



# VCU

## Board of Visitors

**VIRGINIA COMMONWEALTH UNIVERSITY  
BOARD OF VISITORS  
AUDIT, INTEGRITY AND COMPLIANCE COMMITTEE MEETING  
DECEMBER 12, 2024**

**2:15 p.m.**

**James Branch Cabell Library  
901 Park Avenue – Room 303  
Richmond, VA**

### AGENDA

**1. CALL TO ORDER**

**Hon. Peter Farrell, Chair**

**2. ACTION ITEMS:**

**(1 MINUTE)**

- a. Approval of Minutes September 12, 2024
- b. Proposed Audit and Compliance Services Department Charter
- c. Proposed Audit, Integrity and Compliance Committee Charter and Meeting Planner

**Ms. Suzanne Milton, Chief Audit and Compliance Executive, Audit and Compliance Services**

**FOR INFORMATION:**

**3. AUDITOR OF PUBLIC ACCOUNTS-  
REPORTS FOR THE FISCAL YEAR  
ENDING JUNE 30, 2024**

**(15 MINUTES)**

**Ms. Amy Stokes, Director, Auditor of Public Accounts**

**4. REPORT FROM CHIEF AUDIT  
AND COMPLIANCE EXECUTIVE**

**(15 MINUTES)**

- a. Committee Dashboard Measures
- b. Ethics and Compliance Update
- c. Audit Reports
  - i. Telecommunication Services
  - ii. Payroll
- d. Handout: FY25 Audit Workplan and Special Projects
- e. Global Internal Audit Standards Update and Internal Audit Quality Assurance Review

**Ms. Suzanne Milton, Chief Audit and Compliance Executive, Audit and Compliance Services**

**Mr. David Litton, Director, Audit and Management Services**

**Ms. Donna Crawford, Manager, Social Media Governance and Audit Quality**

**5. ERM UPDATE  
(10 MINUTES)**

**Mr. Michael Cimis**, *Associate Vice President,  
Safety and Risk Management*

**6. DATA GOVERNANCE UPDATE  
(5 MINUTES)**

**Mr. Alex Henson**, *Chief Information Officer*

**CLOSED SESSION**

**7. Freedom of Information Act Section 2.2-3711 (A)  
(1), (7) and (19), specifically:**

**a. Audit Report for Discussion  
(10 MINUTES)**

**Mr. David Litton**, *Director, Audit and  
Management Services, VCU and VCU Health*

- i. ModoCampus IT Control Review
- ii. HR Compensation and Classification
- iii. President's Discretionary Fund Review

**b. University Counsel Litigation Update  
(10 MINUTES)**

**Mr. Jake Belue**, *Associate University Counsel*

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

**Hon. Peter Farrell**, *Chair*

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

**9. ADJOURNMENT**

**Hon. Peter Farrell**, *Chair*



# VCU

## Board of Visitors

**VIRGINIA COMMONWEALTH UNIVERSITY  
BOARD OF VISITORS  
AUDIT, INTEGRITY AND COMPLIANCE COMMITTEE**

**September 12, 2024**

**James Branch Cabell Library  
901 Park Avenue – Room 303  
Richmond, Virginia**

**Minutes**

**DRAFT**

### **COMMITTEE MEMBERS PRESENT**

Mr. Peter Farrell, Chair  
Ms. Ellen Fitzsimmons, Vice Chair  
Dr. Dale Jones  
Dr. Kenneth Lipstock  
Mr. P2 Sandhu

### **OTHER BOARD MEMBERS PRESENT**

The Honorable Todd Haymore, Rector  
Dr. Siobhan Dunnivant  
Mr. Randolph Reynolds, Jr.  
Dr. Clifton Peay

### **COMMITTEE MEMBERS ABSENT**

Mr. Edward McCoy

### **OTHERS PRESENT**

Dr. Michael Rao, *President*  
Mr. David Litton, *Interim Executive Director, University Audit and Compliance Services*  
Mr. Jacob A. Belue, *Associate University Counsel*  
Staff from VCU

### **CALL TO ORDER**

Mr. Peter Farrell, Chair, called the meeting to order at 2:17 p.m.

### **APPROVAL OF MINUTES**

Mr. Peter Farrell asked for a motion to approve the minutes of the May 9, 2024 meeting of the Audit, Integrity and Compliance Committee, as published. After motion duly made and seconded, the minutes of the May 9, 2024 Audit, Integrity, and Compliance Committee meeting were approved. A copy of the minutes can be found on the VCU website at the following webpage <https://bov.vcu.edu/meetings/minutes/>.

### **FOR INFORMATION**

**Report from the Interim Executive Director of Audit and Compliance Services**  
David Litton shared the results of two audit reports. VCU Arts Qatar and College of Health Professions ICCRs (Internal Controls Compliance Review). Both reports were

internal control compliance reviews for testing of select financial and administrative policy and procedure adherence. There were no board level findings in either report. In addition, VCU's Chief Ethics and Compliance Officer, Suzanne Milton, presented an annual Integrity and Compliance Services report for FY2024. The reports results continue to trend positively for this year as compared to last year and positively when compared to national bench marks.

### **Information Technology Update**

Alex Henson, Chief Technology Officer updated the committee on VCU's major enterprise IT risks and mitigations underway or planned to address these risks.

### **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 under Section 2.2-3711 (A)(19), for discussion of information where discussion in an open meeting would jeopardize the safety of any person or the security of any facility, building, structure, information technology system or software program, more specifically relating to discussion of details of VCU's response to recent system attacks and an audit report concerning an information technology system; and under Section 2.2-3711 (A)(8), for discussion of specific legal matters requiring the provision of legal advice by counsel employed or retained by a public body, more specifically relating to discussion of legal advice regarding a progress report on VCU's remediation of Clery Act compliance and an audit report concerning academic recordkeeping; and under Section 2.2-3711(A)(1), for discussion, consideration, or interviews of prospective candidates for employment; assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body; and evaluation of performance of departments or schools of public institutions of higher education where such evaluation will necessarily involve discussion of the performance of specific individuals, more specifically to discuss a personnel matter; Section 2.2-3711 (A)(7) of the Virginia Freedom of Information Act for consultation with legal counsel pertaining to specific legal matters requiring legal advice by counsel and actual or probable litigation, where such consultation of briefing in open meeting would adversely affect the negotiating or litigating posture of the university, namely a survey of and status report on the university's positions in potential and current litigation in state and federal courts and other legal matters relating to pending investigations.

### **RECONVENED SESSION**

Following the closed session, the public was invited to return to the meeting. Mr. Farrell, 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. Peter Farrell, Chair	X	
Ms. Ellen Fitzsimmons, Vice Chair	X	
Dr. Dale Jones	X	
Dr. Kenneth Lipstock	X	
Mr. P2 Sandhu	X	
Mr. Todd Haymore, Rector	X	

All members in attendance responding affirmatively, the resolution of certification was unanimously adopted.

**ACTION ITEM**

A motion was made to recommend to the Board of Visitors the appointment of the Chief Audit and Compliance Executive as discussed in closed session. The motion was seconded and approved unanimously.

**ADJOURNMENT**

There being no further business, Mr. Farrell, Chair, adjourned the meeting at 3:32 p.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 foster an organizational culture that encourages ethical conduct and a commitment to compliance with the law.
- 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, guidelines, procedures, and applicable laws and regulations
- Resources are used efficiently and are adequately protected
- Program plans and objectives are achieved

- Significant legislative and regulatory issues impacting the university and health system are recognized and appropriately addressed

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

### **Accountability**

The ~~Executive Director~~ Chief Audit and Compliance Executive 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 Chief Audit and Compliance Executive ~~Director~~ will:

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

### **Independence and Objectivity**

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

To provide an appropriate reporting structure to support independence, the Chief Audit and Compliance 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 Chief Audit and Compliance Executive ~~Director~~ shall report administratively to the university's President.

### **Responsibility**

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

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

### **Authority**

[The department's authority is created through its direct reporting relationship to the respective board committees and is therefore mandated to fulfill its objective. The department and its staff](#) are authorized to:

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

The department and its staff are not authorized to:



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

### **Standards of Practice**

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

For internal audit functions, this includes both mandatory and recommended guidance from the Institute of Internal Auditors International Professional Practices Framework. The mandatory guidance requires our department to conform with the [Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing \(Standards\). Global Internal Audit Standards \(Standards\), including the principles of Ethics and Professionalism.](#) 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 and ensure](#):

- [evaluate](#) internal audit’s conformance with the [Standards; including and application of the Code of Ethics principles of Ethics and Professionalism](#);
- [assess the efficiency and effectiveness of](#) the department [achieves performance objectives](#); and
- [internal audit pursues continuous improvement. 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.

# VIRGINIA COMMONWEALTH UNIVERSITY BOARD OF VISITORS

## AUDIT, INTEGRITY, AND COMPLIANCE COMMITTEE CHARTER

### I. PURPOSE

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

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

The function of the Audit, Integrity, and Compliance Committee is oversight. Audit and Compliance Services assists the Committee by providing the day to day audit, integrity and compliance operations of the University within the established authority under the governance of the Committee.

### II. COMPOSITION AND INDEPENDENCE

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

### III. MEETINGS

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

### IV. RESPONSIBILITIES

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

#### A. General:

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

**B. Internal Controls:**

1. Review and evaluate the university's processes for assessing significant risks and exposures.
2. Make inquiries of management concerning the effectiveness of the university's system of internal controls.
3. Review management's written responses to significant findings and recommendations of the auditors, including the timetable to correct the weaknesses in the internal control system.
4. Advise management that they are expected to provide a timely analysis of significant financial reporting issues and practices.

**C. External Auditors/Financial Statements:**

1. Meet with the external auditors and university management to review the scope of the external audit for the current year. The auditors should inform the Audit, Integrity, and Compliance Committee of any significant changes in the original audit plan.
2. Discuss with the external auditors their processes for identifying and responding to key audit and internal control risks.
3. Advise the external auditors that they are expected to provide a timely analysis of significant financial reporting issues and practices
4. Review the coordination of internal and external audit procedures to promote an effective use of resources and ensure complete and efficient coverage of the university's risks.
5. Meet with the external auditors at the completion of the audit and make inquiries concerning the effectiveness of the university's system of internal controls.

