



# VCU

**VIRGINIA COMMONWEALTH UNIVERSITY  
BOARD OF VISITORS  
AUDIT, INTEGRITY AND COMPLIANCE COMMITTEE MEETING  
SEPTEMBER 15, 2022  
12:30 p.m.  
James Branch Cabell Library  
901 Park Avenue – Room 303  
Richmond, VA**

## **AGENDA**

### **1. CALL TO ORDER**

**Shantaram Talegaonkar, Chair**

### **2. ACTION ITEMS:**

**(10 MINUTES) 12:30 - 12:40**

- a. Approval of Minutes May 12, 2022
- b. Audit, Integrity and Compliance Committee Charter and Meeting Planner
- c. Audit and Compliance Services Department Charter

**Karen Helderman, Executive Director,  
Audit and Compliance Services**

### **FOR INFORMATION:**

### **3. REPORT FROM EXECUTIVE DIRECTOR OF AUDIT AND COMPLIANCE SERVICES**

**(25 MINUTES) 12:40 - 1:05**

- a. Committee Dashboard Measures
- b. Budget, Staff Qualifications, Survey Results
- c. FY22 Annual Follow-up Report
- d. Internal Audit Reports
  - i. Unused Scholarships
  - ii. External Academic Agreements
  - iii. School of Pharmacy
  - iv. Petty Cash
- e. Integrity and Compliance Services Annual Report
- f. Handout: Audit Work Plan Status FY23

**Karen Helderman, Executive Director,  
Audit and Compliance Services  
Suzanne Milton, Chief Ethics and  
Compliance Officer**

### **4. INFORMATION TECHNOLOGY UPDATE**

**(10 MINUTES) 1:05 – 1:15**

**Alex Henson, Chief Technology  
Officer**

### **5. CLOSED SESSION**

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

a. **Audit Report for Discussion**

**(5 MINUTES) 1:15 – 1:20**

Titanium System Review

**Karen Helderman**, *Executive Director*  
*Audit and Compliance Services*

b. **University Counsel Litigation Update**

**(10 MINUTES) 1:20 – 1:30**

**Jake Belue**, *Associate University Counsel*

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

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

**Shantaram Talegaonkar**, *Chair*

**7. ADJOURNMENT**

**Shantaram Talegaonkar**, *Chair*

# 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 Executive Director of Audit and Compliance Services as necessary and at least prior to each Committee meeting to finalize the meeting agenda and review the issues to be discussed.

### IV. RESPONSIBILITIES

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

#### A. General:

1. Adopt a formal written charter that specifies the Committee's scope of responsibility. The charter should be reviewed annually and updated as necessary.
2. Maintain minutes of meetings.
3. Authorize investigations into any matters within the Audit, Integrity, and Compliance Committee's scope of responsibilities.
4. Report Committee actions to the Board of Visitors with such recommendations as the Committee may deem appropriate.
5. Consistent with state law, the Committee may meet in closed session (with or without members of senior management present, at the Committee's discretion) with the external auditors and/or the Executive Director of Audit and Compliance Services to discuss matters that the Committee or any of these groups believe should be discussed privately.
6. 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 Standards 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 Executive Director of Audit and Compliance Services regarding any difficulties encountered in the course of his audits, including any restrictions on the scope of work or access to required information.
8. Review the performance of the Executive Director in consultation with the President and approve the Executive Director's annual salary compensation and bonus, if any.
9. Review and approve the appointment, replacement, reassignment, or dismissal of the Executive Director of Audit and Compliance Services.

**E. Data Integrity:**

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

2. Review the adequacy of the university's data management policies and procedures to ensure data security and data integrity in institutional reporting. This includes but is not limited to:
  - Authentication and authorization mechanisms in accessing university data
  - Data Governance structure and policies
  - Data security policies 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 Executive Director of Audit and Compliance Services whether there have been any restrictions on the scope of work or access to required information in conducting compliance and ethics reviews.

**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 Risk Mitigation Plans and review policy and resource improvements as necessary.

**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
<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, Executive Director of Audit and Compliance Services, 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 Definition of Internal Auditing, Core Principles, the IIA Code of Ethics and the <i>International Standards for Professional Practice of Internal Auditing</i> 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 Executive Director of Audit and Compliance Services regarding any difficulties encountered in the course of his audits, including any restrictions on the scope of work or access to required information		X		X	X	X	X
8. Review the performance of the Executive Director in consultation with the President and approve the Executive Director's annual salary compensation and bonus, if any.	X			X			
9. Review and approve the appointment, replacement, reassignment, or dismissal of the Executive Director 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 Executive Director of Audit and Compliance Services whether there have been any restrictions on the scope of work or access to required information in conducting compliance and ethics reviews		X		X	X	X	X
<b>G. Enterprise Risk Management</b>							
1. Provide oversight of the university's Enterprise Risk Management program		X		X	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	X	X
4. Monitor progress of risk mitigation plans and review policy and resource improvements as necessary		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 AND COMPLIANCE SERVICES CHARTER

## VIRGINIA COMMONWEALTH UNIVERSITY and VCU HEALTH SYSTEM

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

### **Scope of Work**

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

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



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

- Establish annual goals and objectives for the department, and report periodically on the status of those efforts.
- Execute the annual 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 Executive Director shall report to the Audit, Integrity, and Compliance Committee of the Board of Visitors and to the Audit and Compliance Committee of the Board of Directors. The Executive Director shall report administratively to the university's President.

### **Responsibility**

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

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

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

### **Authority**

The department and its staff are authorized to:

- Have unrestricted access to all activities, records, property, and personnel. Receive cooperation from all university and health system personnel and affiliates.
- 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)*. Internal auditing is an independent, objective assurance, and consulting activity designed to add value and improve an organization's operations. Our department will help the university and health system accomplish its objectives by bringing a systematic, disciplined, and risk-based approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

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

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

## **Quality Assurance and Improvement Program**

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

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

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

# AUDIT, INTEGRITY, AND COMPLIANCE COMMITTEE

## 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

The enterprise cloud-based data warehouse build continues to progress, with a pilot launching this fall. The Data Governance Committee effectively collaborated with other areas of VCU to agree upon and implement consistent data definitions and usage guidelines around use and gender identity (which has been rolled out as the "Call Me By My Name" initiative this semester) . These standards of best practice continue to grow, and the committee is actively pursuing establishing a model for increased visibility and integration into the data community.



