



VCU

Board of Visitors

AUDIT, INTEGRITY AND COMPLIANCE COMMITTEE

THURSDAY, MAY 8, 2025

9:15 a.m.

The Honorable Benjamin Lambert III Board Room

1213 East Clay Street,

Richmond, VA

AGENDA

1. CALL TO ORDER

Mr. Peter Farrell, Chair

2. ACTION ITEMS:

(15 minutes)

- a. Approval of Minutes March 20, 2025
- b. Proposed Audit, Integrity and Compliance Committee Charter and Meeting Planner
- c. Proposed Audit, Integrity and Compliance Department Charter
- d. Proposed FY2026 Audit Workplan
- e. Proposed FY2026 University Ethics and Compliance Program Initiatives

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

FOR INFORMATION:

3. AUDITOR OF PUBLIC ACCOUNTS (APA) FY2025 AUDIT ENTRANCE CONFERENCE

(10 minutes)

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

4. REPORT FROM CHIEF AUDIT AND AND COMPLIANCE EXECUTIVE

(15 minutes)

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

- a. Committee Dashboard Measures
- b. Internal Audit Reports
 - i. School of Education Internal Control Compliance Review
- c. Handout: Audit Work Plan Status FY25
- d. Compliance Activities Update

- 5. ENTERPRISE RISK MANAGEMENT UPDATE**
(10 minutes) **Mr. Tom Briggs, Chief Risk Officer,**
Enterprise Risk Management, Finance and Administration
- 6. DATA GOVERNANCE UPDATE**
(10 minutes) **Mr. Michael Bourgeois, Associate Vice**
Provost, Institutional Research and Decision Support
- 7. CLOSED SESSION**
Freedom of Information Act Section 2.2-3711 (A)
(19), (8), (7), specifically:
- b. Audit Reports for Discussion**
(8 minutes)
- i. Academic Advising Tools IT Control Review**
- a. University Counsel Litigation Update**
(10 minutes) **Mr. David Litton, Director Audit and**
Management Services, VCU and VCU Health
- 8. RETURN TO OPEN SESSION AND CERTIFICATION**
Mr. Jake Belue, Associate
University Counsel
- Approval of Committee action on matters discussed in closed session, if necessary
- 9. ADJOURNMENT**
Mr. Peter Farrell, Chair



Board of Visitors

AUDIT, INTEGRITY AND COMPLIANCE COMMITTEE THURSDAY, MARCH 20, 2025

1:00 pm

**The Honorable Benjamin Lambert, III Board Room
1213 East Clay Street,
Richmond, VA**

MINUTES

COMMITTEE MEMBERS PRESENT

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

OTHER BOARD MEMBERS PRESENT

Mr. Todd Haymore, Rector

OTHERS PRESENT

Ms. Suzanne Milton, *Chief Audit and Compliance Executive, University Audit and Compliance Services*
Dr. Michael Rao, *President*
Mr. Jacob Belue, *Associate University Counsel*
Staff from VCU

CALL TO ORDER

Mr. Peter Farrell, Chair, called the meeting to order at 1:00 p.m.

APPROVAL OF MINUTES

Mr. Farrell asked for a motion to approve the minutes of the December 12, 2024 meeting of the Audit, Integrity and Compliance Committee, as published. After motion duly made and seconded the minutes of the December 12, 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/>.

REPORTS AND RECOMMENDATIONS

Audit, Integrity and Compliance Committee Dashboard Measures

Ms. Suzanne Milton presented the current status of the dashboard measures. Indicators for Data Security, Planned Audits and Institutional Compliance Program were yellow and all other indicators were green.

Report from the Chief Audit and Compliance Executive of Audit and Compliance Services

Ms. Suzanne Milton reported the results of two recent audits involving Facilities Management – Deferred Maintenance and Capital Assets and Real Estate Internal Control Compliance Review. There were no Board level findings. The Chief Audit and Compliance Executive also discussed the Planned Audits status dashboard. Planned audits changed from green to yellow. One risk-based audit and one internal control compliance review will be removed from the FT2025 audit plan due to staff turnover and an uptick in special projects, including OSIG cases and management requests.

Integrity and Compliance Office Update

Mr. Jason Block, Chief Ethics and Compliance Officer, provided an Ethics and Compliance update. He noted the volume of reported concerns for the first six months of fiscal year 2025 is up by about 53% over 2024. While the raw numbers are up, the proportion of the severity of cases is consistent with last year. The increase can be attributed to our emphasizing a “speak up culture” and to more people being aware of the work that the Integrity and Compliance Office does. 11 percent of the reported concerns were made anonymously compared to 21 percent over the same period last year and 30 percent the year before (a positive trend). He noted that in three out of four categories in the NAVEX Benchmark, VCU does better than the national average. The one exception is reports of fears of retaliation, which the ICO is actively working to address through trainings, including the required annual training, targeted micro-learnings and other engagements with employees.

Equity and Access Services Update

Ms. Cleo Magwaro, Associate VP of Equity and Access Services, provided information and data concerning VCU’s compliance programs related to civil rights including Americans with Disabilities Act and accessibility; equal employment opportunity/affirmative action; protection of minors; and, sex- based discrimination (also referred to as Title IX).

Information Technology Update

Mr. Alex Henson, Chief Information Officer updated the committee on major projects including the new technology operations center, Generative AI, VCU Alert changes, Mobile App redesign and Research Computing review. He also provided updates on Information Security.