Consistent with state law, a portion of the meeting may be conducted in closed Session without members of university management present.

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

**D. Internal Auditors:**

1. Review and approve the annual audit and management services work plan and any significant changes to the plan.
2. Require Audit and Compliance Services to perform annual reviews of the President's discretionary accounts and to issue a report thereon to the Committee.
3. Review annually the qualifications of the audit and management services staff and the level of staffing.
4. Assess the effectiveness of the internal audit function, including its independence and reporting relationships and conformance with The Institute of Internal Auditors' (IIA) [Definition of Internal Auditing, Core Principles, the IIA Code of Ethics and the International Global Internal Audit Standards, including the principles of Ethics and Professionalism for Professional Practice of Internal Auditing](#) by inquiring and reviewing the assessment results of the internal and external Quality Assurance and Improvement Program.
5. Review completed audit reports and progress reports on executing the approved work plan and inquire of any other matters that require audit resources.
6. Review annually the status of previously issued internal audit findings.
7. Inquire of the Chief Audit and Compliance Executive of Audit and Compliance Services regarding any difficulties encountered in the course of [his](#) audits, including any restrictions on the scope of work or access to required information.
8. Review 360 feedback and discuss the performance of the Chief Audit and Compliance Executive in consultation with the President. The AICC Chair should communicate the recommended salary compensation and bonus, if any, to the chair of the Governance and Compensation committee in advance of their September meeting.
9. Review and approve the appointment, replacement, reassignment, or dismissal of the Chief Audit and Compliance Executive of Audit and Compliance Services.

**E. Data Integrity:**

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

- Disaster recovery and business continuity infrastructure and associated processes and procedures.
2. Review the adequacy of the university's data management policies and procedures to ensure data security and data integrity in institutional reporting. This includes but is not limited to:
    - Authentication and authorization mechanisms in accessing university data
    - Data Governance structure and policies
    - Data security policies including data access roles and responsibilities

**F. University Ethics and Compliance Program:**

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

**G. Enterprise Risk Management**

1. Provide oversight of the university's Enterprise Risk Management program.
2. Review the university's risk appetite.
3. Require periodic reporting on the overall program's design and effectiveness, including newly identified risks.
4. Monitor progress of program (dashboard).

**H. Legal:**

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

**Virginia Commonwealth University  
Board of Visitors**

**Audit, Integrity and Compliance Committee Meeting Planner**

A = Annually; Q = Quarterly; AN = As Necessary Q1, Q2, Q3, Q4 based on Fiscal Year (July – June)	Frequency			Planned Timing			
	A	Q	AN	Q1	Q2	Q3	Q4
				Sep	Dec	Mar	May
<b>A. General</b>							
1. Review and update Audit, Integrity, and Compliance Committee charter and meeting planner	X						X
2a. Approve minutes of previous meeting		X		X	X	X	X
2b. Maintain minutes of meetings		X		X	X	X	X
3. Authorize investigations into any matters within the Committee’s scope of responsibilities			X				
4. Report Committee actions to the Board of Visitors with recommendations deemed appropriate		X		X	X	X	X
5. Consistent with state laws, meet in closed session with only the external auditors, Chief Audit and Compliance Executive and named individuals.		X		X	X	X	X
6. Review and approve the Audit and Compliance Services budget and resource plan.	X			X			
7. Review and approve Audit and Compliance Services charter	X			X			
<b>B. Internal Controls/Financial Statements</b>							
1. Review and evaluate university’s process for assessing significant risks and exposures	X			X			
2. Make inquiries of management concerning the effectiveness of the university’s system of internal controls			X				
3. Review management’s written responses to significant findings and recommendations of the auditors, including the timetable to correct the weaknesses in the internal control system			X				
4. Advise management that they are expected to provide a timely analysis of significant current financial reporting issues and practices			X				

A = Annually; Q = Quarterly; AN = As Necessary	Frequency			Planned Timing			
Q1, Q2, Q3, Q4 based on Fiscal Year (July – June)	A	Q	AN	Q1	Q2	Q3	Q4
				Sep	Dec	Mar	May
<b>C. External Auditors</b>							
1. Meet with external auditors and university management to review the scope of the external audit for the current year	X						X
2. Discuss with the external auditors their processes for identifying and responding to key audit and internal control risks	X						X
3. Advise the external auditors that they are expected to provide a timely analysis of significant financial reporting issues and practices	X						X
4. Review the coordination of internal and external audit procedures to promote an effective use of resources and ensure complete and efficient coverage of the university's risks			X				X
5. Meet with the external auditors at the completion of the audit and make inquiries concerning the effectiveness of the university's system of internal controls.	X				X		
6. Determine whether the external auditors are satisfied with the disclosure and content of the financial statements, including the nature and extent of any significant changes in accounting principles	X				X		
<b>D. Internal Auditors</b>							
1. Review and approve the annual audit and management services work plan and any significant changes to the plan	X						X
2. Require Audit and Compliance Services to perform annual reviews of the president's discretionary accounts and to issue a report thereon to the Committee	X				X		
3. Review the qualifications of the audit and management services staff, the adequacy of the staffing level	X			X			



A = Annually; Q = Quarterly; AN = As Necessary	Frequency			Planned Timing			
Q1, Q2, Q3, Q4 based on Fiscal Year (July – June)	A	Q	AN	Q1	Q2	Q3	Q4
				Sep	Dec	Mar	May
4. Assess the effectiveness of the internal audit function, including its independence and reporting relationships and conformance with the <a href="#">Definition of Internal Auditing, Core Principles, the IIA Code of Ethics and the International Standards for Professional Practice of Internal Auditing</a> <a href="#">Global Internal Audit Standards, including the principles of Ethics and Professionalism</a> by inquiring and reviewing the assessment results of the internal and external Quality Assurance and Improvement Program	X				X		
5. Review completed audit reports and progress reports on executing the approved work plan and inquire of any other matters that require audit resources		X		X	X	X	X
6. Review annually the status of previously issued internal audit findings	X			X			
7. Inquire of the Chief Audit and Compliance Executive of Audit and Compliance Services regarding any difficulties encountered in the course of <del>his</del> <a href="#">their</a> audits, including any restrictions on the scope of work or access to required information		X		X	X	X	X
8. Review 360 feedback and discuss the performance of the Chief Audit and Compliance Executive in consultation with the President. The AICC Chair should communicate the recommended salary compensation and bonus, if any, to the chair of the Governance and Compensation committee in advance of their September meeting.	X			X			
9. Review and approve the appointment, replacement, reassignment, or dismissal of the Chief Audit and Compliance Executive of Audit and Compliance Services			X				
<b>E. Data Integrity</b>							
1. Review the adequacy of the university's IT management methodology with regards to internal controls, including applications, systems, and infrastructure. This includes but is not limited to: <ul style="list-style-type: none"> <li>Physical and virtual security with regards to university servers and storage</li> <li>Network security architecture and operations</li> <li>Reliability and robustness of data center (servers and storage) and network infrastructure environments</li> <li>Disaster recovery and business continuity infrastructure and associated processes and procedures</li> </ul>			X	X		X	





A = Annually; Q = Quarterly; AN = As Necessary	Frequency			Planned Timing			
	A	Q	AN	Q1	Q2	Q3	Q4
				Sep	Dec	Mar	May
2. Review the adequacy of the university's data management policies and procedures to ensure data security and data integrity in institutional reporting. This includes but is not limited to: <ul style="list-style-type: none"> <li>• Authentication and authorization mechanisms in accessing university data</li> <li>• Data Governance structure and policies</li> <li>• Data security policies including data access roles and responsibilities</li> </ul>			X		X		X
<b>F. University Ethics and Compliance Program</b>							
1. Review the annual compliance planned initiatives and any significant changes to the plan	X						X
2. Review the qualifications of the compliance staff and the level of staffing (utilization and effort focus)	X			X			
3. Assess the effectiveness of the compliance program, including its independence and reporting relationships	X			X			
4. Review completed compliance reports and progress reports on the status of compliance and integrity related activities including process and plans in place to assess conflict of interest management (inclusive of institutional and individual conflicts)		X		X	X	X	X
5. Require the Integrity and Compliance Office to report on management's processes and procedures that provide assurance that the university's mission, values, and codes of conduct and universitywide policies are properly communicated to all employees	X			X			X
6. Review results of compliance reviews to ensure system and controls are designed to reasonably ensure compliance with laws and regulations, university policies and the code of conduct			X	X	X	X	X
7. Inquire of the Chief Audit and Compliance Executive of Audit and Compliance Services whether there have been any restrictions on the scope of work or access to required information in conducting compliance and ethics reviews		X		X	X	X	X
<b>G. Enterprise Risk Management</b>							
1. Provide oversight of the university's Enterprise Risk Management program		X			X		X
2. Review the university's risk appetite	X				X		

A = Annually; Q = Quarterly; AN = As Necessary	Frequency			Planned Timing			
	A	Q	AN	Q1	Q2	Q3	Q4
				Sep	Dec	Mar	May
3. Require periodic reporting on the overall program's design and effectiveness, including newly identified risks		X			X		X
4. Monitor progress of program (dashboard)		X		X	X	X	X
<b>H. Legal</b>							
1. Consult as necessary with University Counsel regarding legal issues concerning the university		X		X	X	X	X

# AUDIT, INTEGRITY, AND COMPLIANCE COMMITTEE

## DASHBOARD MEASURES

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### INFORMATION TECHNOLOGY GOVERNANCE

#### DATA INTEGRITY



#### DATA GOVERNANCE PROGRAM (development of program)



Program progressing successfully

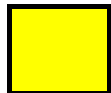


Barriers / challenges encountered that may have an impact on issue resolution or implementation. Executive Council to resolve challenge.