#### 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 challenges encountered that may require adjustment or reallocation of resources

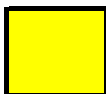


Significant breach requiring notification has occurred or conditions exist where significant barriers/challenges are likely to produce unacceptably high levels of risk

While there has been a slight reduction in worldwide ransomware activity during early summer, cyber threats related to hacking and malware persist as a top threat, with the speed of weaponization of vulnerabilities and the sophistication of attack methods increasing. We also continue to see scams targeting students becoming more sophisticated. VCU has continued to enhance its cyber hygiene processes and infrastructure over the past year to defend against this, and this fall, multi-factor authentication will be made mandatory for all new students. VCU has also evaluated and tested Secure Access Service Edge (SASE) solutions from different vendors and has selected an optimal solution that will provide consistent, location-agnostic, and enhanced security protections to all VCU-issued computers while providing employees using these devices with a seamless access experience that is simple and location-agnostic. Currently, funding is being finalized, and a preliminary timetable for implementation has been developed.

The Gramm-Leach Bliley Act (GLBA) Safeguards Rule was revised this year with a much more granular focus on the protection of the Personally Identifiable Financial Information. Among other requirements, the revised GLBA Safeguards rule requires the university to report to its Board of Trustees at least an annual basis its compliance status with the GLBA Safeguards rule. The VCU Information Security Office has mapped the new requirements and is working to ensure compliance.

### 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.

Recent Activities: Risk Appetite Survey identified 8 enterprise risks outside of tolerance; the ERM Steering Committee approved Risk A Statement, Revised ERM Steering Committee Charter and Risk Appetite Survey results; Risks outside of tolerance were presented to Ca approval. Next Steps: Strategic Risk Management to work with Risk Owners to mitigate risks by adding controls to reduce likelihood and determine budget impact for controls; ERM Steering Committee to review new enterprise risks, such as University Privacy (HIPPA, FERPA...etc.) and theProtection of Minors on Campus

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 well. The audit team is now fully staffed and we anticipate completing our workplan on schedule, providing there are no required state hotline investigations.

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 appetite
-  Challenges encountered that have an impact on visibility, verification, strategy implementation or resolution
-  Significant challenges to institutional compliance strategy or resolution encountered

Notes: There are no known material compliance violations related to regulatory, legal or university policies. The Integrity and Compliance

# Audit and Compliance Services

## Staff Credentials

### University Audit and Management Services Integrity and Compliance Office

Name and Title	Hire Date	Education	Credentials/ Advanced Degrees	Years of Experience
<b>Karen K. Helderman</b> Executive Director	February, 2019	BS, Accounting	CPA; CISA; PMP MBA	36 – Audit/Compliance
<b>David M. Litton</b> Director, Audit and Management Services, University and VCU Health	March, 1994	BS, Accounting and Information Systems	CPA; CISA; CGFM; CGEIT; CRMA	22 – Internal Audit 5 – External Audit 6 – Information Technology
<b>Suzanne H. Milton</b> Chief Ethics and Compliance Officer	December 2021	BA, History and Literature	JD;	18– Ethics and Compliance 37– Legal
<b>Michael D. Skrocki</b> Deputy Director, University Audit and Management Services	January 2022	BSBA, Accounting	CIA, CICA	12 – Internal Audit 4 – Audit Software 2 – External Audit
<b>Blake Bialkowski</b> Deputy Director, IT Audit, University and VCU Health	April, 2020	BS, Business Information Technology	CISA, PMP	14 – External Audit 4 – Internal Audit
<b>Janet W. Lutton</b> University Audit Manager	May, 2001	BS, Business Administration	CIA, CFE	19 – Internal Audit 24 – Accounting
<b>Michael A. Pointer</b> IT Auditor	July 2019	BS, Liberal Arts	CompTIA A+ Certification JAMF Pro 200 Certification ITIL Foundations Certification	6 – Technology 3 – Internal Audit
<b>Tasha Foster</b> Staff Auditor	August, 2021	BS, Business Administration	MBA; MA	5 – Internal Audit 3 – Financial Services 8 – Higher Education
<b>Courtney B. Rowe</b> Internal Auditor	April, 2022	BA, Political Science and Spanish; Post-Bacc. Certificate, Accounting	MPA; MBA	1 – Internal Audit 7 – Accounting/Compliance 15 – Higher Education

Name and Title	Hire Date	Education	Credentials/ Advanced Degrees	Years of Experience
<b>David J. Irving</b> Senior Auditor	January, 2015	BA, History/Political Science	CPA; CIA MS, Accounting	11 – Internal Audit 15 – External Audit
<b>Jason A. Block</b> Senior Compliance and Policy Specialist	January, 2021	BA, Political Science	MS.Ed Higher Education Management, JD, PhD, Higher Education CCEP	14 – Higher Education 9 – Compliance
<b>Donna Crawford</b> Special Projects and Quality Assessment Coordinator	September 2019	BS, Business Administration/ Concentration in Information Systems	CISA	27 – Audit/Compliance
<b>Kimberly McQuillen</b> Compliance Training and Communications Specialist	February 2022	BA, Fine and Performing Arts	MFA, Theatre Pedagogy	3 – Higher Education 8 – Public Education 5 – IT QA/Training 7 – Business
<b>Sara Jones</b> Program Manager, Analytics and Investigations	February 2022	BM, Music Education	MM, Music Education	6 – Higher Education

Credentials:

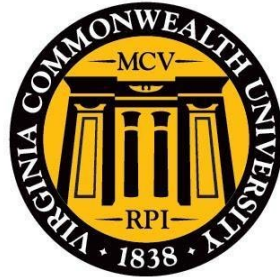
CCEP Certified Compliance and Ethics Professional  
CAMS Certified Anti-Money Laundering Specialist  
CFE Certified Fraud Examiner  
CGEIT Certified in the Governance of Enterprise IT  
CGFM Certified Government Financial Manager  
CHC Certified in Health Care Compliance  
CIA Certified Internal Auditor  
CISA Certified Information Systems Auditor

CISSP Certified Information Systems Security Professional  
CPA Certified Public Accountant  
CRISC Certified in Risk and Information Systems Control  
CRMA Certification in Risk Management Assurance  
LPEC Leadership Professional in Ethics and Compliance  
MBA Masters of Business Administration  
MPA Masters of Public Administration

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

ACUA Association of College and University Auditors  
ACUPA Association of College and University Policy Administrators  
AGA Association of Government Accountants

CUAV College and University Auditors of Virginia  
ECI Ethics and Compliance Initiative  
IIA Institute of Internal Auditors  
OCEG Open Compliance and Ethics Group  
SCCE Society of Corporate Compliance and Ethics



# VCU

VIRGINIA COMMONWEALTH UNIVERSITY

## **Annual Review of Audit Recommendations Outstanding**

*Final Report*  
*August 19, 2022*

**Audit and Compliance Services**



Audit and Management Services performs an annual review of audit recommendations that remain outstanding. During our review, management reports the status of previously issued recommendations. If management reports that corrective actions have been completed, we test the new procedures to determine whether those corrective actions were properly implemented and effective.

