance Program

Year 4 (FY 2020)

Athletic Director Discretion



VCU

VIRGINIA COMMONWEALTH UNIVERSITY

Human Resources New Hire Process

Final Report
June 13, 2018

Audit and Compliance Services

EXECUTIVE SUMMARY

Overview

The Human Resources Department (department) strives to provide quality leadership, development, and services to promote an exceptional and diverse workforce that supports education, research, patient care, and service. In particular, they strive to effectively and efficiently recruit, hire and on-board new hires with integrity, responsiveness, and excellence, while ensuring compliance with all applicable university, state, and federal policies, procedures and laws.

The department processed approximately 3,200 new hires during our audit period of July 1, 2017 – February 28, 2018, which includes university and academic professionals, graduate assistants, post-doctoral students, student workers, work-study and hourly employees. The department also managed the on boarding of 145 teaching and research faculty hires for FY 2018. The recruiting and hiring process for faculty is managed by the Provost Office. The University and Academic Professionals now include converted classified staff and administrative and professional faculty employees.

Purpose

The objectives of the audit were to determine whether:

- New hire processes were performed in accordance with applicable university, state and federal guidelines, as well as university policies and procedures
- New hire documentation was complete and entered into the appropriate systems accurately and timely

Scope and Audit Procedures

Our scope of Human Resources New Hire Process encompassed a review of new hires and job postings for University and Academic Professionals and hourly employees for the period July 1, 2017 through February 28, 2018. Our review was limited to the new hire and recruitment process of the Human Resources Department.

Our audit procedures included interviews and discussions with appropriate Human Resources personnel and reviews of:

- job posting process and selected employment postings
- employment applications and applicant interview notes
- new hire paperwork including Form I-9 documentation, background checks, personnel action forms, and employment contracts where applicable
- entry of personnel data and personnel information in Banner and the state's Personnel Management Information System
- policies and procedures for the updated new hire processes

Conclusion

In our opinion, based on the results of our review, new hire processes were performed in accordance with applicable university, state, and federal guidelines, as well as policies and procedures; and new hire documentation was complete and entered into the appropriate systems accurately and timely.

Additional recommendations to strengthen Human Resources New Hire Process are included in a separate report furnished to management.

Our audit of Human Resources New Hire Process began on February 15, 2018. The first draft of this report was submitted to management on May 2, 2018.

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:

Konjit Chitty	Director, Human Resources Technical Services
Alison Miller	Director, Workforce Strategy
Cathleen Burke	Assistant VP for Human Resources
Meredith Weiss, Ph.D.	Vice President for Administration

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


Executive Director
Audit and Compliance Services



VCU

VIRGINIA COMMONWEALTH UNIVERSITY

**School of Medicine Office of Research
Administration**

*Final Report
August 8, 2018*

Audit and Compliance Services

EXECUTIVE SUMMARY

Overview

The School of Medicine Office of Research Administration (SOMRA) was established in fiscal year 2011, and includes 21 employees. SOMRA provides support and administration of active research projects for 21 departments and centers as specified in shared service agreements. SOMRA works to improve research administration infrastructure in order to most effectively support research objectives of the School.

The goals of SOMRA are to establish efficient and effective administrative operations, provide oversight and financial management for research, coordinate training and technical support for principal investigators, develop procedures and guidelines for managing research portfolios, support compliance efforts, and provide operational oversight for centers and institutes within the School. They are tasked with managing project administration throughout the award life cycle.

Specific areas in which SOMRA provides support and training include:

- Proposal submissions
- Financial management of sponsored awards
- Reconciliation and records retention
- Effort allocation and management
- Clinical research administration
- Centers and institutes business administration
- Project closeouts