CLOSED SESSION

On motion made and seconded, Audit, Integrity and Compliance Committee of the Board of Visitors of Virginia Commonwealth University convene in a closed session under Section 2.2-3711 (A)(1) of the Virginia Freedom of Information Act for the discussion of the assignment, appointment, promotion, performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of any public body, more specifically relating to discussion of disciplinary actions and other remediation related to a failure in the degree awarding process and an investigation of potential misconduct related to a state-funded project; and under Section 2.2-3711 (A)(7) and (8) for the discussion of matters requiring the provision of legal advice by counsel, relating to an update on potential and current litigation in state and federal courts and other legal matters relating to pending investigations; and pursuant to Section 2.2-3711 (A)(19) for discussion of specific cybersecurity vulnerabilities and briefing by staff concerning actions taken to respond to such matters, specifically relating to an audit report involving data security and certain IT processes

RECONVENED SESSION

Following the closed session, the public was invited to return to the meeting. Ms. Fitzsimmons, Vice 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>
Ms. Ellen Fitzsimmons, Vice Chair	X	
Dr. Dale Jones	X	
Mr. Edward McCoy	X	
Mr. P2 Sandhu	X	

All members responding affirmatively, the motion was adopted.

ADJOURNMENT

There being no further business Ms. Fitzsimmons, Vice Chair, adjourned the meeting at 2:26 p.m.

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) *Global Internal Audit Standards*, including the principles of Ethics and Professionalism 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 their 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	Frequency			Planned Timing			
Q1, Q2, Q3, Q4 based on Fiscal Year (July – June)	A	Q	AN	Q1	Q2	Q3	Q4
				Sep	Dec	Mar	May
A. General							
1. Review and update Audit, Integrity, and Compliance Committee charter and meeting planner	X						X
2a. Approve minutes of previous meeting		X		X	X	X	X
2b. Maintain minutes of meetings		X		X	X	X	X
3. Authorize investigations into any matters within the Committee's scope of responsibilities			X				
4. Report Committee actions to the Board of Visitors with recommendations deemed appropriate		X		X	X	X	X
5. 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. Internal Controls/Financial Statements							
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
C. External Auditors							
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		
D. Internal Auditors							
1. Review and approve the annual audit and management services work plan and any significant changes to the plan	X						X
2. 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 Global Internal Audit Standards, including the principles of Ethics and Professionalism 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 their 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				
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: <ul style="list-style-type: none"> Physical and virtual security with regards to university servers and storage Network security architecture and operations Reliability and robustness of data center (servers and storage) and network infrastructure environments Disaster recovery and business continuity infrastructure and associated processes and procedures 			X	X		X	

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"> • Authentication and authorization mechanisms in accessing university data • Data Governance structure and policies • Data security policies including data access roles and responsibilities 			X		X		X
F. University Ethics and Compliance Program							
1. Review the annual compliance planned initiatives and any significant changes to the plan	X						X
2. Review the qualifications of the compliance staff and the level of staffing (utilization and effort focus)	X			X			
3. Assess the effectiveness of the compliance program, including its independence and reporting relationships	X			X			
4. Review completed compliance reports and progress reports on the status of compliance and integrity related activities 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
G. Enterprise Risk Management							
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
H. Legal							
1. Consult as necessary with University Counsel regarding legal issues concerning the university		X		X	X	X	x

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 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 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 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 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 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 *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:

- internal audit's conformance with the *Standards*; including the principles of Ethics and Professionalism;
- the department achieves performance objectives; and
- internal audit pursues continuous 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.

FY26 Proposed Audit Work Plan



Risk Based Audits and other Reviews

School of Medicine - Liver Institute
Development and Alumni Relations
Occupational Health and Safety
Procurement - Travel
OVPRI - Human Research Protection Program
Equity and Access Services



Internal Control Compliance Reviews

Public Safety and Security
School of Population Health
Honors College



Information Technology

Research Applications and Data Storage
Horizon VDI
Artificial Intelligence Governance Review
JAMF Pro - IT Control Review
Faculty Information System (SoM) - IT Control Review



Annual Engagements

Semi-Annual Follow-Ups
VCU Police - Evidentiary Property Inspection 1
VCU Police - Evidentiary Property Inspection 2
President Discretionary Funds Review

FY26 Proposed Ethics and Compliance Program Initiatives



Policy & Regulation

- Continue ensuring policy updates as required
- Address out of date policies (i.e. Faculty Affairs policies)
- Work with units on emerging policy issues (i.e. AI)
- Strengthen ICO's processes for systematically monitoring unit compliance w/federal & state regs



Investigations & Analytics

- Continue operating a best-in-class reporting and investigative function
- Provide investigative training and assistance to campus compliance partners
- Migrate to new case management tool
 - *Improved tracking & documentation, root cause analysis, compliance analytics*



Clery Act Compliance

- Implement Clery policy across VCU
- Redesign and publish Annual Security and Fire Safety Report (ASR)
- Continue training as warranted



Training & Communications

- Create new E&C training for onboarding employees
- Produce core collection of training content on E&C called "The Basics"
 - *Informed by FY24 Integrity Culture Survey*
 - *Will evolve with future culture survey findings*
- Harness new modalities (like podcasts) for content delivery, send to HRPs through *The Compass* eNewsletter

**Auditor of Public Accounts
Audit Engagement Memorandum
Virginia Commonwealth University
May 8, 2025**

- Audit Staff in Attendance:
 - Amy Stokes, CPA, CGFM, VCO – Project Manager
 - Melinda Crawford, CFE, VCCO – Auditor In-Charge
- Audit Period – July 1, 2024 through June 30, 2025 (FY 2025)
- Planned Audit Timing – June 2025 – November 2025
- Audit Deadline – December 15, 2025 (ACFR)
- Audit Objectives

University Specific

- The financial statements present fairly the financial position, the changes in financial position, and the cash flows for the period under examination in conformity with accounting principles generally accepted in the United States of America.
- Disclosures in the financial statements are adequate and fairly stated.
- Management has appropriately reviewed the financial statements, accruals, adjustments, and disclosures.
- Adequate internal controls exist over material account balances and transactions.
- The University is in compliance with applicable laws, regulations, and provisions of contracts or grant agreements.
- The University has addressed deficiencies identified in the prior year audit report.