Appendix A provides a schedule of Board and management level audit recommendations that are past due, meaning they are unresolved and their target completion dates have been revised two or more times. These past due audit recommendations are discussed in more detail below.

### **Past Due Board Level Recommendation**

School of the Arts report – This report included a recommendation to “Document Safety Training and Ensure Safety Issues are Remediated.” VCUarts launched an online system to track safety instruction with the return to campus in Fall 2021. This system was pilot tested for five different programs and departments to track students that received training on tools and equipment in workshops and studio spaces. The next phase, beginning Fall 2022, will allow students to attest they completed all required safety training. Additionally, students must acknowledge they have read the safety manual and acknowledge they accept the risk of using the tools and equipment. VCUarts is developing functionality for students to document their acknowledgements in a different tracking system. Transitions in University personnel have delayed this implementation, but arrangements with the Director of Academic Technologies are in progress. VCUarts expects to complete corrective actions by May 2023.

### **Past Due Management Level Recommendations**

College of Humanities and Sciences report – This report included a recommendation to “Perform Banner Reconciliations and Close Inactive Indexes.” Significant progress has been made, reconciliations of non-grant indexes were current and inactive indexes were significantly reduced. However, due to other priorities and lack of resources, grant index reconciliations have not been fully addressed to allow audit to clear the issue. Management anticipates corrective action to be complete by November 1, 2022.

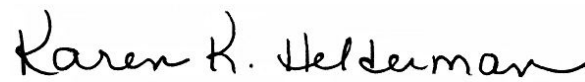
Non-Research Institutes and Centers memo – This memo included a recommendation to the Provost’s Office to facilitate the establishment of a policy that governs non-research institutes and centers (ICs). The recommendation also encouraged collaboration with the Committee on Research-Related Institutes and Centers to evaluate the development of one policy that relates to both research and non-research ICs. The Provost’s Office has experienced a change in leadership, including a new provost, and with the ongoing impacts of COVID 19, the corrective action has been delayed. The Provost’s Office is coordinating with the Office of Research to assess the feasibility of having one policy to govern all institutes and centers (ICs). The Provost’s Office expects to complete corrective actions by May 31, 2023.

School of Arts report – This report included a recommendation to “Improve IT Physical Security and Access Management”. VCUarts did not have documented IT physical security and access management plans for its 25 buildings with IT assets. During the past two years, VCUarts consolidated computer labs from their buildings across campus to more easily manage and administer them and recently appointed a new IT director. The IT Director will develop an IT Physical Security plan that aligns with requirements in the university’s Physical Security Standard and anticipates corrective actions will be complete by May 2023.

Our review of audit recommendations outstanding occurs throughout the year but includes all recommendations with a due date on May 31, 2022 and prior.

We reviewed the information in this report with the applicable department manager and vice president prior to releasing the final report.

Our review 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.

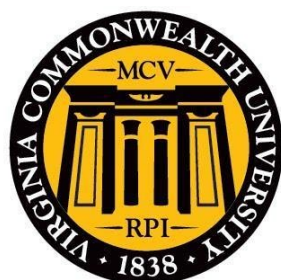
A handwritten signature in black ink, reading "Karen R. Helderman". The signature is fluid and cursive, with a horizontal line drawn underneath it.

**Executive Director  
Audit and Compliance Services**

**Audit and Management Services  
VCU Past Due Audit Recommendations**

Report Date	Audit	Board Level Recommendation	Target Date		
			Original	Revised	Revised Again
Nov 2018	School of the Arts	Document Safety Training and Ensure Safety Issues are Remediated	June 2019	Nov 2021	May 2023

Report Date	Audit	Management Level Recommendations	Target Date		
			Original	Revised	Revised Again
Feb 2018	College of Humanities and Sciences	Perform Banner Reconciliations and Close Inactive Indexes	Dec 2018	Sep 2021	Nov 2022
July 2019	Non-Research Institute and Centers	Facilitate Establishment of a Policy to Govern Non-Research ICs	Dec 2019	Dec 2021	May 2023
Nov 2018	School of the Arts	Improve IT Physical Security and Access Management	July 2020	Dec 2021	May 2023



# VCU

VIRGINIA COMMONWEALTH UNIVERSITY

## **Unused Scholarships**

*Final Report*

*August 11, 2022*

**Audit and Compliance Services**

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## EXECUTIVE SUMMARY

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### Overview

The Scholarship Management Policy (Policy) adopted March, 2020 directs scholarship management practices among responsible parties, including the Strategic Enrollment Management and Student Success, the Office of Financial Aid and the Office of Development and Alumni Relations (DAR). In addition, the Policy defines units as schools, colleges departments and other entities that administer scholarships outside of the Office of Financial Aid. The VCU Foundation, School of Business Foundation, and College of Engineering Foundation serve over 50 units across campus. These foundations maintain custody of funds and management of investments of donated support, and release funds for awards upon requests for transfer from the Office of Financial Aid. Fiscal administrators within colleges and departments are responsible to initiate fund transfers from the appropriate foundation.

The Policy stipulates that VCU will award scholarships timely and work to maximize use of 100% of available funds. The Policy further stipulates that “units using less than 95% of available funding in a prior fiscal year shall submit a report to the Vice Provost for Strategic Enrollment Management and Vice President for Development and Alumni Relations”, along with strategies for full utilization.

### **Systems and Processes**

VCU units have the option to establish scholarships in the Blackbaud Award Management system, (Blackbaud), that lists available scholarships and provides a platform for students to make applications for scholarships. The Office of Financial Aid and units that use Blackbaud load award opportunities into Blackbaud so that students can view and apply for available funds, and scholarship administrators can review them, record recipients and conduct post award processes. Blackbaud can also be used to develop reports on unused scholarship funds, number of student applications and total amounts awarded in an academic year for reporting purposes.

The Banner financial system records scholarship financial transactions from awards for enrolled and attending students. Banner feeds only basic student information into Blackbaud, which Blackbaud uses to match with student applications.