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

**Institutional Research and Decision Support (IRDS), Technology Services (IS) and campus partners have completed the final technical review for the proposed data warehouse solution, and we are now advancing to the procurement phase. Additionally, our data governance enhancement proposal is moving through revisions and approvals. We anticipate relaunching a strengthened data governance framework this academic year.**



#### 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

**No significant information security incidents have occurred since our last meeting, but we have observed an increase in intrusion attempts that are intended to bypass traditional multi-factor authentication (MFA) protection. We implemented phishing resistant MFA over the past year which has been effective in mitigating this risk. We continue to work with VCU Qatar in implementing our standard information security controls and have successfully deployed standardized endpoint protection systems to VCU Qatar. We are planning to complete implementation of centralized security monitoring, identity management, and endpoint configuration to VCU Qatar by Q2 2025. Our Information Security team continues to actively monitor threats and assess the IT environment to minimize risk. To further extend zero-trust security architecture, additional procedures were tested and put in place for high-sensitivity system access requests that leverage additional system controls. The Horizon secured research environment has been officially launched and can now be used by researchers working with high sensitivity data. We also continue to monitor GLBA Safeguards rule compliance and have completed the assessment of third-party service providers covered by GLBA. We will be conducting the required annual penetration test in Q4 2024.**

#### 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.

The ERM steering committee reviewed updated risk management plans and risk scores for all 19 previously identified strategic risks. Risk owners discussed existing and new controls to reduce VCU's exposure in all areas. Based on this work the committee recommends moving the civil rights risk back into tolerance as a result of work to centralize accountability, reporting and improved resources to manage these functions. In addition, the steering committee recommends the addition of a 20th strategic risk to address the evolving legal and regulatory environment around NCAA athletics and amateur athlete compensation. Work on this new risk will continue as the NCAA rules and legal position become clear. In summary, three risks have been moved back into tolerance since 2023, six risks remain out of tolerance and a 20th strategic risk will be added. The focus remains on establishing clear accountability, policy, process and training to control risks and to evaluate VCU's operating environment for changing or new threats. In 2025, the ERM program will be developing an updated risk management plan focused on decentralized processes and enterprise reporting and update VCU's risk tolerance through work groups and surveys with leadership.

## 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

The audit plan is progressing and should substantially near completion at FY end.

## INSTITUTIONAL COMPLIANCE PROGRAM



Compliance requirements compared to known material violations



## Compliance Program Oversight & Effectiveness



No known material noncompliance; or ownership and accountability for compliance risks are established and operating at explicitly or implicitly approved levels of risk tolerance or appetite



Challenges encountered that have an impact on visibility, verification, strategy implementation or resolution



Significant challenges to institutional compliance strategy or resolution encountered

**Notes: Compliance remains yellow pending the completion of Clery process remediation in spring, 2025.**



# VCU

VIRGINIA COMMONWEALTH UNIVERSITY

## **Telecommunication Services**

*Final Report*  
*October 2, 2024*

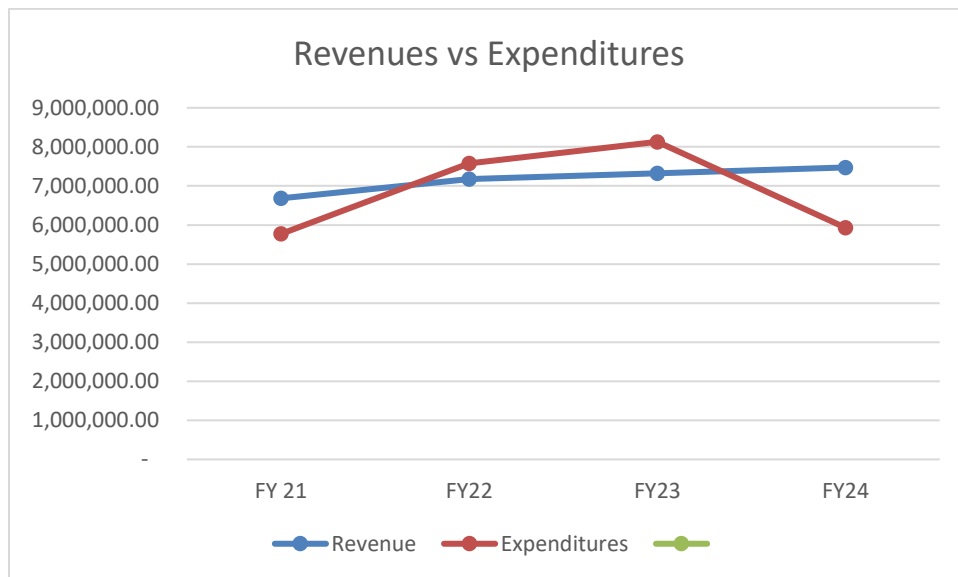
**Audit and Compliance Services**

## Overview

Telecommunication Services, a division of Technology Services, is an auxiliary enterprise that provides voice and data communication services and equipment to the university and VCU health system. Services and products provided include:

- 24 hour maintenance
- Installations
- Audio conferencing services
- Avaya Workplace
- Voicemail
- Long distance services
- E911 management

Telecommunication Services, consisting of 30 staff led by a director, had revenue of approximately \$7.5 million and expenditures of \$5.9 million during FY 2024. Revenue increased each year over the last four years. Expenses were higher in FY 2022 and 2023 due to equipment and software replacement that utilized auxiliary reserve funds but expenses trended downwards in FY 2024.



Source: SAS Reporting Center

Telecommunication Services is responsible for maintaining compliance with enhanced 911 (E911) federal laws and regulations in accordance with Kari's Law and the Ray Baum's Act. These laws and regulations were enacted in February 2020 and are enforced by the US Federal Communications Commission. Non-compliance may result in fines and possible litigation.

Kari's law requires direct 911 dialing and notification capabilities in multi-line telephone systems (MLTS) manufactured after February 16, 2020. Under the statute and the Commission's rules, MLTS must support direct 911 dialing without having to dial any prefix or access code.



Ray Baum's Act requires that first responders have all the necessary information needed to pinpoint the location (referred to as "dispatchable location") of the person who called 911 regardless of the device they called from or their exact location in a building. This applies to all devices that connect to a MLTS.

Telecommunication Services operates an inventory warehouse that contains items used for the university and health care system data and voice needs. The PCR-360 management system is used to manage and track the inventory. The inventory specialist monitors and tracks what is signed out daily from the inventory, ensures items are accounted for and inventory is replenished when needed.

## **Purpose**

The objective of the audit was to determine whether Telecommunication Services had adequate procedures in place to manage revenue, expenses and E911 compliance.

## **Scope and Audit Procedures**

Our scope of Telecommunication Services encompassed fiscal years 2020-2024 for the revenue and expense analysis; FY 2023 for inventory management and vendor billing; FY 2023-2024 for service requests and E911 management; and FY 2024 for customer invoices.

Our Audit procedures consisted of the following:

- Interviews with personnel in the Telecommunication Services division
- Analysis of revenues and expenditures
  - Policies and procedures
  - Kari's Law and Ray Baum's Act
- Observation and evaluation of inventory management process
- Evaluation of compliance with E911 laws and regulations
  - Reviewed E911 dispatchable locations
  - Observed E911 testing
- Testing of a sample of internal billings, billings by vendors, and service requests

## **Conclusion**

In our opinion, based on the results of our audit, Telecommunication Services had adequate procedures in place to manage revenue, expenses and E911 compliance.

An additional recommendation to strengthen Telecommunication Services inventory management operations was included in a separate report furnished to management.

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:

Robin Roane

Director of Telecommunication Services

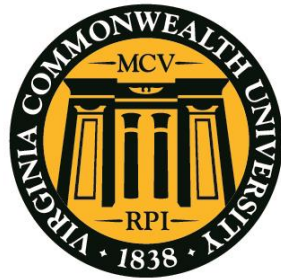
Alex Henson  
Meredith Weiss

Chief Information Officer  
Senior Vice President for Finance and  
Administration and CFO

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.



**Chief Audit and Compliance Executive**  
**Audit and Compliance Services**



# VCU

VIRGINIA COMMONWEALTH UNIVERSITY

## **Payroll Processes**

*Final Report*  
*October 24, 2024*

**Audit and Compliance Services**

## Overview

Payroll is part of Payroll and Tax Services operating under the Controller's Office. Payroll processes VCU employees' compensation, taxes, benefits and deduction payments based on authorized documentation. It transfers deduction and information to Treasury Services for payments to vendors, tax agencies and benefit providers. Payroll relies on data from several systems, including Banner, RealTime, Monarch and AiM to compile information used to produce payments to employees and vendors in semi-monthly and special payroll cycles.

Payroll's mission is to complete all processes timely and accurately. The department has twelve positions, two for which they are recruiting, organized into three distinct groups and a systems administrator. Payroll Operations processes time cards, verifies data, and keys tax data. Vendor Reporting oversees reporting to vendors, such as tax agencies and health insurance providers, and ensures accuracy in reporting and deductions. Payroll Compliance assists other groups, reviews compliance with Federal, State and VCU requirements, and ensures correct and timely payments. Although many procedures are manual, several review and verification steps act to provide accuracy and timeliness.

Several Standard Operating Procedures (SOPs) document those steps, guiding team members through intricate and detailed activities that transfer and report data. Among SOPs are those that detail running ordinary and special payrolls, payroll reporting, deduction payments, reconciliation procedures, wire payments, overpayments received from collections, and submission of quarterly tax data to ADP, the tax filing service.

As of August 30, Payroll has processed the following averages per payroll period for the calendar year (unaudited):

Average Number of Employees Paid	10,495
Average Gross Payroll	\$30,689,836
Average Payroll Deductions	\$10,972,307
Average Direct Deposit Total	\$19,716,671
Average Federal and State Taxes	\$ 8,648,917

*Provided by Payroll Reports*

## Purpose

The objective of the audit was to determine whether select controls over payroll processing operate sufficiently to provide payroll accuracy and timeliness.