Annual Comprehensive Financial Report (ACFR) Specific

- The financial statement template and attachments submitted by the University to the Department of Accounts for use in preparing the ACFR present fairly the financial activity and relevant disclosures of the agency for the audit period.
- The University has appropriately reconciled the financial activity reported in the template and attachments to its individually published financial statements.
- The University reviews the adequacy and completeness of the process for preparing the financial statement templates and attachments submitted to the Department of Accounts.

Commonwealth Single Audit

- For findings listed in the current year Summary Schedule of Prior Audit Findings, determine if management has not materially misrepresented the status of any prior audit findings in its Corrective Action Plan submitted to the DOA as instructed by CAPP Topic 10205 titled “Agency Response to APA Audit.”
- Audit Scope
 - The audit scope includes the account balances and transactions, internal controls, and laws and regulations pertaining to the following areas/significant business cycles:
 - Acquisitions and Contract Management, Capital Assets, Cash and Investments, Debt Management, Information Systems Security, Payroll, Pension and Other Postemployment Benefits, Revenues, and Trial Balance and Financial Statement Preparation.
- Audit Report
 - We will issue an Opinion on the University’s consolidated financial statements to be included in the University’s Financial Report.
 - We will issue a Report on Internal Control and Compliance.
 - The University’s financial information will be included as part of the Commonwealth’s ACFR, which will receive the Auditor’s Opinion on December 15, 2025.
 - As the University is material to the Commonwealth’s ACFR, recommendations pertaining to the University will appear in the Commonwealth’s Single Audit report, which serves as the Internal Control and Compliance report for the Commonwealth’s ACFR.
- Other Items
 - Any matters the Board would like us to address through our audit or other client requests
 - New GASB Pronouncements Effective for FY25:
 - GASB 101 – Compensated Absences
 - GASB 102 – Certain Risk Disclosures
 - NCAA Agreed Upon Procedures will be performed annually. We will complete agreed-upon procedures and issue a report that includes a schedule of financial activity related to intercollegiate athletics. This report is due to the University by January 15th and will be published and distributed in February or March.
 - The APA encourages the Board of Visitors to provide input regarding the risks they perceive to the University in completing its mission. While Board members can direct their comments to the Audit Committee Chair or the Internal Audit Director to be forwarded to the APA Project Manager, we also

plan to meet directly with the Audit Committee Chair. We will discuss the following issues:

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

- Overview of the Relationship between APA, Internal Audit, and the Foundation Auditors

- The APA is the Commonwealth of Virginia's independent external auditor responsible for annual financial statement audits of public agencies and institutions, and various other required audits. The APA reports to the Virginia General Assembly. Internal Audit is responsible for the institution's audit workplan as approved by the institution's Board of Visitors. Foundation auditors are responsible for the financial statement audits of the various foundations. We make reference to the work of these auditors in our financial statement opinion, but we generally do not take responsibility for the work of these auditors. Most foundations are presented as discretely presented component units in the institution's financial statements.

Terms of the Engagement

Responsibilities during the audit process:

Auditor's (APA) Responsibilities

Overall Audit Objectives

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and standards for financial audit contained in the Government Auditing Standards. The objectives of our audit are to obtain reasonable assurance about whether the financial statements and attachments and supplemental information submitted to the Department of Accounts (DOA) as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with U.S generally accepted accounting principles. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Governmental Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

Accounting Principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB) require that certain information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We will apply certain limited procedures to the required supplementary information (RSI) in accordance with GAAS, which will consist of inquiries of management about the methods of preparing the RSI and comparing the RSI for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the following RSI based on these limited procedures:

- Management Discussion and Analysis (MD&A)
- Schedules of Employer's Share of Net Pension Liability
- Schedules of Employer's Share of OPEB Liability
- Schedules of Employer Contributions
- Notes to the Required Supplementary Information

Audit Procedures - General

As part of an audit conducted in accordance with GAAS and Government Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial information submitted to DOA; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and financial information submitted to DOA. We will plan and perform the audit to obtain reasonable, rather than absolute assurance, about whether the financial statements and financial information submitted to DOA are free of material misstatement whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and Government Auditing Standards. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they require auditors to provide reasonable assurance of detecting waste or abuse. An audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial activity.

We will also conclude, based on the audit evidence obtained whether there are conditions or events considered in the aggregate, which raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

Audit Procedures - Internal Control and Compliance

We will obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we will express no such opinion. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will communicate in writing to management and those charged with governance any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements and financial information submitted to DOA that we have identified during the audit. Also, as part of obtaining reasonable assurance about whether the financial statements and financial information submitted to DOA are free of material misstatement, we will perform tests of compliance

with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion.

Audit Procedures – Group Audits

Our audit will include obtaining an understanding of the consolidated group, sufficient to assess the risks of material misstatement of financial information derived from significant components to design the nature, timing, and extent of further audit procedures, including the basis for the decision to make reference in our audit opinion to audits of significant components performed by other auditors.