### **Scholarship Funds**

As of March, 2022, the VCU Foundation reported endowment funds of \$97 million with unrestricted funds of \$19 million available for scholarship distribution. Other foundations' financial information were not reviewed as part of this audit. For fiscal year 2022, Blackbaud stated total unawarded funds were approximately \$1.9 million and there were 137 scholarship opportunities with less than five applications submitted. However, since all units do not use the Blackbaud

application, we could not verify this data or the overall utilization rate. We were also unable to determine the total number of units currently using Blackbaud.

## **Purpose**

The objective of the audit was to determine whether processes operate adequately to ensure that available private donor scholarship funds were awarded.

## **Scope and Audit Procedures**

Our audit scope of Unused Scholarships included Fiscal Year 2022 and focused on whether:

- Scholarship utilization was monitored, reported and optimized
- Procedures were established to fully utilize available scholarship funds

Our audit procedures included:

- Examination of the Scholarship Management and Development and Alumni Relations Activities policies
- Interviews with the Director of Financial Aid and Scholarships, the Senior Associate Vice President for Development Operations, the Executive Director of the VCU Foundation to gain an understanding of processes, procedures and information systems of scholarship management
- Process walkthroughs with various staff members in the Office of Financial Aid and Development and Alumni Relations
- Surveys of unit scholarship managers
- Examining current data on scholarship balances and fund usage
- Evaluation of methods of tracking, monitoring and reconciling scholarship funding and awarding activities

## **Summary of Major Business Issues and Management's Action Plans**

### **Strengthen Policy Statements for Clarity and to Designate Process Ownership**

The Office of Financial Aid's Scholarship Management Policy does not clearly identify ownership of key processes, or require units to use standard procedures to administer and report unused scholarships. This limits the Office of Financial Aid's ability to make improvements in awarding all available scholarships to students.

In addition, units do not practice standardized procedures to proactively monitor unused scholarships and reconcile scholarship revenue to available funds, making quantification of unit level unused scholarship funds unreliable. Units that responded to our survey and interviews stated they were not aware of standard procedures for compliance with the monitoring and reporting on unused scholarships. Consequently, they either developed their own procedures or expressed that there is a lack of guidance to undertake proper monitoring and reporting.

We recommend that the Office of Strategic Enrollment Management and Student Success assume ownership of the Scholarship Management Policy and update it to establish clear key process ownership, require standard procedures for units, train units on these procedures and develop continuing oversight. Documented and consistent procedures and action measures should generate more accurate information for reporting, monitoring, and improving the utilization of unused scholarships. The Office of Strategic Management and Student Success should receive confirmation from units of their awareness of the updated policy and their assignment of ownership to ensure proper coverage of scholarship monitoring and reporting responsibilities.

***Management's Action Plan:*** Concur. Stronger internal controls will focus on policy, procedure and expectations. SEMSS will lead the update of the VCU Scholarship Management policy according to VCU's Creating and Maintaining Policies and Procedures policy. Areas of strengthening within the Scholarship Management policy will include, but not limited to clearly articulated scholarship administration responsibilities for VCU colleges and departments scholarship coordinators and fiscal officers along with identified responsible staff in SEMSS, establish and require use of a scholarship awards and administration timeline to facilitate timely awarding and to ensure full use of scholarship funds; provide specific deadlines for VCU colleges and departments to update their online Blackbaud scholarship opportunities for the award cycle; establish annual early offer scholarships to qualified incoming students for the upcoming school year by mid-December; establish required scholarship management internal control language and annual review through the Agency Risk Management and Internal Control Standards (ARMICS) process; and establish required quarterly reconciliation of scholarship activity in Banner, foundation accounts, and Blackbaud for VCU colleges and departments.

*Responsibility: Associate Vice President for Student Financial Services*

*Completion date: December 2022*

### **Evaluate and Improve Usage of the Blackbaud Award Management System Globally**

Not all units use the Blackbaud system to actively monitor and report on scholarship data and statistics. Units track scholarship information in different forms making it difficult to consolidate University-wide data. Units also have not received training on the use of Blackbaud and learn the system mostly through on the job usage. The Blackbaud system has several reporting capabilities, but since many units do not use the system those capabilities are ineffective. Consequently, Blackbaud cannot be relied upon as a central repository of scholarship information as originally intended.

Strategic Enrollment Management and Student Success should work with DAR to explicitly require all units to use Blackbaud to warehouse their scholarship data and for monitoring and reporting scholarship activity, and provide training to units on how to use the system. University-wide usage of the Blackbaud will provide timely and consistent information capturing and reporting of scholarship utilization and create a consistent way for students to find and apply for scholarships. Once uniform usage is established and data analysis is available, Strategic

Enrollment Management and Student Success should be able to determine common issues and develop universal measures to address underutilization of scholarships timely.

**Management's Action Plan:** Concur. Stronger internal controls will focus on policy, procedure, expectations and enforcement. The VCU Scholarship Management Policy will be updated to clearly articulate that all VCU colleges and departments must use the scholarship management system, Blackbaud, to administer, manage and award all scholarship programs. SEMSS will strengthen the scholarship administration training program that will include functional training on Blackbaud and VCU scholarship administration and awarding procedures and timelines, including reconciliation expectations. Move the current scholarship administration training materials and user guides from behind the VCU firewall to the open access vcu.edu to promote greater accessibility of information for VCU college and departments. Establish Blackbaud security access request process as part of new employee onboarding at VCU for individuals with scholarship administration responsibilities. SEMSS and DAR will collaborate to develop a scholarship reconciliation report and develop a scholarship administration performance survey to receive University-wide feedback.

*Responsibility: Director of Financial Aid and Scholarship and DAR designee*

*Completion date: January 2023*

## Conclusion

In our opinion, based on the results of our audit, Scholarship utilization was not monitored, reported and optimized and procedures were not established to fully utilize available scholarship funds.

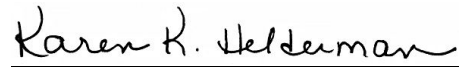
A detailed recommendation to Explore Integration of Blackbaud and Banner Finance was included in a separate report furnished to management.