## Scope and Audit Procedures

Our scope of the audit of Payroll Processes encompassed calendar year 2024 and focused on whether:

- Manual processes were subject to adequate review for accuracy and timeliness
- Payroll had adequate controls over reporting to regulatory agencies, such as the IRS,

state and local tax authorities and the Social Security Administration to provide accuracy and timeliness

- Supervisory oversight managed payroll employees to ensure process accuracy
- Access to payroll systems was managed to allow proper access to payroll information

Our audit procedures included:

- Process interviews and demonstrations with key managers and other personnel
- Developing a process flow diagram describing the basic payroll run
- Reviewing documented Standard Operating Procedures
- Examining a sample of payroll reports
- Evaluating the most recent user listings of selected payroll systems

### **Summary of Major Business Issue and Management’s Action Plan**

#### Continue Efforts with Human Resources to Reduce Overpayments

Internal Audit interviewed key payroll managers and personnel who indicated that overpayments are issued on some occasions. Payroll attempts to recover overpaid funds by requesting them from those overpaid. Payroll submits overpayments to collection agencies after sending notices to those overpaid, but must pay a fee to agencies for collection. According to a recent study of six calendar years (2018 – 2023), overpayments were \$674,464, of which \$476,322 was recovered and unrecoverable tax and benefits payments were \$44,748, leaving \$173,393 in process of collection. Human Resources and Payroll have collaborated on efforts to address causes of overpayments, conducting the aforementioned study to determine causes and amounts, meeting with departmental Human Resource Aids and Professionals and making training presentations about the issue. Payroll has also begun to track overpayments in greater detail to more accurately pinpoint causes and remedies to communicate them with departmental Human Resource managers. The following table illustrates overpayment causes, all outside the control of Payroll (unaudited):

<b>Overpayment Causes</b>	<b>Overpayment Amount</b>
<b>Late or Incorrect PAF</b>	\$331,180
<b>Unearned Leave</b>	107,121
<b>Data Error</b>	94,815
<b>Calculation Error</b>	52,087
<b>Leave Without Pay Not Processed</b>	43,236
<b>Multiple Reasons</b>	14,273
<b>Job Transfer</b>	15,296
<b>Leave Adjustment</b>	4,507
<b>Severance Not Ended</b>	4,480
<b>Other</b>	7,469
<b>Grand Total</b>	\$674,464

We recommend that Payroll and Human Resources continue to collaborate to document overpayment events and execute strategies and policies to eliminate their causes, with

enforcement provisions and assessment of administrative fees for receiving inaccurate or late documentation from responsible departments. They should communicate strategies and policies with VCU departments, giving them a lead-time for enforcement measures to begin. These measures will effectively reduce unnecessary expenses related to collection or loss of unearned compensation.

**Management's Action Plan:** Payroll and Human Resources will continue to document overpayments and develop strategies and implement enforcement provisions to reduce the occurrences. These strategies will be communicated to the departments in advance of any enforcement measures being implemented.

**Responsibility:** Executive Director of Payroll and Tax Services and Director of HR Information Systems

**Completion Date:** September, 2025

## Conclusion

In our opinion, based on the results of our audit, Payroll operates select controls over payroll processing sufficiently to provide payroll accuracy and timeliness. However, we found overpayments were issued due to receiving inaccurate or late documentation despite Payroll and Human Resources efforts to eliminate them.

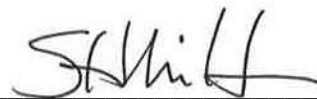
Detailed recommendations to strengthen Payroll operations were included in a separate report furnished to management.

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:

Veronica King  
Patricia Perkins  
Meredith Weiss

Executive Director, Payroll and Tax Services  
Associate Vice President for Finance  
Senior Vice President for Finance and  
Administration and Chief Financial Officer

Our audit was conducted in conformity 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.



**Chief Audit and Compliance Executive  
Audit and Compliance Services**

**Audit and Management Services**  
**Status of Fiscal Year 2025 Audit Work Plan**  
**November 21, 2024**

Area	Status
<b><u>Carryovers</u></b>	
<b>Financial &amp; Operational Audits:</b>	
College of Health Professions ICCR	Completed
School of the Arts in Qatar ICCR	Completed
Telecommunications	Completed
Human Resources – Compensation & Classification	Completed
Facilities Management – Deferred Maintenance	In Progress
<b>IT Audits:</b>	
Centers and Institutes Technical Review	In Progress
<b><u>Current Year Risk-based Audits and Assessments</u></b>	
<b>Financial &amp; Operational Audits:</b>	
Payroll	Completed
Treasury Services	In Progress
Business Services	In Progress
Enrollment Projection Management	Not Started
VP Research – Human Subject Protection (Research)	Not Started
Data Verification – US News Reporting	Not Started
Real Estate Services – ICCR	Not Started
School of Education – ICCR	Not Started
Institute of Contemporary Art – ICCR	Not Started
<b>IT Audits:</b>	
Modo Campus – IT Control Review	Completed
Vulnerability Management Review	In Progress
Police Department IT Security Review	Not Started
Decentralized Application Review	Not Started
Academic Advising Tools Application – IT Control Review	Not Started

**Audit and Management Services**  
**Status of Fiscal Year 2025 Audit Work Plan**  
**November 21, 2024**

<b><u>Annual Engagements and Activities</u></b>	
VCU Police Department – Unannounced Property Inspection – FY25 Part 1	In Progress
President’s FY 24 Discretionary Fund and Travel Activity Review	Completed
Audit Risk Assessment for FY 2026 Plan	In Progress
Semi-Annual Review of Audit Recommendations Outstanding	In Progress
VCU Police Department – Unannounced Property Inspection – FY25 Part 2	Not Started

Special Project	Status
<b><u>Continuing Projects</u></b>	
State Employees Fraud, Waste, and Abuse Hotline	In Progress – 0; Closed - 1
Special Projects	In Progress – 2; Closed - 1



## Attachment A: Gap Analysis Summary

New Requirements	Gap Analysis Results
<b>Domain II. Ethics and Professional Courage</b>	
<b>Principle 1 Demonstrate Integrity</b>	
Standard 1.1 Honesty and Professional Courage	Partial Gap: While implied, the AMS competency models were updated to include honesty and professional courage objectives. <b>Conforms.</b>
Standard 1.2 Organization's Ethical Expectations	No Gap
<b>Principle 3 Demonstrate Competency</b>	
Standard 3.1 Competency	No Gap
Standard 3.2 Continuing Professional Development	No Gap
<b>Principle 4 Exercise Due Professional Care</b>	
Standard 4.1 Conformance with the Global Internal Audit Standards	No Gap
Standard 4.3 Professional Skepticism	No Gap
<b>Principle 5 Maintain Confidentiality</b>	
Standard 5.2 Protection of Information	No Gap

## Attachment A: Gap Analysis Summary

New Requirements	Gap Analysis Results
<b>Domain III: Governing the Internal Audit Function</b>	
<b>Principle 6 Authorized by the Board</b>	
Standard 6.1 Internal Audit Mandate	<p>Partial Gap: ACS Department Charter was updated with Mandate and other requirements.</p> <p><b>Conforms.</b> Chief Audit and Compliance Executive will present the updated Charter at the respective December 2024 Audit Committee meetings for review and approval</p>
Standard 6.3 Board and Senior Management Support	No Gap
<b>Principle 7 Positioned Independently</b>	
Standard 7.2 Chief Audit Executive Qualifications	<p>Partial Gap: A succession plan to identify internal or external candidates for replacing the Chief Audit and Compliance Executive is not in place.</p> <ul style="list-style-type: none"> <li>✓The Chief Audit Executive's performance "360 feedback" is discussed by the Audit Committee in consultation with the President.</li> <li>✓The Audit Committee Chair communicates the recommended salary compensation and bonus.</li> <li>✓The Audit Committee reviews and approves the Chief Audit and Compliance Executive's appointment, replacement, or dismissal. September 2024, Audit Committee reviewed and approved appointment of new Chief Audit and Compliance Executive.</li> <li>✓Audit Committee Chair provided input to the BOV and VCU's Chief of Staff regarding job descriptions and qualifications for the position.</li> </ul> <p><b>Conformance Plan:</b> Succession planning is broader than this position and will need to be addressed at VCU's senior leadership and Board levels.</p>

## Attachment A: Gap Analysis Summary

New Requirements	Gap Analysis Results
<b>Principle 8 Overseen by the Board</b>	
Standard 8.3 Quality	No Gap
Standard 8.4 External Quality Assessment	No Gap
<b>Domain IV: Managing the Internal Audit Function</b>	
<b>Principle 9 Plan Strategically</b>	
Standard 9.2 Internal Audit Strategy	<p>Partial Gap: Chief Audit Executive must develop an internal audit strategy that supports the strategic objectives of the organization and aligns with the expectations of the Board, senior management and other stakeholders. The strategy must be reviewed with Board and senior management periodically .</p> <p>✓VCU's Audit and Management Services has a mission statement, along with department goals and objectives to achieve its mission. The department has criteria for measuring success/achievement of goals, captures the results, and determines how the results will be used. One of the goals is developing a 3-year audit plan based on an enterprise-wide risk assessment process. The 3-year plan, annual plan and resource budget are presented to and approved by the respective Boards, annually. Plan status and actual audit results are reported to the Audit Committee quarterly.</p> <p><b>Conformance Plan:</b> The Chief Audit Executive will draft a strategy for review and presentation to senior leadership and the Audit Committee of the respective Boards by December 31, 2024.</p>
Standard 9.3 Methodologies	No Gap

## Attachment A: Gap Analysis Summary

New Requirements	Gap Analysis Results
<p>Standard 9.5 Coordination and Reliance</p>	<p>Partial Gap: The Chief Audit and Compliance Executive must coordinate with internal and external providers of assurance services and consider relying upon their work.</p> <ul style="list-style-type: none"> <li>✓ Audit and Management Services performs an enterprise-wide risk assessment which includes input from Enterprise Risk Management, department and senior leadership, external auditors, and interviews with management. A methodology for performing and documenting the risk assessment is included in chapter 2 of the department manual.</li> <li>✓ The Chief Audit and Compliance Officer maintains a Compliance Responsibility and Accountability Matrix which lists the federal and state regulations applicable to institutions of higher education. The matrix provides leadership and management awareness of the requirements and identifies the individuals with operational and functional responsibility for compliance.</li> </ul> <p><b>Conformance Plan:</b> The Chief Audit and Compliance Executive will evaluate other organizational unit’s risk assessment processes, and tracking of assurance services providers and assurance activities in those units. The current Audit and Management Services risk assessment methodology and department manual will be updated as appropriate to reflect enhancements to the current process by January 31, 2026.</p>