Audit Procedures – Risk of Material Misstatement and Significant Risks

Our audit will identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control. Significant risks represent events or transactions where inherent risk of material misstatement is elevated due to the likelihood and magnitude of potential misstatement. Based on our existing understanding of the University and its environment, and preliminary planning procedures performed as of the date of this memo, we have identified the following significant risks requiring special audit attention:

- Management Override of Control – management is in a unique position to perpetrate fraud because of management’s ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is, nevertheless present at all entities.
- Improper Revenue Recognition – revenue may be overstated by recognizing revenue before it is earned or understated by shifting revenue to a later period.
- Improperly reported capital assets – changes pertaining to recent GASB standards in the capital asset area coupled with a significant deficiency in internal controls over the financial reporting over capital assets in the prior year increases the risk of improper financial reporting of these related line items.

Audit planning and risk assessment is an iterative process throughout the audit. Therefore, we will communicate any additional significant risks identified throughout fieldwork that may warrant the attention of management and those charged with governance if and when those circumstances arise.

Communication with Those Charged with Governance

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

Management's Responsibilities

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

- Selection and application of accounting principles and preparation and fair presentation of the financial statements and financial information submitted to DOA in accordance with accounting principles generally accepted in the United States of America
- Design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements and information submitted to DOA that are free from material misstatement, whether due to fraud or error
- Identify and ensure compliance with applicable laws, regulations, contracts, and grant agreements
- Informing the APA about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements
- Informing the APA (and others as required by the Code of Virginia § 30-138) of knowledge of any allegations of fraud or suspected fraud affecting the University received in communications from employees, former employees, regulators, or others
- As received, forward copies of each federal audit performed on agency or institution programs or activities to the Auditor of Public Accounts as required by Chapter 1, § 4-8.02a., of the 2023 Virginia Acts of Assembly. To forward these reports to the Auditor of Public Accounts, use APAFederal@apa.virginia.gov. If the federal report is only available in hardcopy or contains FOIA exempt information, DO NOT email the report, use this same email account to notify the Auditor of Public Accounts of the federal report and provide the contact information of the individual with the report.
- Informing the APA of any potential documents that are FOIA exempt
- Ensuring that financial information is reliable and properly recorded
- Making all financial records and related information available to the APA

- Providing the APA with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements and information submitted to DOA, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence
- Responding to audit findings and recommendations, as well as providing your planned corrective actions and the timing and format for providing that information
- Providing the APA at the end of the audit with a written letter confirming certain representations made during the audit
- Adjusting the financial statements and information submitted to DOA to correct material misstatements and providing the APA with a representation that the effects of any uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole
- For Group audits, management is responsible for the following:
 - Informing the component's management of any matter that the group engagement team becomes aware that may be significant to the financial statements of the component, but of which component management may be unaware.
 - Implementing procedures to determine if there are subsequent events for components through the APA's audit report date.
 - Implementing procedures to identify and disclose the component's related parties and related party transactions.
 - Implementing policies and procedures related to the consolidation of group financial information.

Audit, Integrity and Compliance Committee

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

Other Elements of the Audit Process:

Overall planned scope of the audit

- **Approach to internal control** – We review internal controls to identify those areas where we can replace substantive testing with transactional testing. We look for management to have written formal policies and procedures and check for the implementation of those procedures.
- **Concept of materiality** – We do not review all transactions or accounts in detail. We use materiality to focus our work on those financial statement line items and those transactions that are material or significant to the University.

Identification of potential fraud risks

- **Approach to fraud** – Most of our audit is focused on our opinion on the financial statements and materiality. Our primary interest related to fraud would be in how it may affect the financial statements and those controls that the financial statements rely upon. The audit is not designed to detect error or fraud that is immaterial to the financial statements. However, we review policies and procedures for fraud risk and may direct our testwork towards addressing fraud risk.
- **Responsibility for identifying fraud risks and fraud** – Auditing standards require us to assess fraud risk, interview management and staff about their knowledge of fraud and fraud risk, and review exceptions for indications of possible fraudulent transactions. Auditors should be looking for red flag fraud indicators. Even though government entities are not always profit oriented, the auditors remain vigilant about financial statement fraud.
- **Report fraudulent transactions as required by Code of Virginia § 30-138** – Agencies are responsible for reporting circumstances that suggest a reasonable possibility that a fraudulent transaction has occurred involving funds or property under their control, where an officer or employee of the state or local government may be involved. Items should be reported to the Auditor of Public Accounts, the State Inspector General, and the Superintendent of State Police.

Audit Reporting

We will issue a written report upon completion of our audit of the University's financial statements. We will make reference to the Component Auditors' audits of Medical College of Virginia Foundation, Virginia Commonwealth University Foundation, Virginia Commonwealth University Real Estate Foundation, Virginia Commonwealth University College of Engineering Foundation, Virginia Commonwealth University School of Business Foundation, Dentistry@VCU, and Virginia Commonwealth University Health System Authority in our report on the University's financial statements. Our report will be addressed to the board of directors of University. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations,

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

AUDIT, INTEGRITY, AND COMPLIANCE COMMITTEE

DASHBOARD MEASURES

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

In close partnership with Technology Services (IS) and campus stakeholders, Institutional Research and Decision Support (IRDS) has finalized procurement of the HelioCampus data warehouse solution. With a signed contract in place, we are now in the pre-launch phase—finalizing project teams and the implementation plan in collaboration with HelioCampus. In parallel, preparations are underway for the inaugural relaunch meeting of the Data and Information Management Council (DIMC). The council's initial priorities will include finalizing the enhanced data governance plan and establishing tactical working groups to advance implementation in alignment with the data warehouse rollout.