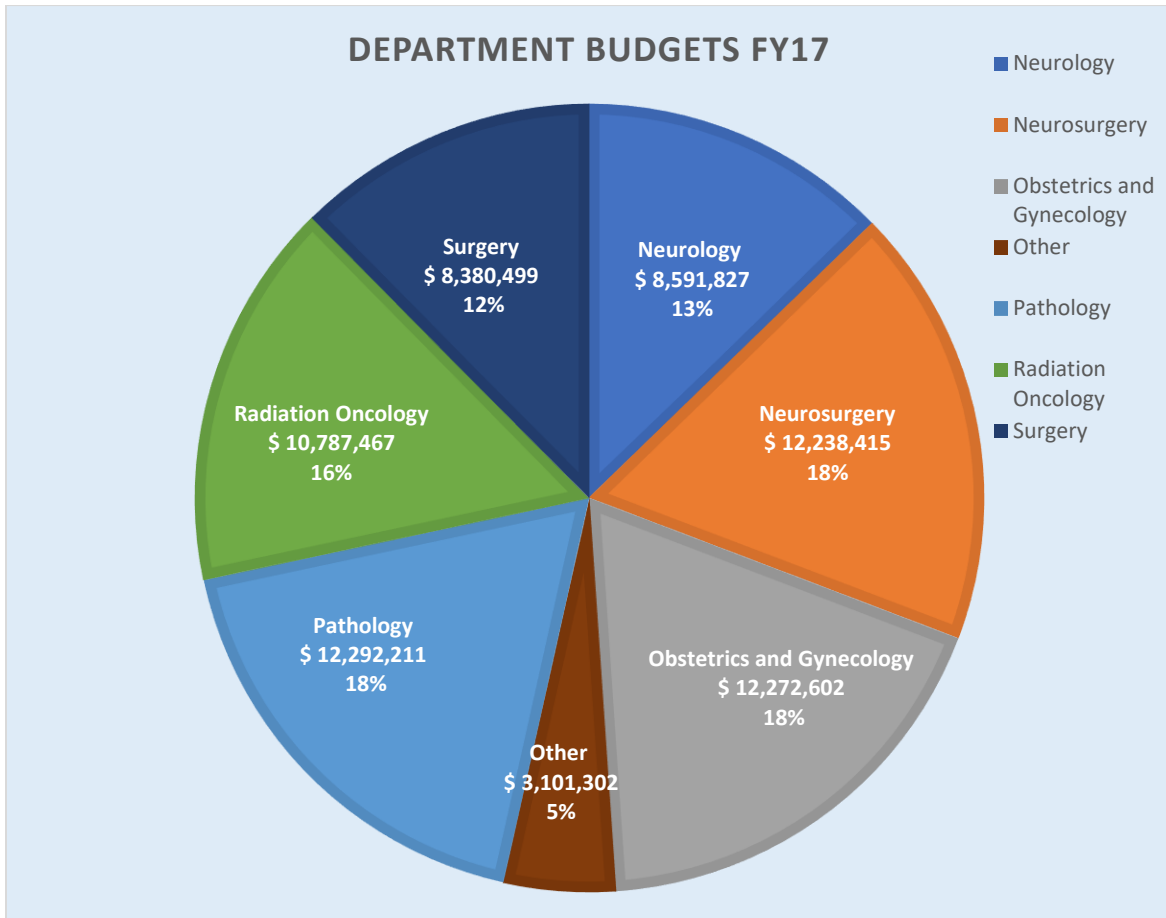
SOMRA provides support to the departments for day-to-day research administration and management. SOMRA responsibilities include monitoring sponsored program activity on the school level and assisting departments/centers to address federal, state and sponsor compliance concerns. In the supporting role, SOMRA manages pre-award tasks such as preparation of proposal budgets and timelines, cost analysis and approvals in conjunction with principal investigators, Grants and Contracts and the Office of Sponsored Programs. Post award tasks include assisting with setting up awards in information systems applications, monitoring expenses and effort, assisting with billing, coordinating grant close out procedures, performing financial reconciliations with Banner, and budget tracking. SOMRA assists institutes and centers with budgeting requests, financial administration, account reconciliations, grant proposals, financial reporting and human resources management.