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:

Melanie Goodman	Executive Director of Finance, Strategic Enrollment Management and Student Success
Evan Udowitch	Director, Financial Aid and Scholarships
Norman Bedford	Associate Vice President for Student Financial Services
Samantha Wheeler-Marrs	Senior Associate Vice President for Development Operations
Tomikia LeGrande	Vice President for Strategy, Enrollment Management and Student Success
Jay E. Davenport	Vice President of Development and Alumni Relations
Fotis Sotiropoulos	Provost and Senior Vice President of Academic Affairs



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



**Executive Director**  
**Audit and Compliance Services**



# VCU

VIRGINIA COMMONWEALTH UNIVERSITY

## **Academic Related External and Clinical Affiliation Agreements**

*Final Report  
August 17, 2022*

**Audit and Compliance Services**

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Scope and Audit Procedures.....	2
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## Overview

Virginia Commonwealth University enters into different types of agreements, which may include contracts, memoranda of understanding, memoranda of agreements, and service agreements, both internally and externally, and domestic and international. Agreement types cover academic operations, clinical affiliations, research operations, or purchasing agreements to provide goods or services. Each of these agreement types are managed by different university organizational functions that have knowledge and authority for the specific agreement type. This audit concentrates on the external academic related agreements (including international) administered by the Provost's office and clinical affiliation agreements administered by the Office of the Senior Vice President for Health Sciences.

### **Academic Related Agreements**

The Senior Vice Provost for Academic Affairs office administers academic related agreements. The office developed and maintains a public facing website that includes information on the different types of domestic academic related agreements and explanations regarding the process for executing agreements, including renewal and termination of agreements. In addition there are standard templates for Memoranda of Understanding

The Senior Vice Provost for Academic Affairs implemented a portal for initiating proposed domestic academic agreements with external partners in November 2021. Any unit desiring to enter into a domestic academic external agreement will access the portal to begin the process from the website. The portal includes:

- A form to complete to initiate an agreement
- Electronic tracking system to ensure the appropriate reviews, approvals and signatures are obtained
- Auto notification to the contact person within a unit at six and three months prior to an agreement's expiration

An Academic agreement dashboard was implemented as part of the portal. The dashboard allows personnel in the Senior Vice Provost for Academic Affairs office to monitor and manage the institutional review and approval process. Contacts in the units can also view the status of their agreements in the dashboard. The dashboard serves as an inventory (including international agreements) and depicts the number of agreements that are:

- Active
- Under review
- Currently with legal
- Under revision by unit
- Awaiting countersignatures
- Days to expiration/expiration date

The Academic agreements Dashboard is available to the VCU community at the following URL:  
<https://provost.vcu.edu/academics/agreements/agreementsdashboard/>

The Office of the Provost provides the Academic Affairs Handbook with two chapters dedicated to Agreements and Partnerships, which also includes instructions on entering into agreements.

### **Clinical Affiliation Agreements**

The Associate Vice President for Health Sciences Academic Operations and Strategy administers clinical affiliation agreements. In addition to schools on the Health Sciences campus, this office also reviews non-standard clinical affiliation agreements for the School of Social Work; Psychology; and Health, Physical Education, and Exercise Science in the College of Humanities and Sciences. The Associate Vice President for Health Sciences Academic Operations and her staff work together with the Senior Vice Provost for Academic Affairs office during the review process for non-standard clinical site agreements.

The Associate Vice President for Health Sciences Academic Operations and Strategy maintains a website that describes clinical affiliation agreements workflow, guidelines and procedures as well as a review copy for the standard affiliation agreement. The website also includes a review sheet for the non-standard affiliation agreements, which is a tool used to complete the initial review of the affiliation agreement and remove any inappropriate terms listed. In addition, they are exploring the centralization of the clinical affiliation agreement negotiation process so that the paralegal can work directly with clinical sites, rather than through school representatives. This will include developing a contract lifecycle management program to better ensure version control.

### **Purpose**

The objective of the audit was to determine whether policies and procedures that govern academic related external and clinical affiliation agreements were sufficient and operated effectively.

### **Scope and Audit Procedures**

Our scope of Academic Related External (including international) and Clinical Affiliation Agreements encompassed:

- Policies and procedures related to academic external and clinical affiliation agreements exist.
- Training was provided and information was disseminated to support developing agreements
- Agreements contained appropriate language and clauses
- Agreements were executed by the appropriate university individuals

Our audit procedures included:

- Interviews with key personnel in the offices of the President, Provost, Vice President for Health Sciences, Senior Vice Provost for Academic Affairs, and Legal Counsel
- Benchmarking with peer institutions to gauge others' practices

- Review of Delegation of Signatory Authority Policy
- Review of Academic Affairs and Global Education's agreements websites
- Review of Vice President for Health Sciences Academic Operations website
- Evaluation of the Academic Affairs Agreements Dashboard and procedures for entering into external agreements
- Testing of academic related agreements, including international, and non-standard clinical affiliation agreements, from the Academic Affairs Agreements Dashboard
- Testing of Health Sciences clinical affiliation agreements

## Conclusion

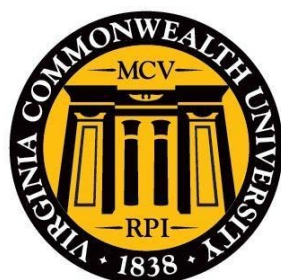
In our opinion, based on the results of our audit, policies and procedures that govern academic related external and clinical affiliation agreements were sufficient and operated effectively.

Prior to releasing this report in final form, the draft report was reviewed by the following officials:

Alison Jones	Associate Vice President for Health Sciences Academic Operations and Strategy
Deborah Noble-Triplett	Senior Vice Provost for Academic Affairs
Jay Bonfili	Senior Associate Vice President for Health Sciences Finance and Administration
Fotis Sotiropoulos	Provost and Senior Vice President for Academic Affairs
Arthur Kellermann	Senior Vice President for Health Sciences and CEO for the VCU Health System

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

  
**Executive Director**  
**Audit and Compliance Services**



# VCU

VIRGINIA COMMONWEALTH UNIVERSITY

## **School of Pharmacy**

*Internal Controls Compliance Review*

*Final Report*  
*July 26, 2022*

**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:** Kelechi Ogbonna, Interim Dean  
School of Pharmacy

**From:** Karen Helderman  
Executive Director, Audit and Compliance Services

**Date:** July 11, 2022

**Subject:** Internal Controls Compliance Review of the School of Pharmacy

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

There are two management issues and recommendations noted in this report.
















cc Joseph Dipiro, Associate Vice President, Faculty Affairs  
DaNika Robinson, Associate Dean for Finance and Administration  
Karen Bartee-Paige, Director of Finance





































## Internal Controls Compliance Assessment Dashboard

<b>Audit name:</b>	School of Pharmacy
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<b>Reason for audit:</b>	Provide management with assurance that selected financial and administrative processes are 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	 
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	  
3. Journal Vouchers 3.1. JVs were approved by the appropriate position depending on dollar amount 3.2. Documentation to support JVs was maintained	 
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 were completed by the custodian, dean/department head or designee	   
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 5.4. Controls were in place to prevent the splitting of orders to avoid procurement rules	   