## Attachment A: Gap Analysis Summary

New Requirements	Gap Analysis Results
<b>Principle 10 Managing Resources</b>	
Standard 10.1 Financial Resource Management	<p>Partial Gap: The Chief Audit and Compliance Executive must develop a budget that enables successful implementation of the internal audit strategy and achievement of the audit plan.                      ✓The 3-year plan and annual internal audit plans and resource budget are presented to and approved by the respective Boards, annually. Plan status in relation to the budget and actual audit results are reported to the Audit Committee quarterly.</p> <p><b>Conformance Plan:</b> The Chief Audit and Compliance Executive will align information with the internal audit strategy and report progress of internal audit plans in comparison to actual expenses versus budget at the respective March 2025 Audit Committee meetings.</p>
Standard 10.2 Human Resource Management	No Gap
<b>Domain V: Performing Internal Audit Services</b>	
<b>Principle 11 Communicate Effectively</b>	
Standard 11.1 Building Relationships and Communicating with Stakeholders	No Gap
Standard 11.3 Communicating Results	<p>Partial Gap: The Chief Audit and Compliance Executive must communicate themes related to findings and conclusions of multiple engagements to senior management and the Board.                      ✓Trends in Internal Control Compliance Reviews are documented and shared with respective University control owners.</p> <p><b>Conformance Plan:</b> The Chief Audit and Compliance Executive, Audit Director and Deputy Directors will establish a formal process to identify and report trends of risk-based audit findings by September 30, 2025.</p>

## Attachment A: Gap Analysis Summary

New Requirements	Gap Analysis Results
<b>Principle 12 Enhance Quality</b>	
Standard 12.2 Performance Measurement	No Gap
<b>Principle 13 Plan Engagements Effectively</b>	
Standard 13.1 Engagement Communication	No Gap
Standard 13.2 Engagement Objectives and Scope	No Gap
<b>Principle 14 Conduct Engagement Work</b>	
Standard 14.1 Gathering Information for Analysis and Evaluation	No Gap
Standard 14.4 Recommendations and Action Plans	No Gap
<b>Principle 15 Communicate Engagement Results and Monitor Action Plans</b>	
Standard 15.1	No Gap

✓ = Audit and Management Services processes, procedures, methodologies already in place

# **Audit and Management Services**

## **Quality Assurance and Improvement Program**

### **December 2024 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.

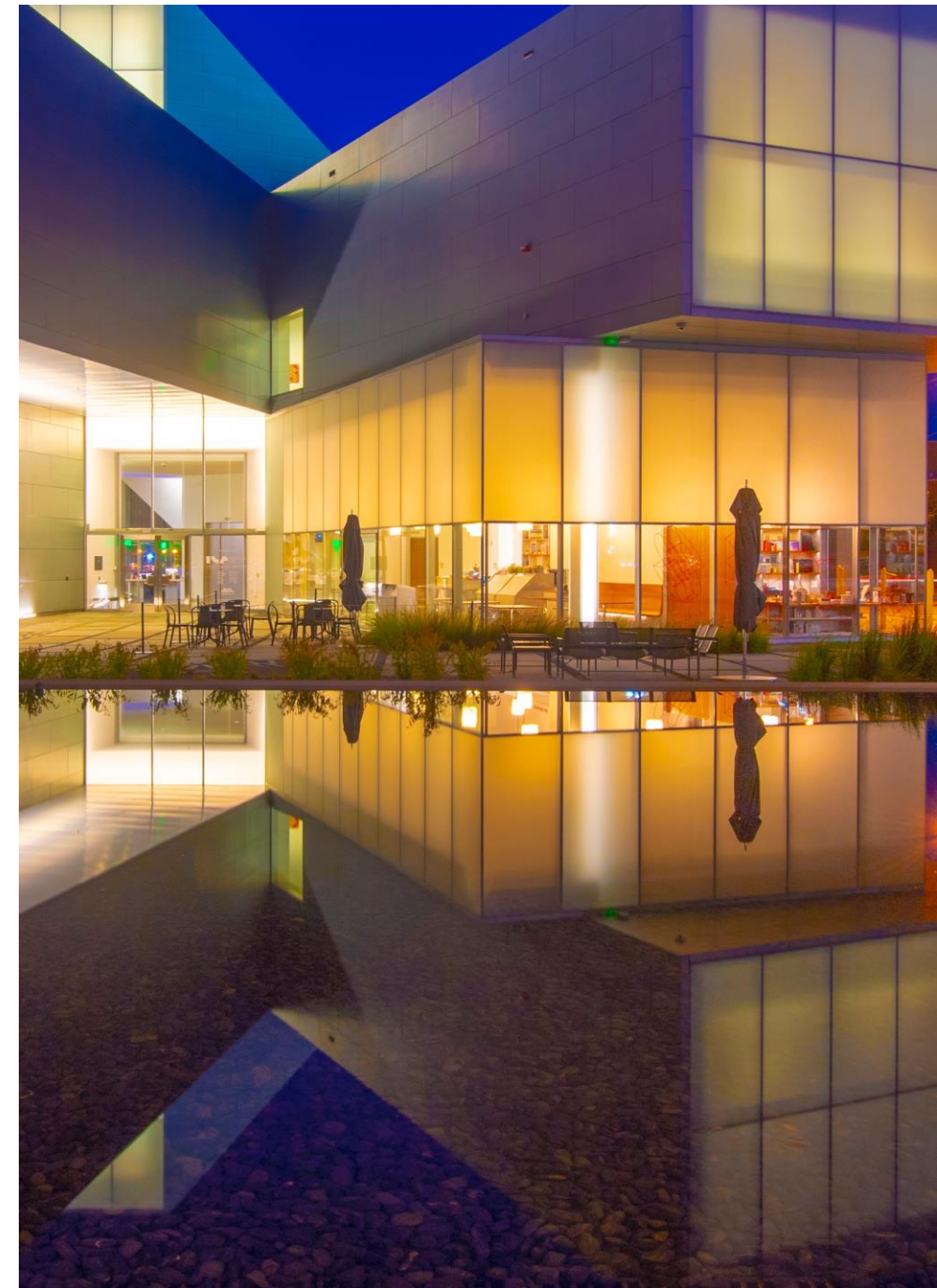
Internal assessments of the AMS internal audits are conducted through ongoing monitoring by the audit management team as part of their supervisory review and through periodic self-assessments. Donna Crawford, CISA, Manager, Social Media Governance and Audit Quality, performed the most recent internal audit assessment. Ms. Crawford reviewed selected reports and corresponding audit supporting documentation, observed continuous improvement in the follow-up and reporting of corrective action plans, and participated in departmental meetings. Based on such exposure during fiscal year 2024 to date, AMS “generally conforms” with the current *IPPF*.

Effective January 2025, AMS will be responsible for conforming with new *Global Internal Audit Standards* and requirements. In preparation, Ms. Crawford focused most of 2024’s internal assessment on conformance readiness by performing an analysis between AMS’s current practices and the new *Standards* and requirements. The 2023 External Quality Assessment Report highlighted AMS practices and processes the external assessor considered to be examples of best practices. The current *IPPF* does not require these practices and processes; however, most are requirements in the new *Standards*. AMS’s commitment to quality and professionalism, along with these best practices, were instrumental in minimizing the number of gaps identified during the conformance readiness assessment. Reference Attachment A: Gap Analysis Summary

An external quality assessment report (dated October 2023) was issued by Richard H. Tarr, CIA, CISA and presented to the board in December 2023. The highest rating of generally conforms was received. As stipulated by the *Standards*, an external assessment is due every five years or in 2028. 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.

# VCU BOARD OF VISITORS

Audit, Integrity and Compliance Committee  
December 12, 2024





# For Action:

- Audit, Integrity and Compliance Committee Meeting held on September 12, 2024
- Proposed Audit and Compliance Services Department Charter
- Proposed Audit, Integrity and Compliance Committee Charter and Meeting Planner
- Motion to approve the Minutes, Charter and Meeting Planner

# Auditor of Public Accounts

## Annual Audit for Year Ended June 30, 2024

- Independent Auditor's Report (opinion) on the Financial Statements
- Report on Internal Control and Compliance
- Required Communications





**2024 Virginia Commonwealth University  
Financial Statement Audit Exit**

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December 12, 2024

Amy Stokes, Audit Director

Auditor of Public Accounts

# Audit Team

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**Amy Stokes,**  
**CPA, CGFM, VCA**

- Audit Director
- Audit Experience: 10 years
- Role on Audit: Project Manager



**Melinda Crawford,**  
**CFE, VCCO**

- Audit Supervisor
- Audit Experience: 18 years
- Role on Audit: Audit In-Charge

## Team Members

- *Candice Owens, VCCO – Senior Auditor*  
(Audit Experience – 11 years)
- *Jarris Hendricks – Associate Auditor*  
(Audit Experience – 2 years)
- *Abe Ashebir – Associate Auditor*  
(Audit Experience – 1 year)
- *Ethan Losee – Associate Auditor*  
(Audit Experience – <1 year)

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# **Financial Statement Audit for the Year Ended June 30, 2024**

## **RESULTS**

# Audit Timing and Objectives

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- Timing:
  - Audit Period: July 1, 2023 – June 30, 2024
  - Audit Timing: June 2024 – November 2024
- Objectives:
  - Primary objective of the audit was to provide an opinion on the fair presentation of the financial statements and its related disclosures in accordance with GAAP.
  - Assess internal controls over material account balances and transactions.
  - Assess compliance with applicable laws, regulations and grant agreements.
  - Determine whether deficiencies in the prior year audit report were properly addressed.

## Auditor's Opinion and Results

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- Opinion on Virginia Commonwealth University's Financial Statements as of June 30, 2024
- Opinion on VCU's Discretely Presented Component Units as of June 30, 2024, based on report of other auditors
- Emphasis of Matter paragraphs
- Other matter paragraphs
- Significant Audit Adjustments and Uncorrected Misstatements

# Report on Internal Controls

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- VCU Internal Control Report
  - Results of Internal Control and Compliance Testing
  - Audit findings and responses
    - Status of prior year management recommendations
    - New management recommendations
  - Anticipated release date
- Commonwealth Single Audit Report
  - Student Financial Aid Cluster results
  - Internal Control Report for the Commonwealth
  - Anticipated release: second week of February 2025
  - Corrective Action Plan



## Additional Results as of 11/6/2024

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- Updates to the significant risks identified in the engagement discussion.
- We found no indications of fraudulent transactions or illegal acts.
- Outside of GASB Statements 99 and 100, Implementation Guide Question 2021-1 Q.5.1, and NACUBO Advisory Report 2023-01, there were no material changes to accounting and reporting policies and standards during the year. New standards becoming effective during the year are discussed in Note 1 of the University's financial statements.
- There were no material alternative accounting treatments identified as a result of the 2024 audit.
- We concur with management's application of accounting principles.