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

Our Information Security team continues to actively monitor threats and assess the IT environment to minimize risk. No significant information security incidents have occurred since our last meeting. Threats targeting the legacy VPN system continue to persist, and we are finalizing alternative access mechanisms to address unique requirements for certain areas before decommissioning the VPN system. The successful decommissioning of the VPN system will provide a significant leap in VCU's adoption of Zero-trust security architecture. Phishing and social engineering attempts remain steady, and current handling processes with advanced verifications continue to be effective in minimizing the impact these scams can cause.

The VCU annual information security awareness training is rolled out, and the annual IT professionals training is being finalized for rollout in May. Individuals who do not complete the training within the allotted time will see their access to VCU resources reduced. Most standard university security controls are now implemented at VCU Arts Qatar, and additional work to finalize enhancements in account management and Zero-Trust architecture is underway. Outstanding issues identified in the annual GLBA and PCI security penetration tests in Q4 2024 are now addressed, and VCU is currently undergoing a security penetration test for its Microsoft cloud environment in preparation for moving additional workloads into the Microsoft cloud ecosystem.

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.

ERM is tracking 21 strategic risks; one risk has moved out of tolerance since March 2025, six risks remain out of tolerance, and two more are pending risk scores. The risk to VCU's research funding has increased and is out of tolerance as a result of changes proposed by NIH to reduce indirect funding rates. Those changes are currently on hold pending a federal court injunction and expected continued litigation. VCU has been active at the federal, state, and agency levels, advocating for the educational and economic value of continued investments in research. VCU continues to monitor this situation and prepare contingency plans. The ERM program benchmarking review and future state analysis is progressing and is targeted for completion this fiscal year. The risk reduction workgroup continues to evaluate improvements to reduce risk in finance, IT, HR, communications, and compliance reporting across the institution. Work is focused on better defining and prioritizing challenges and potential improvements to reduce risk in these areas. The athletics risk management plan will be finalized when the House v. NCAA settlement is finalized. The ERM steering committee will evaluate and score the two new risks (athletics and amateur athlete compensation, decentralized processes and reporting) when more information becomes available. VCU recognizes that a certain level of risk-taking is inherent to achieving strategic objectives. VCU's Enterprise Risk Management Steering Committee evaluates risks and risk controls, targeting risks that are determined to be outside of VCU's comfort or "risk tolerance."

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

One operational audit postponed due to uptick in special projects and staff turnover

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

The School of Education

Internal Controls Compliance Review

Final Report
April 24, 2025

Audit and Compliance Services



VCU

Audit and Compliance Services
918 West Franklin Street
Box 842503
Richmond, Virginia 23284-2503
Phone: (804) 828-2336
Fax: (804) 828-2356

To: Michael Rao

From: Suzanne Milton
Chief Audit and Compliance Executive

Date: April 24, 2025

Subject: School of Education Internal Controls Compliance Review

Internal Audit has completed an Internal Controls Compliance Review of selected internal controls related to the VCU School of Education and have included the results in the attached Dashboard Report.

cc. Fotis Sotiropoulos, Provost and Sr. VP for Academic Affairs

Internal Controls Compliance Assessment Dashboard

Audit name:	School of Education
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Reason for audit:	Provide management with assurance that selected financial and administrative processes were performed and monitored properly.
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Conclusion by Process	Risk Rating
1. Financial Monitoring 1.1. Forecast Monitoring of approved budgets was performed 1.2. Budgets were reviewed and negative variances were addressed	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
2. Banner Reconciliations 2.1. Banner reconciliations were performed monthly or as required by the fiscal Administrator's Handbook 2.2. Reconciliations were signed and dated by both the reviewer and approver 2.3. Supporting documentation for transactions were readily available	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
3. Journal Vouchers 3.1. JVs were approved by the appropriate position depending on dollar amount 3.2. Documentation to support JVs was maintained	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
4. Petty Cash 4.1. Petty cash funds were secured according to the university Petty Cash policy 4.2. Custodian was the only authorized person with access to funds 4.3. Monthly and annual reconciliations were performed timely 4.4. Annual Trainings completed by the custodian, dean/department head or designee 4.5. Petty cash fund maintained at authorized amount at all times (combination of unreimbursed receipts and/or cash)	NA NA NA NA NA
5. Purchases – 5.1. Purchases had a valid business purpose and were reasonable 5.2. There was adequate documentation to support emergency or sole source purchases 5.3. Purchases >\$10,000 were routed through Procurement Services for review and approval	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>

10. Fixed Assets 10.1. Annual inventory was completed and submitted to Fixed Asset Accounting Office 10.2. Assets were properly tagged 10.3. Assets stolen, traded-in, or transferred had the surplus forms completed 10.4. All HEETF purchases \$500 and above were recorded as fixed assets	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
11. ARMICS 11.1. Yearly ARMICS documentation was completed and submitted by the due date set by the controller's office 11.2. An appropriate level of testing was performed to provide sufficient evidence that controls were operating as intended 11.3. Supporting documentation for unit testing was readily available	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
12. Local Applications 12.1. Annual access reviews for local applications were performed 12.2. Local Applications were inventoried according to the Passwords Authentication and Access Standard 12.3. Application server(s) were administered or supported by central IT through an SLA 12.4. Signed copy(s) of the Service Level Agreement with Technology Services were available	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>

Our assessment 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.