<p>5.5. Supporting documentation was maintained electronically</p> <p>5.6. Purchase orders were closed timely in RealSource</p>	 
<p>6. Travel</p> <p>6.1. Travel &gt; \$500 or air/rail was approved prior to traveling and reimbursements were processed through Chrome River</p> <p>6.2. Transportation (air and rail) was booked through Christopherson</p> <p>6.3. Travel was for allowable business purposes</p> <p>6.4. Hotel and meals were within the appropriate per diem range</p>	   
<p>7. Purchase Cards (Pcards)</p> <p>7.1. Granted to the minimum necessary number of cardholders and provide the minimum necessary spending and transaction limits</p> <p>7.2. Applications were authorized by the cardholder's supervisor</p> <p>7.3. Only used by the cardholder and were not shared</p> <p>7.4. Individual cardholders were tasked with securing their Pcards</p> <p>7.5. Regularly monitored to ensure documentation supporting transactions was complete and uploaded timely</p> <p>7.6. Transactions were supported by receipts or valid invoices uploaded into the Pcard system</p> <p>7.7. Activity was monitored in BoA Works to ensure reviewers and approvers were timely reviewing and approving transactions</p> <p>7.8. Controls were in place to prevent Pcard holders from splitting transactions in to two or more transactions</p> <p>7.9. Sales taxes were excluded from Pcard purchases where appropriate</p> <p>7.10. Purchases were reconciled to receipts and to the cardholder's monthly statement</p> <p>7.11. Purchases had a valid business purpose and were allowable based on the Purchasing Card Program Procedures</p>	          
<p>8. Record Management</p> <p>8.1. Records were destroyed according to VCU's Record Retention Policy</p> <p>8.2. The unit identified a records custodian</p> <p>8.3. Records custodian attended records retention training</p> <p>8.4. The unit developed a records inventory</p>	   
<p>9. Grants</p> <p>9.1. Expenditures were in accordance with the grant agreement</p> <p>9.2. Performance/progress reports were submitted to the sponsor timely where required</p>	 

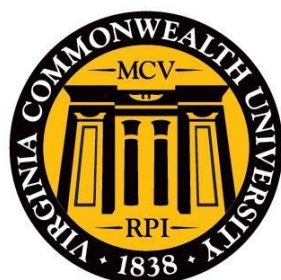
10. Fixed Assets 10.1. Annual inventory was completed and submitted to Fixed Asset Accounting Office 10.2. Assets were properly tagged 10.3. Assets stolen, traded-in, or transferred had surplus forms completed 10.4. All HEETF purchases \$500 and above were recorded as fixed assets	   
11. ARMICS 11.1. Yearly ARMICS documentation was completed and submitted by the due date set by the controller's office 11.2. ARMICS testing was completed thoroughly and identified issues were addressed timely 11.3. Supporting documentation for unit testing was readily available	  
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) was administered or supported by central IT through a SLA 12.4. Signed copy(s) of the Service Level Agreement with Technology Services were available	   

Our assessment 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.

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

## Risk Classifications and Definitions

 <b>Full Compliance</b>	<ul style="list-style-type: none"> <li>• Overall control environment representative of good practice, well-designed, effective, and functioning properly.</li> <li>• No improvement opportunities identified. Full Compliance.</li> </ul>
 <b>Verbal Finding</b>	<ul style="list-style-type: none"> <li>• Adequate control environment in most areas.</li> <li>• Moderate risk improvement opportunities identified, which require corrective action</li> <li>• Minor Findings of non-compliance.</li> <li>• Finding and recommendation verbally communicated to management and no written corrective action required.</li> </ul>
 <b>Management Level Finding</b>	<ul style="list-style-type: none"> <li>• Some key controls do not exist, or are not properly implemented, and there are improvement opportunities.</li> <li>• Control environment is impaired.</li> <li>• Finding and recommendation communicated to management and written corrective action required.</li> </ul>
 <b>Board Level Finding</b>	<ul style="list-style-type: none"> <li>• Control environment is unacceptable with critical issues, individually or in the aggregate, having been identified or major noncompliance with Company policies.</li> <li>• Control environment contains insufficient internal controls to address key risks and the impact may be substantial in size or nature or their effect cannot be quantified.</li> <li>• Immediate corrective action should be implemented.</li> <li>• VP level involvement needed.</li> <li>• Finding and recommendation communicated to the Board and written corrective action required.</li> </ul>
<b>N/A</b>	<ul style="list-style-type: none"> <li>• Function is not applicable to the reviewed department/division.</li> </ul>