## Additional Results as of 11/6/2024 (cont'd)

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- We have reviewed the basis used for accounting estimates used, noting that such amounts appear to be reasonable based on available information. The University updated its methodology for allocating financial assistance as recommended by NACUBO resulting in a change in revenues and expenses.
- There were no significant unusual transactions or significant accounting policies in controversial or emerging issues.
- There were no significant difficulties encountered during the audit.
- There were no disagreements with management about auditing, accounting, or disclosure matters.

## Other Items and Known Changes for Next Year's Audit

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



- Upcoming GASB standards for next fiscal year:
  - GASB 101 – Compensated Absences
  - GASB 102 – Certain Risk Disclosures
- Any additional items that the Board would like to discuss.

## Intended Use Statement

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This presentation is intended solely for the information and use of management and the Board of Visitors of Virginia Commonwealth University and is not intended to be, and should not be, used by anyone other than these specified parties.

# Committee Dashboard Measures

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



# **Audit and Compliance Services**

## **Audit, Integrity and Compliance Committee**

### **December 12, 2024**

**Suzanne Milton**  
Chief Audit and Compliance Executive  
Audit and Compliance Services



# Integrity and Compliance Office

# Code of Conduct Refresh

## Project Objectives:

- Create a more accessible, user-friendly document
- Focus on action statements, expected behaviors that align with VCU's values
- Link to relevant policies and host on policy website

Estimated project completion Spring 2025.



# Training and Communications

- Required annual training release will now take place once/year in January, topics determined based on current issues.
- This year, Integrity and Compliance Office portion will focus on feedback from integrity survey and provide more detail on speaking up, listening up and preventing retaliation.
- Relaunched *The Compass* eNewsletter for use by our compliance partners - HR Professionals and members of the Compliance Steering and Advisory Committees
  - A conduit for sharing FAQs, resources, policy info
- Continue bringing our workshop on Psychological Safety to departments and schools to promote skills to build a speak-up culture
  - Continue to improve the workshop and to expand pool of facilitators to reach more people

# Integrity Survey Results: Follow up

- Sharing data with departments, schools
- Helping leaders communicate results to employees
- Support leaders in developing action plans to address feedback

## Options/Resources:

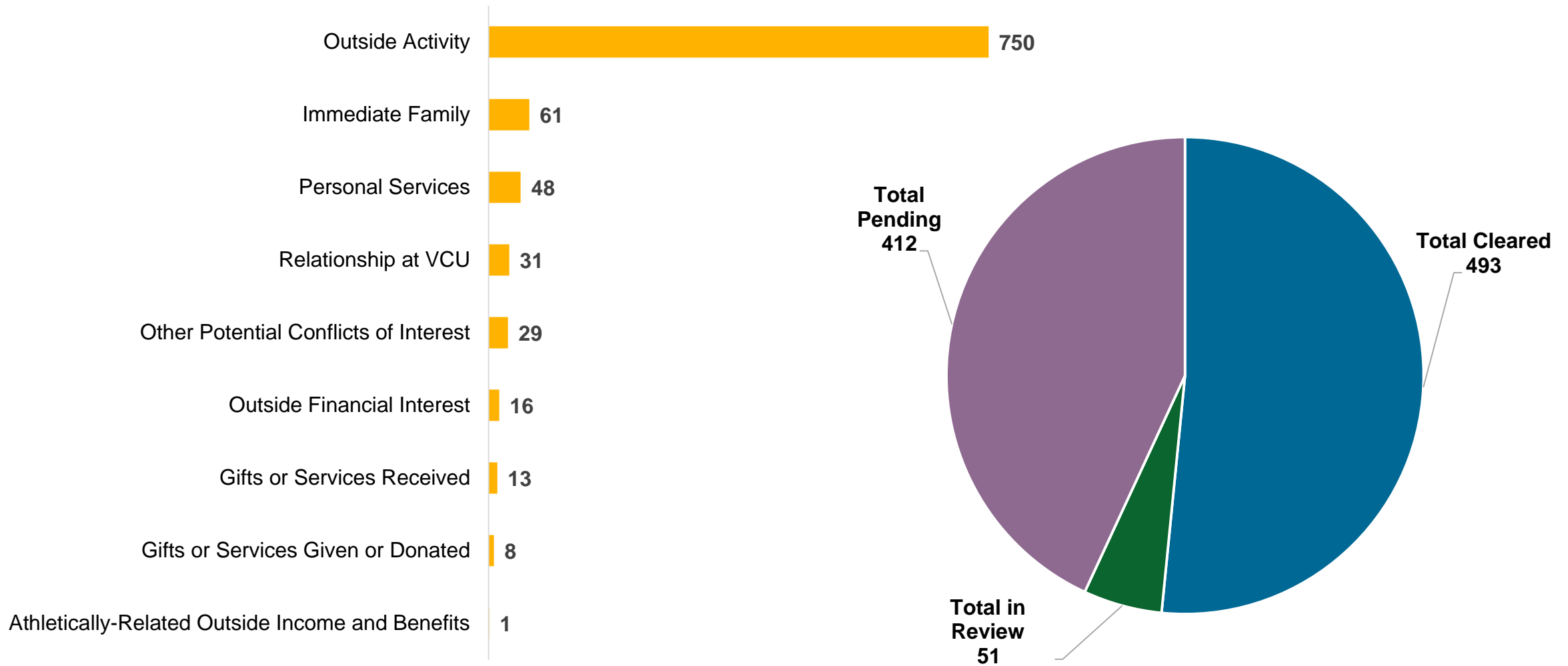
- *ICO Psychological Safety Workshop*
- *Emotional Intelligence Course (HR)*
- *ICO Resource Library for “talking about ethics”*
- *Giving Voice to Values (Mary Gentile)*

# Clery Act Remediation: Follow up

- Filed our Annual Security Report on time to Department of Education on October 1.
- Project plan now underway to re-engineer Clery-related processes and retrain, reinvigorate VCU's Clery Act program

Target date for completion: May 2025

# Compliance Disclosures – Conflict of Interest/Commitment (FY24 Q2 through Q4\*)

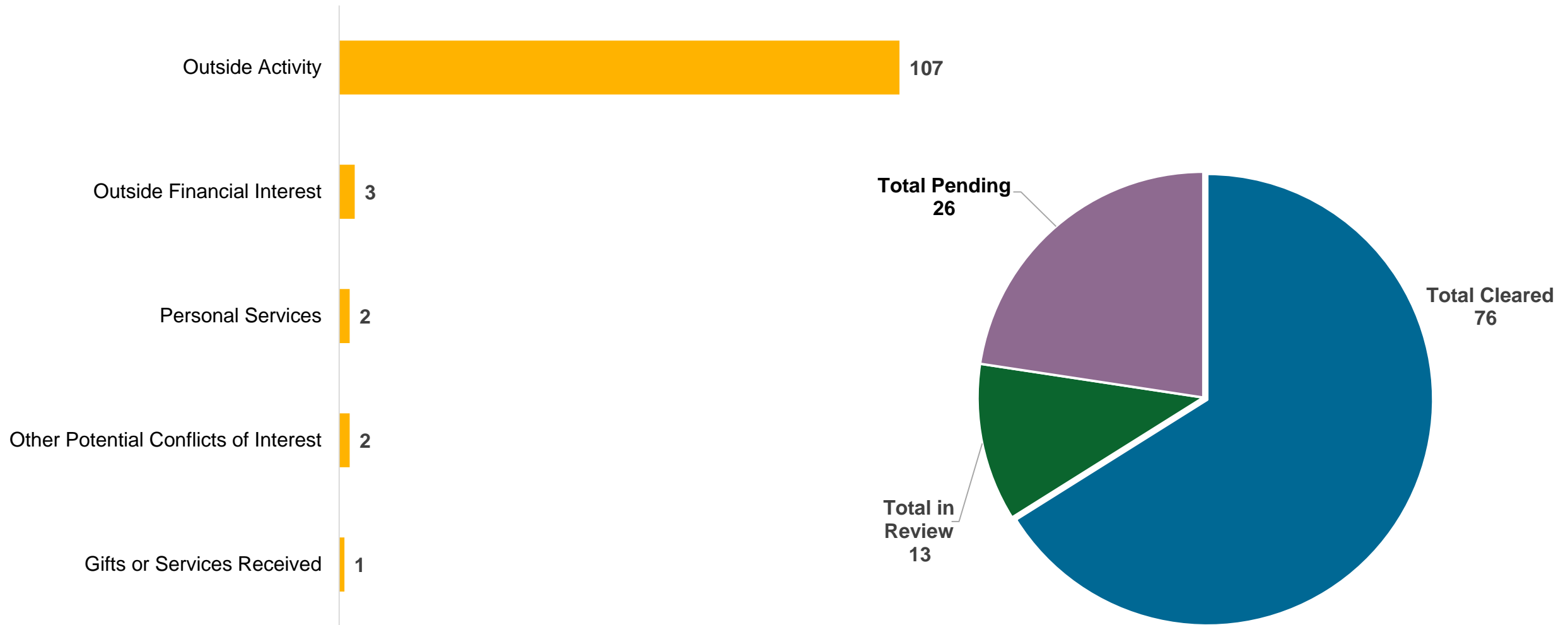


**957\*\* Total Disclosures Submitted**

\*The FY24 Campaign began on December 13, 2023

\*\* 1 disclosure was rejected; pie chart = 956

# Compliance Disclosures – Conflict of Interest/Commitment (FY25 Q1 and Q2)



115 Total Disclosures Submitted

# Audit and Management Services

# Telecommunication Services

## **Audit Scope**

- Revenue and expense analysis for FY 2020-2024
- Inventory management
- Vendor billing
- Service requests
- Customer invoices
- E911 management

**No Board level findings**

# Payroll

## Audit Scope

- Manual processes were subject to review for accuracy and timeliness
- Payroll had adequate controls over reporting to regulatory agencies
- Supervisory oversight managed payroll employees to ensure process accuracy
- Access to payroll systems was managed to allow proper access to payroll information



# Payroll

## Conclusion

Payroll operates select controls over payroll processing sufficiently to provide payroll accuracy and timeliness. However, we found overpayments were issued due to receiving inaccurate or late documentation despite Payroll and Human Resources efforts to eliminate them.