Note: Risk Classifications/Definitions and Issue Table, if applicable, are included on following page.

Audit and Management Services
Status of Fiscal Year 2025 Audit Work Plan
April 17, 2025

Area	Status
Carryovers	
Financial & Operational Audits:	
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	Completed
IT Audits:	
Selected Centers and Institutes IT Review	Completed
Current Year Risk-based Audits and Assessments	
Financial & Operational Audits:	
Payroll Services	Completed
Real Estate Services – ICCR	Completed
School of Education – ICCR	Completed
Treasury Services	In Progress
Business Services	In Progress
Institute of Contemporary Art – ICCR	In Progress
Data Verification – US News Reporting	In Progress
DaVinci Center- ICCR	In Progress
Student Affairs (Functional area - TBD)	Not Started
Enrollment Project Management	Not Started
Banner Student Ancillary Systems Integrity – Postponed*	Postponed
VP Research – Human Subject Protection (Research) Postponed to FY 2026, replaced with Payroll	Postponed
IT Audits:	
Modo Campus – IT Control Review	Completed
Academic Advising Tools Application – IT Control Review	Completed
Vulnerability Management Review	In Progress
Police Department IT Security Review	In Progress
Decentralized Application Review	In Progress

Audit and Management Services
Status of Fiscal Year 2025 Audit Work Plan
April 17, 2025

<u>Annual Engagements and Activities</u>	
VCU Police Department – Unannounced Property Inspection – FY25 Part 1	Completed
President’s FY 24 Discretionary Fund and Travel Activity Review	Completed
Audit Risk Assessment for FY 2026 Plan	Completed
Semi-Annual Review of Audit Recommendations Outstanding	In Progress
VCU Police Department – Unannounced Property Inspection – FY25 Part 2	In Progress

Special Project	Status
<u>Continuing Projects</u>	
State Employees Fraud, Waste, and Abuse Hotline	In Progress – 0; Closed - 6
Special Projects	In Progress – 1; Closed - 4

*Project postponed due to special projects and staff turnover. Will consider in 2027 audit planning.

VCU Board of Visitors

Audit, Integrity and Compliance Committee

May 8, 2025



For Action:

- Audit, Integrity and Compliance Committee Charter and Meeting Planner
- Audit, Integrity and Compliance Department Charter
- Proposed FY2026 Internal Audit Workplan
- Proposed FY2026 Ethics and Compliance Program Initiatives
- Motion to approve the Minutes, Charters and Meeting Planner and Proposed FY2026 Ethics and Compliance Program Initiatives

FY26 Proposed Audit Work Plan



Risk Based Audits and other Reviews

School of Medicine - Liver Institute
Development and Alumni Relations
Occupational Health and Safety
Procurement - Travel
OVPRI - Human Research Protection Program
Equity and Access Services



Internal Control Compliance Reviews

Public Safety and Security
School of Population Health
Honors College



Information Technology

Research Applications and Data Storage
Horizon VDI
Artificial Intelligence Governance Review
JAMF Pro - IT Control Review
Faculty Information System (SoM) - IT Control Review



Annual Engagements

Semi-Annual Follow-Ups
VCU Police - Evidentiary Property Inspection 1
VCU Police - Evidentiary Property Inspection 2
President Discretionary Funds Review

FY26 Proposed Ethics and Compliance Program Initiatives



Policy & Regulation

- Continue ensuring policy updates as required
- Address out of date policies (i.e. Faculty Affairs policies)
- Work with units on emerging policy issues (i.e. AI)
- Strengthen ICO's processes for systematically monitoring unit compliance w/federal & state regs



Investigations & Analytics

- Continue operating a best-in-class reporting and investigative function
- Provide investigative training and assistance to campus compliance partners
- Migrate to new case management tool
 - *Improved tracking & documentation, root cause analysis, compliance analytics*



Clery Act Compliance

- Implement Clery policy across VCU
- Redesign and publish Annual Security and Fire Safety Report (ASR)
- Continue training as warranted



Training & Communications

- Create new E&C training for onboarding employees
- Produce core collection of training content on E&C called "The Basics"
 - *Informed by FY24 Integrity Culture Survey*
 - *Will evolve with future culture survey findings*
- Harness new modalities (like podcasts) for content delivery, send to HRPs through *The Compass* eNewsletter

Auditor of Public Accounts

VCU FY2026 Audit Entrance Conference

Amy Stokes, Audit Manager

- Timing, objectives, scope
- Responsibilities during the audit process
- Other elements of the audit process