# VCU

VIRGINIA COMMONWEALTH UNIVERSITY

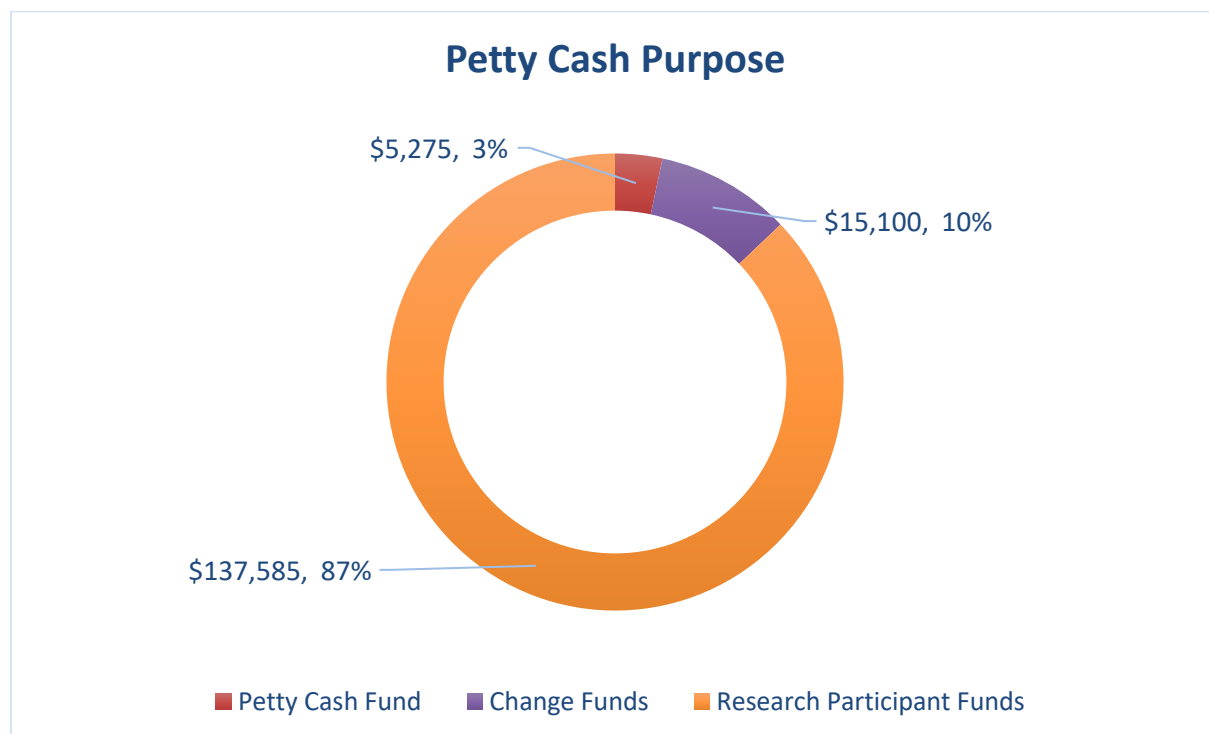
## Petty Cash

*Final Report*  
*July 15, 2022*

**Audit and Compliance Services**

## Overview

University petty cash is governed by the Petty Cash Administration Policy. Treasury Services is the responsible party for the policy, which includes requirements such as annual training for custodians and department heads or designees, documented monthly reconciliations to include signatures of the preparer and approver, and an annual reconciliation that is returned to Treasury Services. In addition, the policy outlines procedures for requesting, closing or making changes to a petty cash fund, safeguarding, and reconciling the funds. Petty cash is primarily used as a change fund or to compensate research study participants, which makes up the majority of usage in the university. As of July 7, 2022 there were 56 active petty cash funds totaling \$157,960. The chart below depicts the composition of how the funds were utilized:



Source: University Treasury Services

## Purpose

The objective of the audit was to determine whether petty cash funds were administered and monitored according to the university's Petty Cash Administration Policy.

## Scope and Audit Procedures

Our scope of petty cash encompassed 11 of the 56 active petty cash funds during May-June 2022 in the following areas:

- Campus Police (1)
- Athletics (2)

- Parking and Transportation (3)
- Institute of Drug and Alcohol Studies (2)
- Psychiatry (3)

Our audit procedures included:

- Interviews with custodians
- Observation of where and how the funds were maintained
- Review of monthly and annual reconciliations
- Review of completed annual training dates
- Physical count of the petty cash funds and available receipts where applicable

## **Conclusion**

In our opinion, based on the results of our audit, petty cash funds were administered and monitored according to the university's Petty Cash Administration Policy.

Prior to releasing this report in final form, the draft report was reviewed by the following officials:

Jessica Cheatham  
Denise Laussade  
Karol Gray

Senior Director, Treasury Operations  
Treasurer  
Senior Vice President and Chief Financial Officer

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

  
**Executive Director**  
**Audit and Compliance Services**





# VCU

## Integrity and Compliance Annual Report

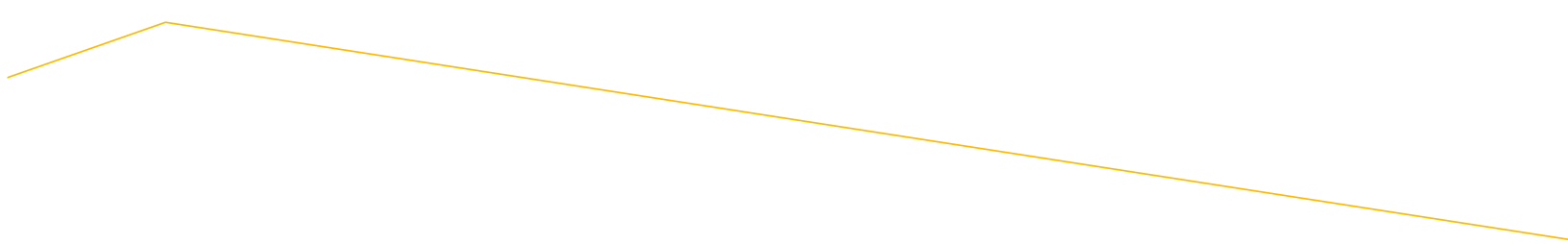
FISCAL YEAR 2022





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# Introduction

Welcome to the FY 2022 Annual Report of VCU’s Integrity and Compliance Office (ICO), a unit of Audit and Compliance Services. The purpose of this report is to summarize for the Board of Visitors and our stakeholders our FY 2022 activity and impact as well as relevant trends and focus for FY 2023. The objective of our program is to foster an organizational culture that encourages ethical conduct and a commitment to compliance with the law. We accomplish this, together with our compliance partners across the university, by engaging leaders and employees to support a speak-up culture through communications and training, by building effective policies, by assessing and mitigating risks, and by executing best-in-class reporting and investigative processes. We seek to create an environment characterized by robust employee reporting, no fear of retaliation, reduced misconduct, and a commitment to integrity in every transaction.

## Program Structure and Resources

The ethics and compliance program at VCU continues to implement best practices to refresh and sharpen program effectiveness. A new Chief Ethics and Compliance Officer was hired in December 2021, and she quickly filled two vacancies to complete the team that had been impacted during the pandemic. Using feedback from the 2019 program effectiveness review conducted by Ethisphere as a starting point, the team created a three-year workplan focused on improvements in six identified areas of focus. In the area of program structure, work began this year with a restructuring of the Compliance Advisory Committee (CAC) meeting schedule and the formation of a smaller CAC Steering Committee to enhance partner communication and collaboration.

*Three-Year Workplan  
Areas of Focus*

Program Structure

.....

Culture

.....

Policies

.....

Investigations and  
Accountability

.....

Training and  
Communications

.....

Risk Assessment  
and Monitoring

### Highlights: Compliance Partners

The ICO functions in partnership with compliance leaders and teams across the university. In CAC meetings this year, in addition to briefings from the ICO on current enforcement trends and the results of the CAC risk assessment survey, compliance leaders across the university shared their success stories and learned from one another. Here are a few examples of best practices, accomplishments, and ongoing efforts to close program gaps in compliance at VCU.