To facilitate these tasks, SOMRA utilizes several information systems, including:

- Ramspot, to warehouse proposal, grant and award information
- OnCore, to manage clinical trials budget, project and other information
- Statistical Analysis System (SAS) to manage a principal investigator dashboard
- Effort Certification and Reporting Technology (ECRT) for effort reporting
- Proposal Logging System for logging transactions that require School approval

- Faculty Information System to verify faculty salaries and appointment types

Fiscal year 2017 research award budgets totaled \$67.7M for departments supported by SOMRA as shown below (Source: SAS Research Management):



Award budgets for institutes and centers that SOMRA supports for the fiscal year 2017 were as follows (Source: SAS Research Management):

Center/Institute	Budget
Center for Molecular Imaging	\$ 2,081,881
Institute for Women's Health	5,421,480
Parkinson's Center	1,241,751
Psychiatry –VIPBG	44,617,318
VCU Johnson Center	561,382
Weil Institute	2,370,360
Total	<u>\$56,294,172</u>

For fiscal years subsequent to fiscal year 2017, the School has \$133 million of new sponsored awards, per the VCU Sponsored Award Portfolio. From the beginning of fiscal year 2018, SOMRA has been developing, mapping and updating internal processes, procedures and guidelines.

Additionally, SOMRA has updated external facing standard operating procedures and worked to improve accountability of its staff to enhance customer service. As a result, many processes in place in fiscal year 2017 were updated for following fiscal years.

Purpose

The objectives of the audit were to determine whether:

- Proposal documents including budgets, coverage analysis, feasibility studies and final proposals contain required approvals and signatures
- The budgeting process is completed, reviewed and adjusted according to written policies and procedures
- Training needs were completed in accordance with requirements for each grant and principal investigator
- Post award project management was performed according to stated policies, procedures and protocols
- Human Resource management functions administered by SOMRA for institutes and centers were performed timely in accordance with Human Resources policies and procedures
- Award close-out requirements were executed timely and properly

Scope and Audit Procedures

Our scope of the School of Medicine Office of Research Administration included an operational audit of policies, procedures, processes and grant activities in the fiscal year 2017, and closeout procedures in the fiscal year 2018.

Our audit procedures included:

- Interviews with Research Administration management along with mapping of the overall process
- Review of organizational charts, functional area descriptions and diagrams, policies and procedures documents, and grants management requirements
- Testing of the following documentation for compliance with grant agreements and requirements:
 - Grant proposals, sponsor agreements and awards
 - Effort certification and labor distribution confirmations
 - Supporting documentation for performance of post award monitoring activities, (such as the monthly monitoring tracker)
 - Grant award budget, cost sharing agreements and ancillary fee schedules
 - Cost assessment and feasibility forms
 - Training certifications
 - Billing grids and study calendars
 - Financial interest statements
- Testing of clinical research documentation in OnCore and Ramspot and of clinical trials billing information.

Conclusion

In our opinion, based on the results of our audit, proposal documents, including budgets, coverage analysis, feasibility studies and final proposals contain required approvals and signatures; the budgeting process was completed, reviewed, and adjusted according to written policies and procedures; training needs were completed in accordance with requirements for each grant and principal investigator; post award project management was performed according to stated policies, procedures and protocols; human resource management functions administered for institutes and centers were performed timely in accordance with Human Resources policies and procedures; and award close-out requirements were executed timely and properly.

Detailed recommendations to strengthen SOMRA's operations are included in a separate report furnished to management. Our audit of the School of Medicine's Office of Research Administration began on December 5, 2017. The first draft of this report was submitted to management on June 19, 2018.

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:

Tricia L. Gibson
Darrell Griffith

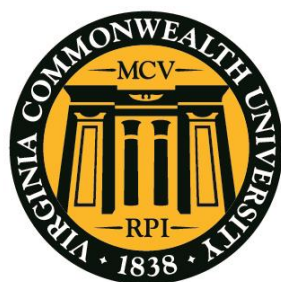
Executive Director for Research Administration
Senior Associate Dean for Finance and
Administration

Peter Buckley, M. D.
Marsha D. Rappley, M.D.