Committee Dashboard Measures

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

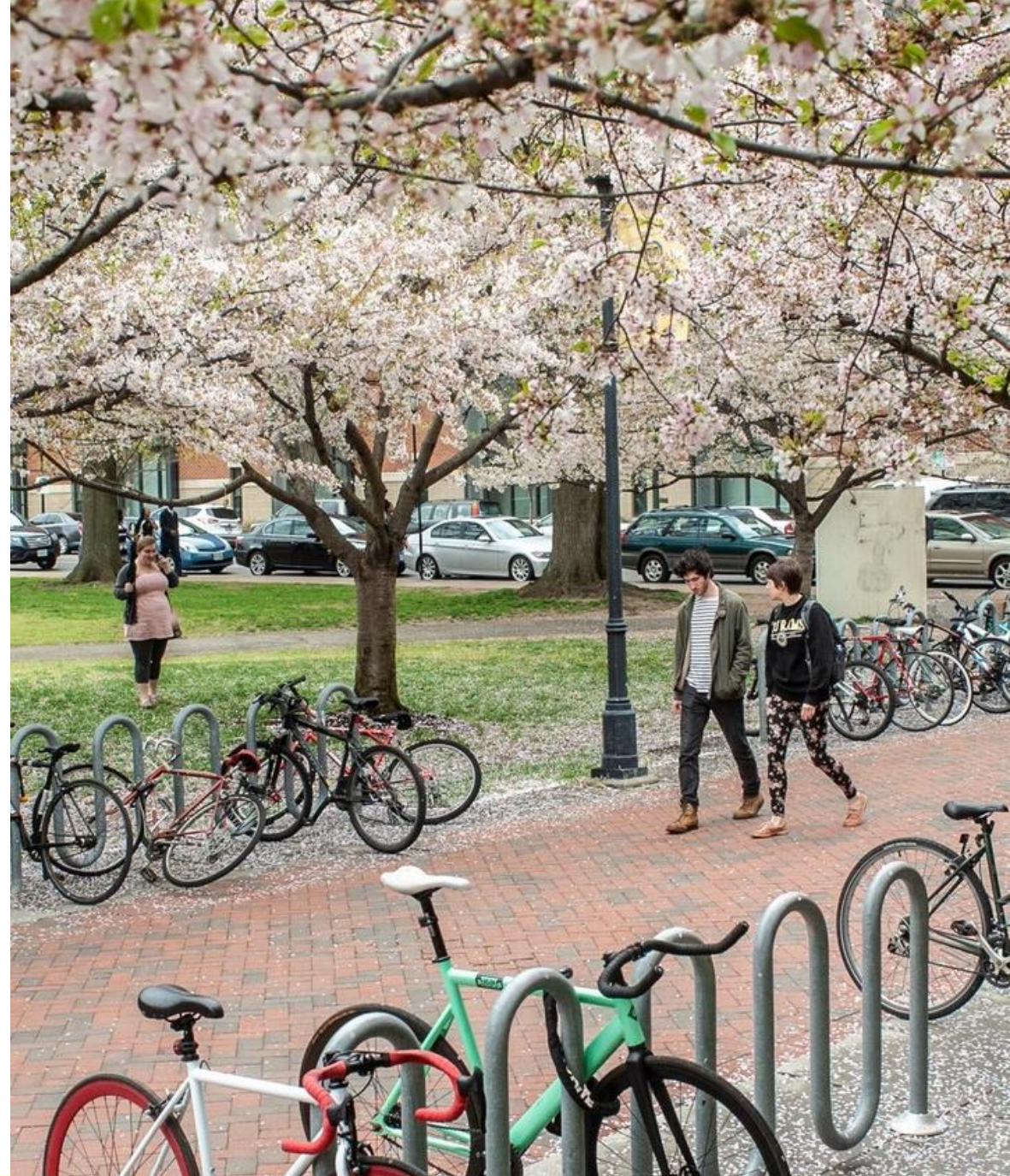
School of Education Internal Control and Compliance Review

- Reviewed Selected Controls and Compliance Areas
Reconciliations, purchases, PCards, fixed asset management
- No Board Level Findings

Ethics and Compliance Update

Audit, Integrity and Compliance Committee
May 8, 2025

Jason Block, CCEP, JD, PhD
Integrity and Compliance Office



Ethics and Compliance Update: Clery Act Update

Clery Geography Map

- Working with Space Management and the Capital Assets & Real Estate office to list properties VCU owns or controls, specific to Clery geography
- Creating a map to assist CSAs in identifying Clery locations and classifying crimes
 - Estimated publication: June, 2025

CSA Process

- Working with HR and other campus partners to accurately identify Campus Security Authorities (CSAs) based on law, guidance, and best practice
 - New process allows for automation, using the position or person to track designations, run reports, track notifications and training
- Exploring opportunities to add CSA designation to position descriptions, goals, and performance management

Clery Act Training

- Held 2-day Clery Foundations class in April (130+ employees with Clery responsibility)
- Provided an overview of all required areas of Clery, how they intersect across campus and with other laws
 - Title IX, Drug Free Schools and Communities Act, Stop Campus Hazing, Violence Against Women Act

Ethics and Compliance Update: Clery Act Update, cont'd.

Audit Trail

- Worked with VCU PD, Student Affairs, Title IX, Residence Life & Housing to develop audit trail process
- Transitioning the process to Smartsheet (electronic process with more capabilities, like data uploads, real-time dashboards and reports)
 - Records all reported Clery crimes based on crime classification and locations
- Developed/started reconciliation of reports received in 2024, ensuring proper classification and eliminating duplication

Report Mapping Process

- Researched reporting options and processes at VCU, how they flow from start to finish and how Clery is incorporated
- Targeted four areas to enhance VCU's Clery reporting:
 1. Streamlining Clery Incident Assessments by enhancing clarity, accountability and efficiency
 2. Developing a process to help the VCU Community navigate reporting options (Involves creating a central location for reports, training on report submittal, and what happens post-submittal)
 3. Updating Maxient (student record mgmt. system) to include unified reporting, enhanced collaboration, and improved data quality
 4. Optimizing data integrity, accountability, collaboration by defining roles and responsibilities, breaking down silos, and creating internal processes and controls