## One Board level recommendation to continue efforts with VCU HR to Reduce Overpayments

*Management concurs and will:*

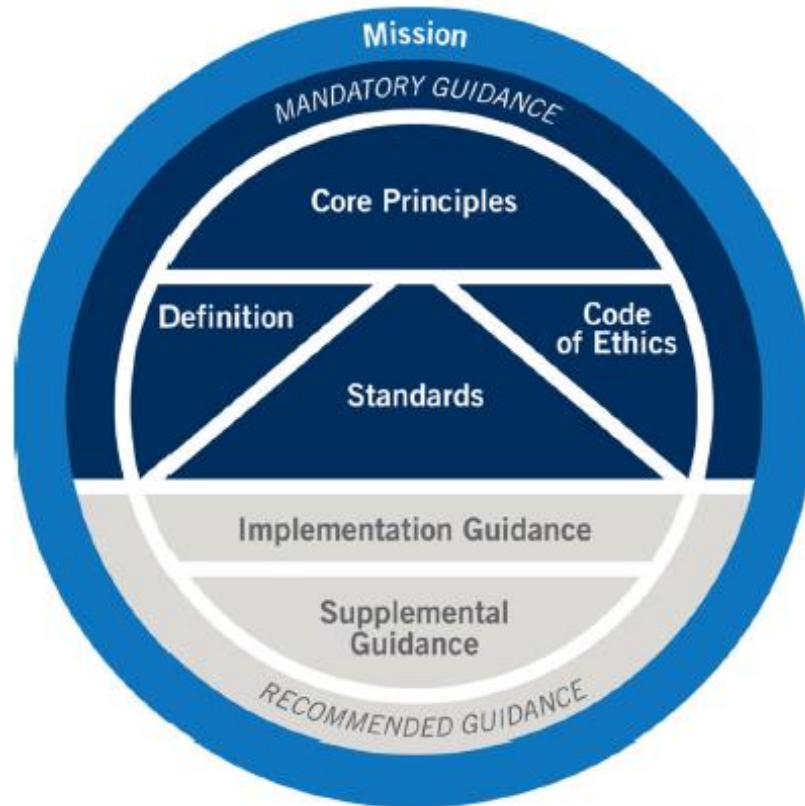
- *Continue to document overpayments and develop strategies and implement enforcement provisions to reduce the occurrences (September 2025)*
- *Communicate these strategies to departments in advance of any enforcement measures being implemented (September 2025)*

# Global Internal Audit Standards – Effective January 2025

2017



International Professional Practices Framework



2024

International Professional Practices Framework® (IPPF)



# Global Internal Audit Standards – Effective January 2025

## 5 Domains, 15 Principles

### Domain I: Purpose of Internal Auditing

#### II. Ethics and Professionalism

1. Demonstrate Integrity
2. Maintain Objectivity
3. Demonstrate Competency
4. Exercise Due Professional Care
5. Maintain Confidentiality

#### III. Governing the Internal Audit Function

6. Authorized by the Board
7. Positioned Independently
8. Overseen by the Board

#### IV. Managing the Internal Audit Function

9. Plan Strategically
10. Manage Resources
11. Communicate Effectively
12. Enhance Quality

#### V. Performing Internal Audit Services

13. Plan Engagements Effectively
14. Conduct Engagement Work
15. Communicate Engagement Conclusions and Monitor Action Plans

Source: The Institute of Internal Auditors

# Quality Assurance and Improvement Program

Internal assessment is performed annually by internal resource

## Internal Assessment Results

- **Conforms with current IIA *Standards***
- **Staff are independent and comply with Code of Ethics**
- **Continuous improvement observed in the follow-up and reporting of corrective action plans**

## External Assessment

- **Required every 5 Years, Last performed in 2023**
- **Best Rating of “Generally Conforms” with current IIA *Standards***
- **External assessor observed best practices and processes (not required by current IIA *Standards*)**

## Conformance Readiness

- **Performed gap analysis between current and revised IIA *Standards* effective January 2025**
- **Most best practices and processes observed during last external assessment are required in revised *Standards***
- **Minimal gaps identified**