Dean, School of Medicine
Vice President, Health Sciences, CEO, VCU Health
System

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


Executive Director
Audit and Compliance Services



VCU

VIRGINIA COMMONWEALTH UNIVERSITY

University Controller's Office

Final Report
June 13, 2018

Audit and Compliance Services

EXECUTIVE SUMMARY

Overview

The Virginia Commonwealth University (VCU) Controller's Office is responsible for the financial operations of the institution. These responsibilities include financial reporting, cost accounting, fixed assets, general accounting, bank reconciliations, payroll, post-award accounting for grants and contracts and effort reporting and Foundation Services. In addition, they are responsible for Agency Risk Management and Internal Control Standards (ARMICS) oversight.

The focus of our review was on fixed assets, ARMICS, and bank reconciliations. Accounting for grants and contracts and effort reporting, and payroll are covered under separate reviews.

Fixed Assets Accounting's mission is to help assure the fiscal integrity of the university's assets by identifying and keeping accurate records of property and capital equipment, which at the end of fiscal year 2017 had a net book value of approximately \$996 million. The university's system of record is the Banner Fixed Asset System, a real-time on-line system for maintaining up-to-date fixed asset records. Each department identifies a fixed asset custodian that is responsible for maintaining the asset records and conducting an annual inventory in their respective area.

ARMICS, a directive issued by the State Comptroller in 2007, mandates the use of internal control standards and "best practices" that directly support the Commonwealth's vision and long-term objectives. This directive requires an annual assessment of agency internal control systems and certification by agency heads as to the reasonable assurance and integrity of fiscal processes related to the submission of transactions to the Commonwealth's general ledger, submission of financial statement directive materials, compliance with laws and regulations and stewardship over the Commonwealth's assets. This task is accomplished by the schools and departments performing an ARMICS assessment on significant fiscal processes and certifying that the assessment has been completed to their department head, Dean or Vice President, who then certifies to the Controller's Office. The president of the university, as agency head, certifies to the Commonwealth.

The Controller's Office is also responsible for the monthly reconciliation of nine bank accounts with a combined average volume of approximately 11,000 transactions per month and an average combined monthly transactional flow of approximately \$500 million.

Purpose

The objectives of the audit were to determine whether:

- Oversight of fixed assets management by the Controller's Office was adequate to ensure appropriate accounting and reporting of fixed assets
- ARMICS monitoring procedures were adequate to ensure the university's annual certification was properly supported
- Bank account reconciling items were managed appropriately

Scope and Audit Procedures

Our scope of the University's Controller's Office encompassed fiscal year ending June 30, 2017 for fixed assets and ARMICS and October 2017 through January 2018 for bank account reconciling items.

Our audit procedures included interviews with the Controller, Assistant Controller, and the ARMICS manager. Our procedures included testing the fixed asset inventory by tracing a sample of assets to their location and tracing a sample of assets located in the departments back to the listing and verifying that completed capital projects and gifts-in-kind were added to the fixed asset inventory where appropriate. We reviewed bank reconciliations for selected bank accounts and verified that reconciling items were cleared timely; conducted a walkthrough of the Controller Office's process for monitoring departmental ARMICS certifications, including the Office's test work results; and reviewed a sample of submitted ARMICS certifications.

Conclusion

In our opinion, based on the results of our audit, oversight of the management of fixed assets by the Controller's Office was adequate to ensure appropriate accounting and reporting of fixed assets; ARMICS monitoring procedures were adequate to ensure the university's annual certification was properly supported; and bank account reconciling items were managed appropriately.

Our audit of the University Controller's Office began on December 6, 2017. The first draft of this report was submitted to management on May 22, 2018.

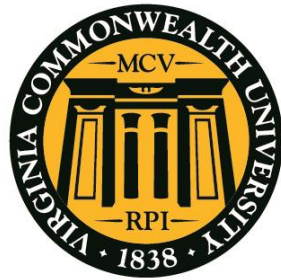
Prior to releasing this report in final form, the draft report was reviewed by, and management's action plans were provided or approved by, the following officials:

Patricia Perkins
Karol Gray

University Controller
Vice President for Finance and Budget

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


Executive Director
Audit and Compliance Services



VCU

VIRGINIA COMMONWEALTH UNIVERSITY

College of Engineering

Final Report
October 17, 2018

Audit and Compliance Services

EXECUTIVE SUMMARY

Overview

The School of Engineering opened in 1996 with a class of 100 students in mechanical, electrical, and chemical engineering. On April 26, 2018, the School of Engineering announced that it changed its name to the College of Engineering (College). As of the spring 2018 enrollment, there were 1,653 undergraduate students and 279 graduate students in Biomedical Engineering; Chemical and Life Science Engineering; Computer Science; Electrical and Computer Engineering; and Mechanical and Nuclear Engineering. The College currently occupies West Hall, East Hall and portions of Biotech Eight and Biotech One.