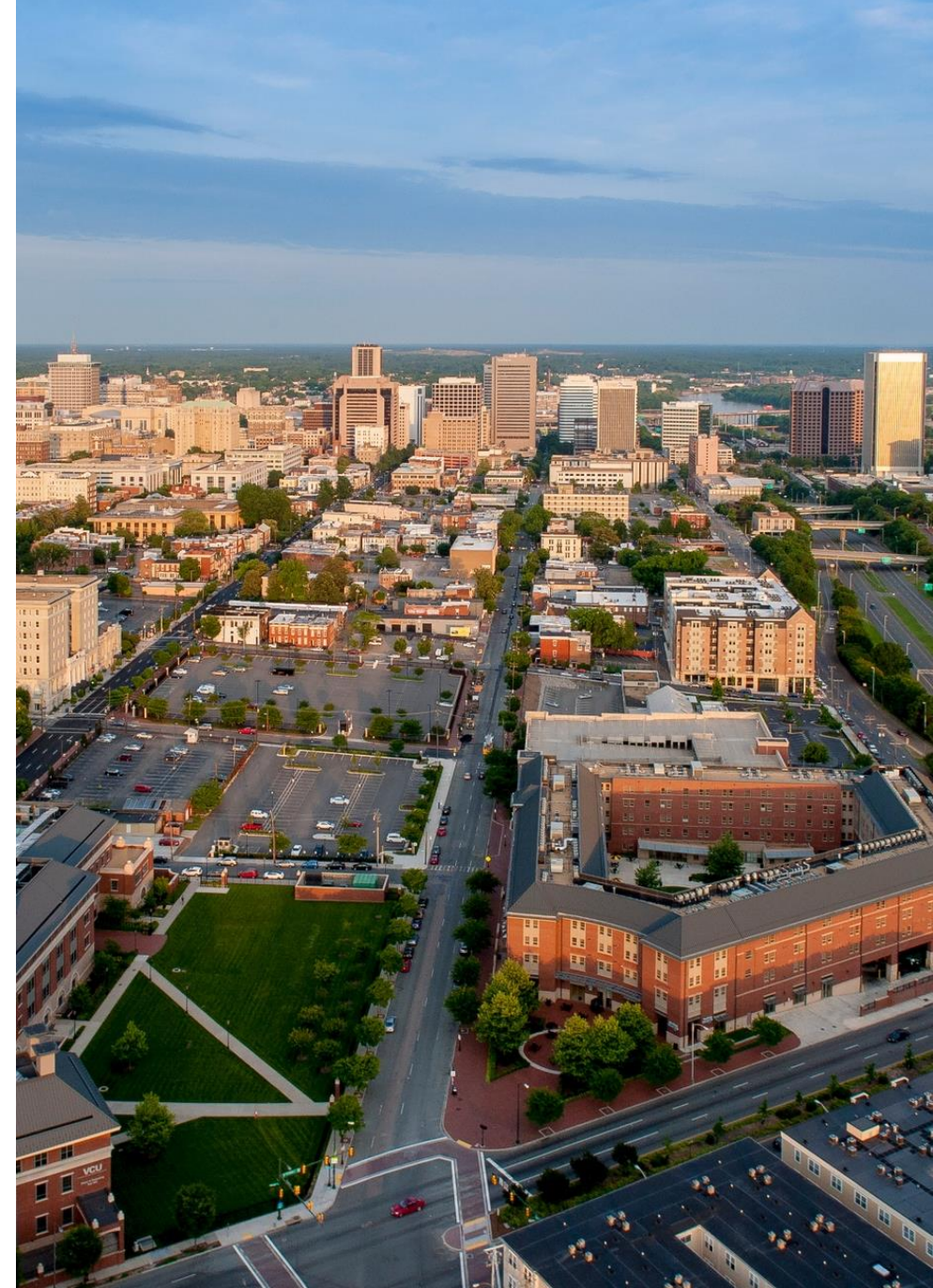
Enterprise Risk Management

Audit, Integrity and Compliance Committee

May 8, 2025

Tom Briggs
Chief Risk Officer
Finance and Administration

Mike Cimis
Associate Vice President
Occupational Health and Safety



Update

Two enterprise risks added:

- Decentralized functions and reporting
- Athletics and athlete compensation

One risk moved out of tolerance:

- Research funding

Six risks remain out of tolerance:

- Facilities and space
- Occupational safety and health
- Police - safety and security
- Emergency preparedness
- Clinical research administration process
- Institutional compliance and ethics

Next steps

- 1 Assessing VCU ERM Program
- 2 Risk rank accreditation, compliance and critical university reports; implement process improvements
- 3 Risk rank university business functions; implement process improvements and training



Questions? Discussion?

MAY 2025

Data Governance Updates

MICHAEL BOURGEOIS

ASSOCIATE VICE PROVOST

ALEX HENSON

CHIEF INFORMATION OFFICER

MAY 2025

Data Governance Updates

NOW: Where are we?

1 ➤ Data governance plan

✓ | Creation

WIP | Review

SPRING | Ratification

2 ➤ Data warehouse (HelioCampus)

✓ | Team assembly

✓ | Acquisition

WIP | Alignment

3 ➤ Plan execution

✓ | Steering committee

WIP | Tactical committee

MAY 2025

Data Governance Updates

LAST UPDATE: Pathing the data management and guidance strategy

TODAY: HelioCampus work summary and modules timeline

YEAR ONE MODULES

Includes data models for admissions, financial aid, course registrations, retention, and completions; related Tableau dashboards included in workbooks for admissions, financial aid, enrollment, retention and graduation, and completions

YEAR TWO MODULES

Academic Performance Management

YEAR THREE MODULES

Workforce Insights

Closed Session