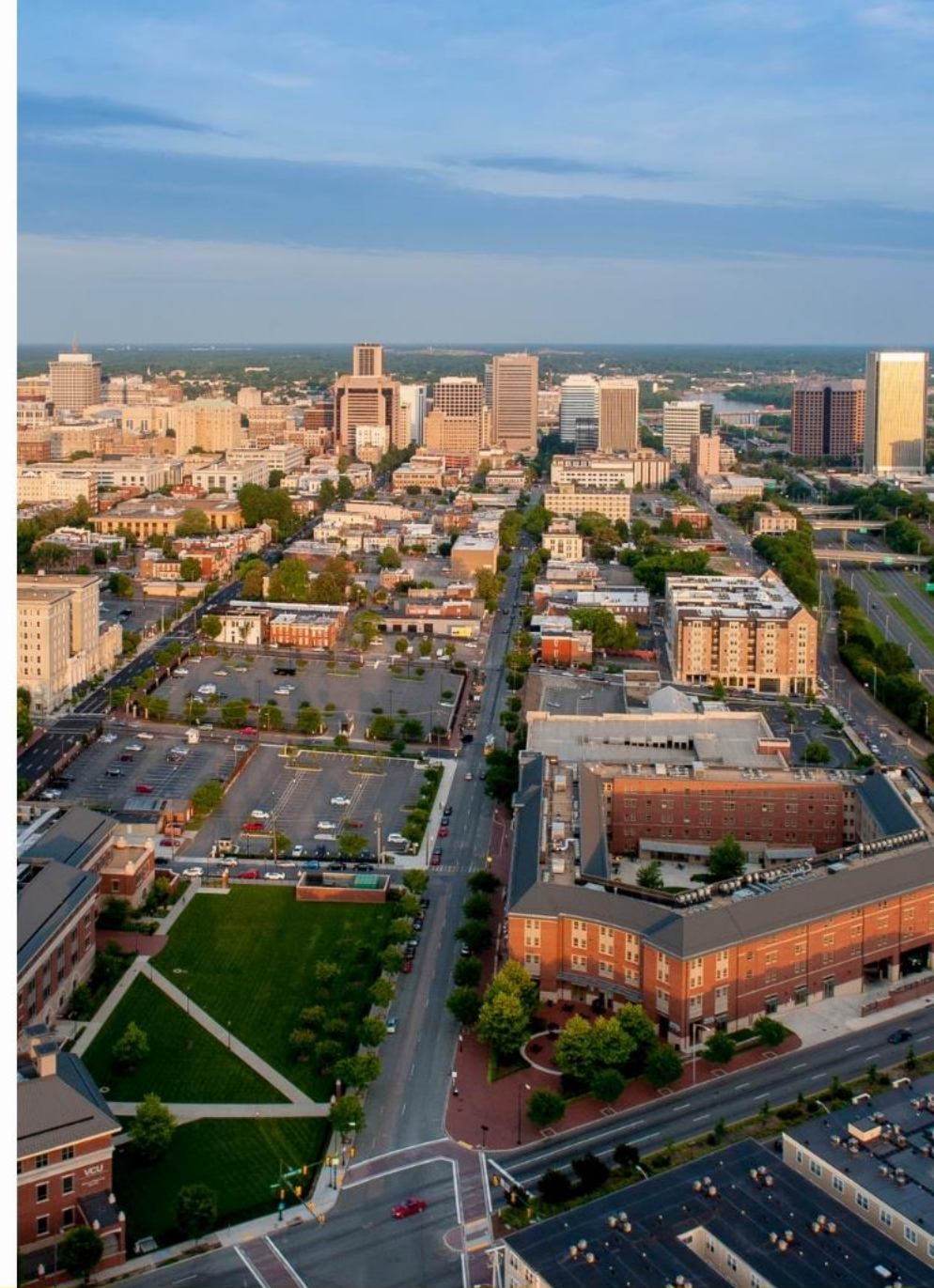


# Enterprise Risk Management

Audit, Integrity and Compliance Committee

December 12, 2024

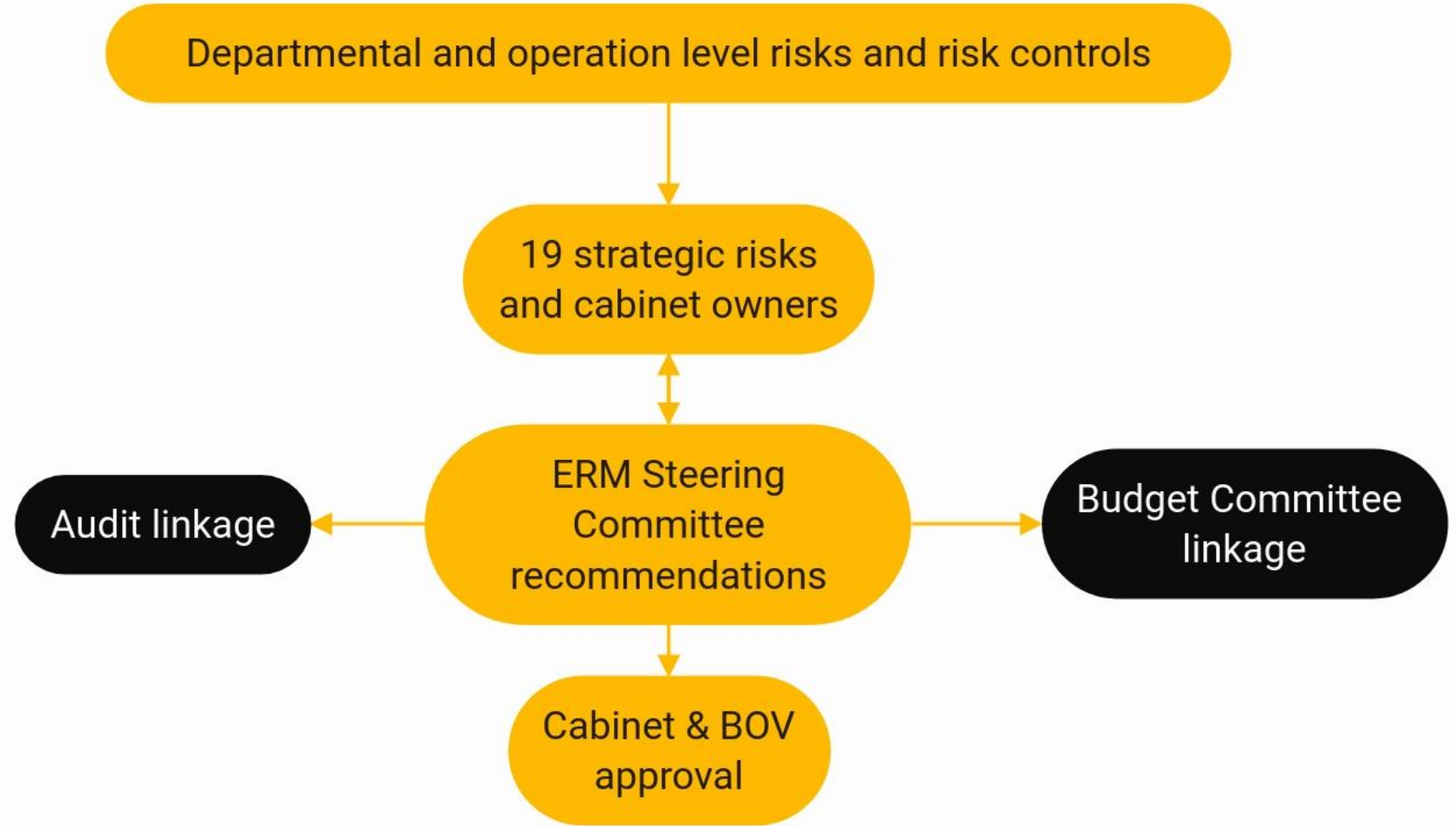
Mike Cimis  
Associate Vice President  
VCU Safety and Risk Management



# VCU Enterprise Risk Management Evolution



# ERM PROCESS AT VCU



# RISK EVALUATION PROCESS

INHERENT RISK - RISK CONTROLS = **RESIDUAL RISK**

RESIDUAL RISK > **OR** < RISK TOLERANCE



# Steering Committee Recommendations

19 risk management plans were updated, reviewed and scored by the ERM Steering Committee

Recommendation  
Move the civil rights risk back in tolerance

Recommendation  
Add a 20th strategic risk related to NCAA and amateur athlete compensation



# Areas of focus and discussion



Decentralized  
functions and  
reporting



Policy,  
accountability,  
systems and  
training



Evolving regulatory  
and legal  
environment



Out of tolerance  
risks

## Risks in tolerance

1. Civil rights compliance
2. IT system availability and security
3. Transportation
4. Strategic plan
5. Liquidity and fiscal controls (FKA Academic Funding)
6. Enrollment management
7. Development and alumni philanthropic support
8. Research funding
9. Attract, develop and retain faculty and staff
10. Data analytics - operations
11. Global programs
12. Student affairs
13. Improper activities and relationships due to foreign influence

## Risks out of tolerance

1. Institutional compliance and ethics
2. Facilities and space
3. Safety and risk management
4. Emergency preparedness
5. Police - safety and security
6. Clinical research administration process

Note: Athletics and amateur athlete compensation risk to be developed and scored in 2025



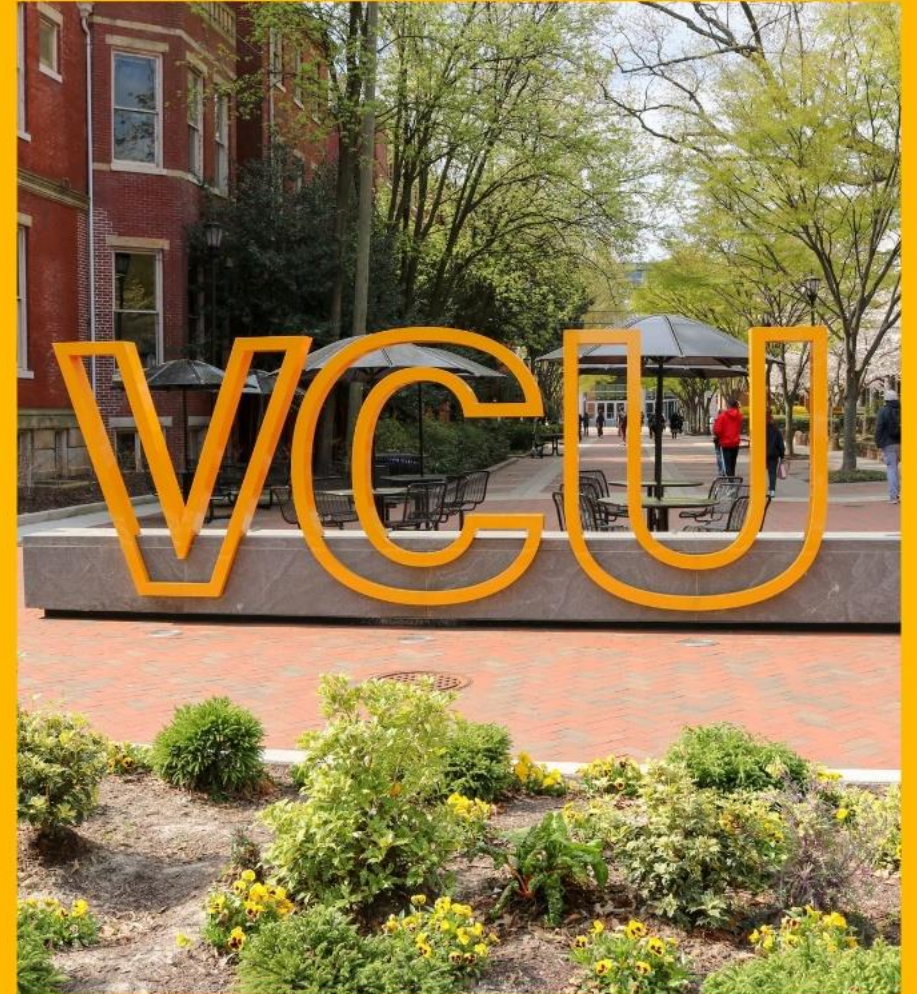
# ERM alignment with Quest 2028

Contributing to strategic decision making and capturing emerging risks

1 Enable VCU to achieve its strategic goals

2 Inform strategic decision making

3 Reduce reputational risk and business interruption risk; improve communication between risk owners, cabinet and board



QUESTIONS OR FEEDBACK?

DECEMBER 2024

# Data Governance Updates

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**ALEX HENSON**

CHIEF INFORMATION OFFICER

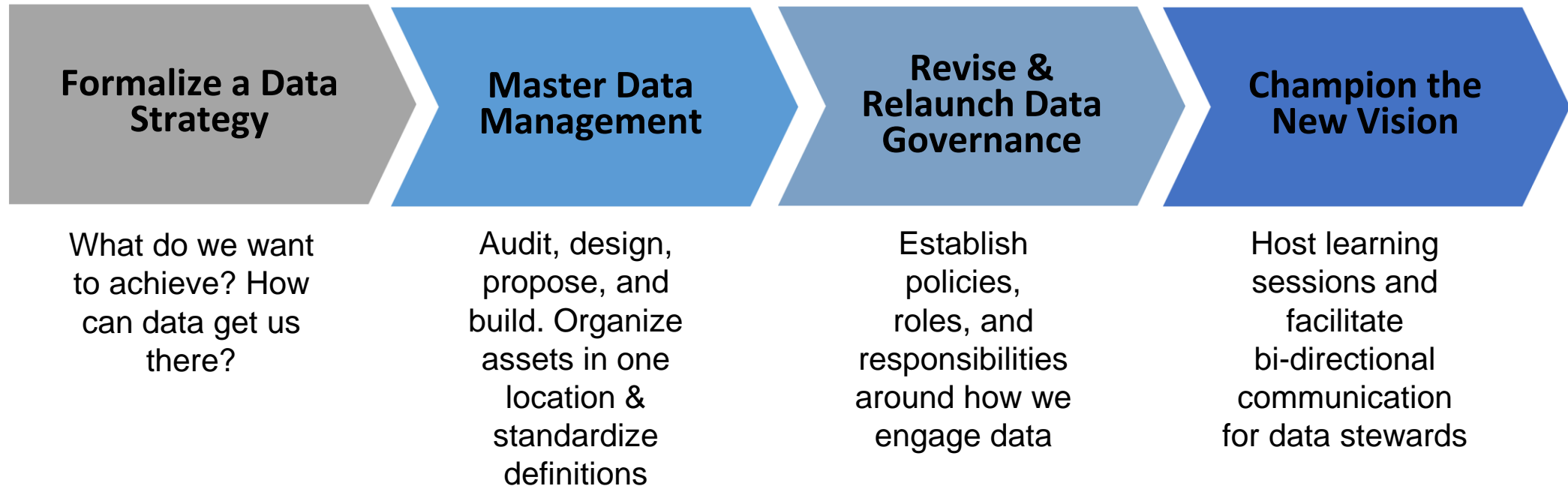
**MICHAEL BOURGEOIS**

ASSOCIATE VICE PROVOST, IRDS

DECEMBER 2024

# Data Governance Updates

LAST UPDATE: Data governance, with a data strategy, is the foundation for institutional data maturity.



DECEMBER 2024

# Data Governance Updates

NOW: Where are we?

## 1 Data governance plan

✓ | Creation

WIP | Review

SPRING | Ratification

## 2 Data warehouse (HelioCampus)

✓ | Team assembly

WIP | Acquisition

SPRING | Launch

## 3 Plan execution

SPRING | Steering committee

WIP | Tactical committee



**CLOSED SESSION**