On June 5, 2018, the College broke ground for the new Engineering Research Building (ERB). Slated to open in 2020, the 133,000 square foot facility will serve as a collaboration hub to support advanced research, economic development and hands-on approaches to engineering. The ERB is projected to cost \$93 million, which is being financed by investments from the state, VCU and private support.

As of the time of the audit, the College employed 193 full-time personnel, including 50 employees representing classified and university academic professionals and 143 faculty members. Additionally, the College employs hourly employees; graduate assistants; and postdoctoral and student workers.

The College's net expenses for fiscal year 2018 were approximately \$51,762,600 with the following breakdown by major expense category:

Personnel costs	\$ 33,387,200
Operating costs	17,836,800
Equipment purchases	2,598,300
Internal cost allocation	<u>901,500</u>
Total expenses before transfers	54,723,800
Net non-mandatory transfers in	<u>2,961,200</u>
Total expenses	<u>\$ 51,762,600</u>

The transfers include a \$3,000,000 reimbursement from Contingencies and Reserves to help fund the Biotech Eight renovations. In addition, the amounts above include \$13,981,100 of sponsored program expenditures.

Purpose

The objectives of the audit were to determine whether:

- Financial processes were performed and monitored properly
- Information technology (IT) general controls were in place and operating effectively
- Grants were properly managed and reviewed
- Hazardous equipment and materials were authorized, managed and secured properly
- Outside professional activities were monitored according to policies and procedures

Scope and Audit Procedures

The scope of this audit encompassed financial transactions from January through June 2018 as well as scholarships and outside professional activities for fiscal year 2018. Hazardous equipment and materials were subjected to review from April through July 2018. IT general controls were reviewed during the month of July 2018.

Our audit procedures included:

- Interviews and procedure walkthroughs with College staff and management personnel
- Review of financial reporting schedules; policies and procedures; and various support documentation
- Confirmation of budget monitoring
- Testing of IT general controls and workstation and data security
- Testing of Banner index reconciliations and allowability of purchases
- Evaluating policy or procedure compliance for donations; scholarships, grants; hazardous equipment and material; and outside professional activities

Conclusion

In our opinion, based on the results of our audit, financial processes were performed and monitored properly; IT general controls were in place and operating effectively; grants were properly managed and reviewed; hazardous equipment and materials were authorized, managed and secured properly; and outside professional activities were monitored according to policies and procedures.

Detailed recommendations to strengthen the College of Engineering operations were included in a separate report furnished to management.

Our audit of the College of Engineering began on June 12, 2018. The first draft of this report was submitted to management on September 28, 2018.

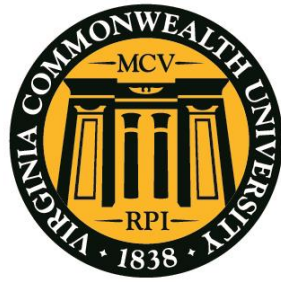
Prior to releasing this report in final form, the draft report was reviewed by, and management's action plans were provided or approved by, the following officials:

Mr. William Bulbrook
Mr. John D. Leonard II
Ms. Barbara D. Boyan
Ms. Gail Hackett

Director of Finance
Executive Associate Dean of Finance and Administration
Dean, College of Engineering
Provost and VP for Academic Affairs

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


Executive Director
Audit and Compliance Services



VCU

VIRGINIA COMMONWEALTH UNIVERSITY

Institutional Review Board

Final Report
November 1, 2018

Audit and Compliance Services

EXECUTIVE SUMMARY

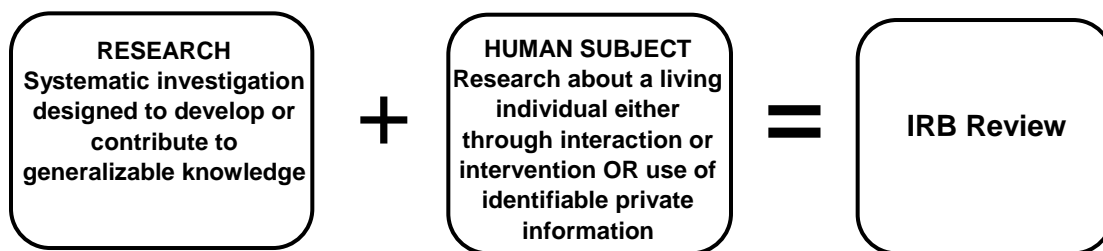
Overview

The purpose of the Institutional Review Board (IRB) is to ensure research involving human subjects is conducted ethically and safely, while minimizing the risk and maximizing the benefits for subjects. The IRB reviews all VCU-affiliated human subject research prior to the start of research. IRB members review study applications containing detailed information about proposed study conduct, research instruments, informed consent forms, conflicts of interest and other information. The IRB must ensure that the following criteria are met before approving a study.

- Risks to participants are minimized by using sound research design.
- The risk-benefit ratio to participants is acceptable.
- Participants are selected equitably without bias.
- Participants will have ample opportunity to provide informed consent.
- Protocol data is examined on an ongoing basis to ensure participant safety.
- Adequate provisions are in place to protect the privacy of participants and confidentiality of data.

IRB membership is comprised of individuals from a wide variety of backgrounds and areas of expertise, including physicians, social and other scientists, non-scientists and community members. IRB members receive ongoing training guided by IRB staff.

At VCU, principal investigators determine whether research activity requires IRB review according to the following definition.



The VCU IRB meets weekly. Prior to meeting, reviewers are assigned human subject research studies called protocols. A pair of reviewers are assigned to each protocol to review them in detail, requesting additional information from the study team or IRB staff as necessary. Also, reviewers enter notes, questions and requests for additional information from principal investigators in RAMS-IRB, the data system used to capture all protocol information.

Depending on the level of risk to human subjects and procedures involved in the study, protocols are divided into three categories, as defined by federal regulations: exempt, expedited and full board.

- Exempt protocols cannot place subjects at greater than minimal risk and procedures must fall into categories prescribed by those federal regulations. For example, these protocols must involve an educational purpose, surveys, public official interviews or existing data. Exempt protocols are not assigned expiration dates, are not subject to continuing review and can be modified without further IRB review.
- Expedited protocols can be reviewed by a single IRB member and must present no more than minimal risk to human subjects. Procedures must fall into categories specified by federal regulations. For example, these protocols involve non-invasive collection of data, materials previously collected for non-research purposes or research on survey material.
- Full Board protocols are required to be reviewed at convened IRB panel meetings with a majority of its members being present. These studies involve more than minimal risk or do not qualify for exempt or expedited review. IRB members must review studies prior to meeting in order to make informed decisions. At the IRB meeting, reviewers present summaries of protocols and issues to IRB members. Members vote on approval status of protocols after a quorum is determined. Following IRB meetings, principal investigators are notified of IRB decisions regarding their applications and terms under which research may proceed.

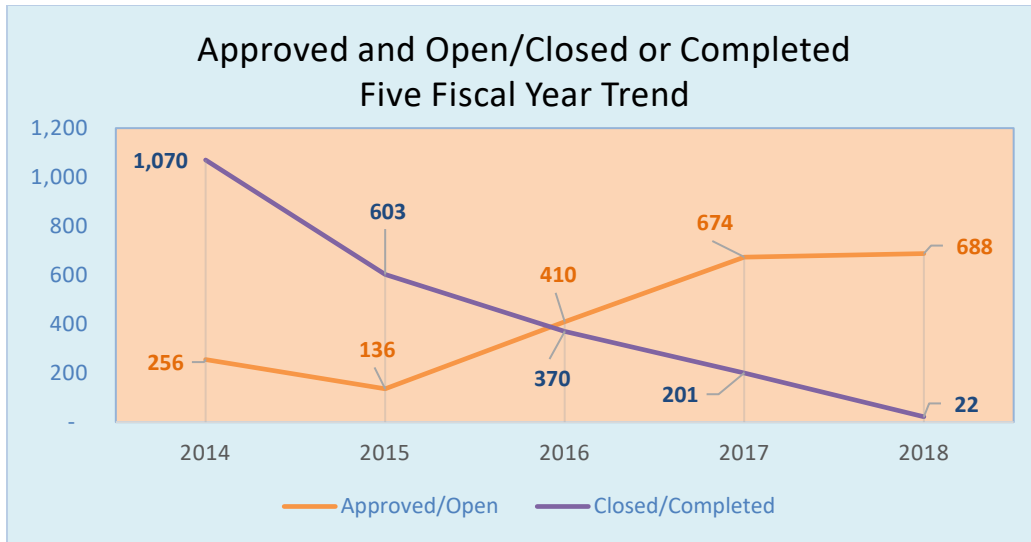
Human subject research is governed by the Office for Human Research Protections regulations. These regulations include the Common Rule of the Department of Health and Human Services (HHS) and Food and Drug Administration (FDA). Structures, procedures and requirements relating to IRB functions are mandated by the HHS and the FDA in the Code of Federal Regulations. These requirements are reflected in VCU IRB written policies and procedures, guiding the conduct of IRB meetings, completion of protocol applications and protocol approval processes.

For the protocols issued from fiscal year 2000 to 2018, the following represents their status and type as of June 2018.

Cumulative Status	
Approved and Open	2,261
Closed	1,961
Completed	1,249
Withdrawn	1,015
In progress	947
Expired	156
Terminated or suspended	<u>9</u>
Total	<u>7,598</u>

Type	
Expedited	3,109
Exempt	2,632
Full Board	1,297
Other	<u>560</u>
Total	<u>7,598</u>

As depicted in the graph that follows, the number of approved and open protocols that has occurred within a fiscal year has increased over the past four years. Alternatively, the number of protocols closed or completed within each fiscal year has decreased over the past five fiscal years.



Source: *SaS ODS Research Rams_IRB_PROTOCOL_FORM*

Purpose

The objectives of the audit were to determine whether:

- IRB panel members were qualified to decide status of protocols and the panel was composed of categories of approvers required by HHS
- Research protocols involving human subjects were adequately reviewed, routed and categorized correctly
- Regulatory reports and notifications were prepared, received and managed appropriately
- IRB panel meetings were held as mandated by federal regulations and VCU policies and were properly documented
- Approval communications with principal investigators (PIs) and ancillary committees were effective and timely
- Oversight of ongoing protocol activities provided effective monitoring
- IRB privacy protection practices were compliant with the HIPPA Privacy Rule

Scope and Audit Procedures

Our scope of Institutional Review Board audit included an operational audit of policies, procedures and federal regulations governing research involving human participants for fiscal year 2018.

Our audit procedures included:

- Interviews with IRB management along with review of overall process maps
- Review of VCU ORSP policies and procedures documents; federal and state regulations; and IRB policies and procedures of other research institutions
- Testing of protocol documentation on RAMS-IRB for compliance with policies,

procedures and regulations, including:

- Protocol submissions
- Reviewer notes
- PI responses
- IRB meeting minutes
- Correspondences with PIs and ancillary committees
- Protocol continuing review and modifications
- Privacy, consent and data safety monitoring evidence
- Protocol approval status
- Examinations of training certifications and various internal use review checklists

Conclusion

In our opinion, based on the results of our audit, IRB panel members were qualified to decide status of protocols and the panel was composed of categories of approvers required by HHS; research protocols involving human subjects were adequately reviewed, routed and categorized correctly; regulatory reports and notifications were prepared, received and managed appropriately; IRB panel meetings were held as mandated by federal regulations and VCU policies and were properly documented; approval communications with PIs and ancillary committees were effective and timely; oversight of ongoing protocol activities provided effective monitoring; and IRB privacy protection practices were compliant with the HIPPA Privacy Rule.

Our audit of the Institutional Review Board began on June 5, 2018. The first draft of this report was submitted to management on October 17, 2018.

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:

Christine M. Davison
John D. Horigan
Susan E. Robb

Associate Director - Human Subjects Protection
Director – Human Research Protection Program
Senior Associate Vice President for Research
Administration and Compliance
Vice President for Research and Innovation

P. Srirama Rao, Ph.D.

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


Executive Director
Audit and Compliance Services



VCU

VIRGINIA COMMONWEALTH UNIVERSITY

University Payroll Services

Final Report
November 27, 2018

Audit and Compliance Services

EXECUTIVE SUMMARY

Overview

Prior to July 2016, Payroll Services (Payroll) was a component of VCU Human Resources (HR). In July 2016, Payroll began reporting to the University Controller's Office, with a secondary line of responsibility to HR. As of the 2017 fall semester, there were approximately 11,600 university employees, consisting of teaching and research faculty, university and administrative professionals, classified staff, adjunct faculty, graduate assistants and various part-time faculty and staff.

The university's personnel expenditures for fiscal years 2017 and 2018 were approximately \$523,675,000 and \$536,257,000, respectively. The cost to operate Payroll Services was approximately \$560,000 for fiscal years 2017 and \$653,000 for 2018. The 2018 expenditure increase was due to the filling of two vacant positions and incurring additional costs that were previously funded by HR.

Payroll is processed on a semi-monthly schedule. Direct deposit is a condition of employment for all university employees. Payroll staff are responsible for processing employee deductions accurately according to employee elections and ensuring tax withholdings and court mandated deductions, such as garnishments and child support payments, are withheld and remitted to appropriate agencies in a timely manner. Payroll is also responsible for preparing and remitting payroll reports to the Internal Revenue Service, Virginia Department of Taxation and Virginia Employment Commission, as well as W2 preparation and disbursement.

Banner is the official system of record for the university and is used for payroll processing. In 2015, the university implemented RealTime, an online timekeeping and leave system used by all university departments with the exception of Facilities Management, which uses AiM, a work order and timekeeping system. Both AiM and RealTime interface with Banner, allowing for the elimination of paper timecards and leave slips.

Purpose

The objectives of the audit were to determine whether:

- Payroll was calculated accurately based on pay rate and employee deductions were properly supported
- Payroll tax returns, deposits and benefit deduction transmittals were prepared accurately and submitted to the appropriate agency timely
- Reconciliations were performed for Fidelity, TIAA-CREF and health premium deductions and remittances
- Involuntary deductions, such as garnishments and child support, were submitted to the appropriate agencies accurately and timely

Scope and Audit Procedures

Our scope of University Payroll Services encompassed calendar year 2017 for federal and state reporting purposes and pay periods five and ten of calendar year 2018 for payroll test work. Our audit did not include work regarding the Virginia Retirement System as the Auditor of Public Accounts was performing significant work in this area.

Our audit procedures included:

- Testing of:
 - Payroll taxes withheld based on employee exemptions and elections
 - Statutory and elective deduction amounts through review of employee enrollment forms, plan premiums, salary reduction agreements, court ordered mandates and other documentation
 - Federal and state payroll tax payments in comparison with payroll deduction registers
- Review of reconciliations for Fidelity, TIAA/CREF and health premium deductions and remittances
- Interviews with Payroll Services personnel

Conclusion

In our opinion, based on the results of our audit, payroll was calculated accurately based on pay rate and employee deductions; payroll tax returns, deposits and benefit deduction transmittals were prepared accurately and submitted to the appropriate agency timely; reconciliations were performed for Fidelity, TIAA-CREF and health premium deductions and remittances; and involuntary deductions, such as garnishments and child support, were submitted to the appropriate agencies accurately and timely.

Our audit of University Payroll Services began on August 21, 2018. The first draft of this report was submitted to management on November 14, 2018.

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:

Amy D. Barnes
Patricia R. Perkins

Director, University Payroll
Assistant Vice President for Finance and Budget
and University Controller

Karol K. 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.


Executive Director
Audit and Compliance Services