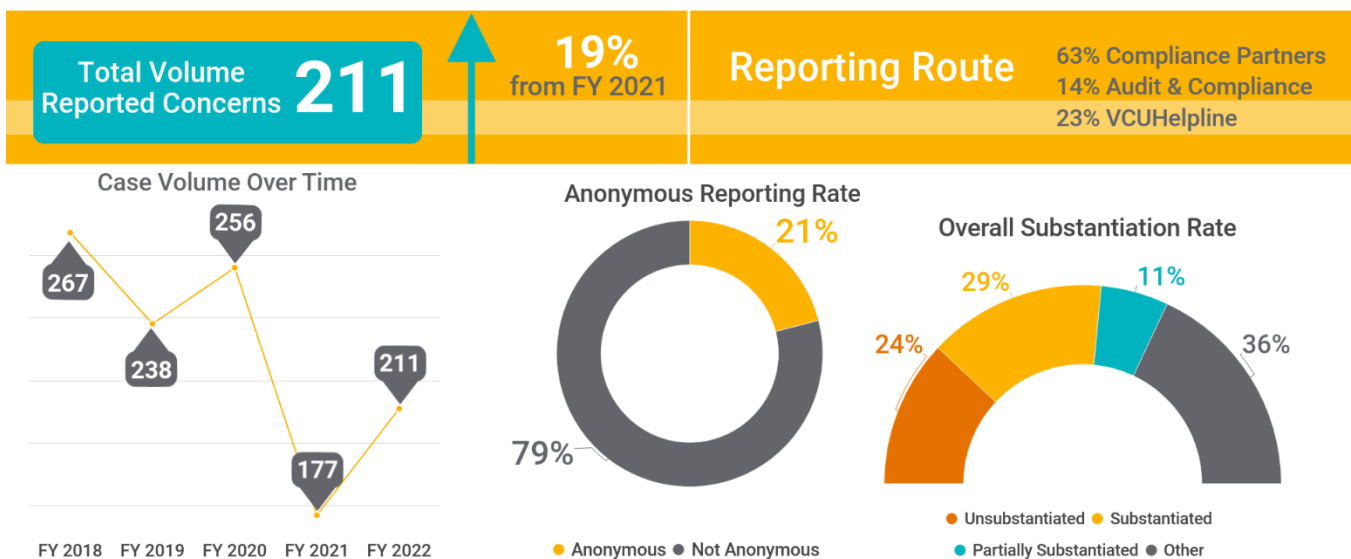
- The Athletics Compliance Office, led by Noah Strebler, created an Ethics and Compliance Accountability Matrix to map the key elements of the Athletics compliance program including policies, training, monitoring, auditing, and risk assessment. This Athletics template was shared with other compliance partners as a model for program documentation.

- The Employee Relations Office in Central Human Resources, led by Kathy Oliveri and Sarah Davis, began work on an HR Compliance Encyclopedia. This expansive resource pairs federal and state legislation with corresponding VCU policies and procedures. This resource is meant to confirm that VCU HR is complying with all relevant legislation found on the state accountability matrix maintained by the ICO. This tool summarizes the legislation, identifies key stakeholders, and identifies any risks associated with non-compliance. The legislation is sorted by responsible Central HR departments.
- The Environmental Health and Safety Office (EHS) oversaw a successful operation to safely decommission and transfer an aging cesium irradiator in Massey Cancer Center to the possession of the federal government source recovery program. EHS sought and received federal funding to cover the complete cost of the decommissioning (estimated \$1.2M cost) and \$145K towards the purchase of a replacement X-ray unit which will support Massey Cancer Center in its efforts to become a comprehensive cancer center under the National Cancer Institute rubric. VCU and VCU Health also received a clean audit, with no cited violations, of VCU's Radiation Safety broadscope radioactive materials license and program from the Virginia Department of Health, Radiological Health.
- The Office of Information Security and Treasury Services worked with the ICO to overhaul and update its Payment Card Industry (PCI) Compliance Training for the many and various employees across the university that are required to comply with PCI regulations regarding payment cards. The training is more engaging and interactive, and users now receive a takeaway job aid to remind them of key compliance steps and requirements.
- Equity and Access Services (EAS) within the Office of Institutional Equity, Effectiveness, and Success, achieved several milestones in FY 2022. In partnership with the ICO, EAS offered their first ever all-employee mandatory civil rights training, focused on nondiscrimination and their Preventing and Responding to Discrimination policy. Plans are also underway to begin their first annual report, based on the seven pillars of a compliance program, which will offer snapshots of information about civil rights compliance across the four EAS units. Finally, EAS is currently hiring for the inaugural chief accessibility officer, who will lead initiatives for accessibility in VCU's physical and digital spaces.
- The Office of the Vice President for Research and Innovation (OVPRI) achieved multiple accomplishments in FY 2022:
  - Initiated an upgrade to all research administration management systems to be completed over five years. These integrated systems will support compliance and improve OVPRI's ability to manage the research compliance infrastructure, including providing workflow transparency for research administrators and researchers. Additionally, VEEVA software will be implemented in FY 2023 to ensure paperless clinical research regulatory compliance with 21 CFR Part 11 as well as support VCU remote monitoring for quality.
  - Hired a new US Food and Drug Administration (FDA) expert in 2022, and fully integrated into the human research review process an internal review for research protocols for use in humans prior to submission to the FDA.
  - Hired new senior leadership in research compliance for animal research and human research protection programs.

- Assessed VCU compliance with foreign influence regulations that go into effect in FY 2023; determined that VCU is 95% compliant and on track to achieve 100% compliance ahead of schedule in FY 2023.

## Culture and Data Analysis

The ICO continues to monitor university wide reported concerns and responses to misconduct through Convercent, an online data management system. Convercent also contains the VCUHelpline, a third-party reporting tool with an anonymous reporting option. In addition to reports that come directly to Audit and Compliance, the ICO tracks investigations and reports from compliance partners in offices across VCU, including Employee Relations, Equity and Access Services (EAS), the Office of the VP for Health Sciences, and the Office of the Provost. This year, the ICO continued to develop collaborative working relationships and open lines of communication across offices to collect and maintain accurate and comprehensive data on employee concerns and misconduct for FY 2022. While the ICO began to distinguish performance management data from misconduct in prior fiscal years, FY 2022 is the first year that the entire dataset reflects only true reports of misconduct or concerns relating to misconduct. All data referenced in prior fiscal years has been calibrated to align with the parameters now being used to tell an accurate story of reported misconduct trends at VCU.



Reporting fell significantly in FY 2021, possibly due to the increase in remote work arrangements and other significant disruptions caused by the COVID-19 pandemic. As employees began to return to the physical workplace in FY 2022, reporting rates began to rise. The overall volume of reports was 19% higher in FY 2022 than in FY 2021, but still below the three years prior to FY 2021. The percentage of reporters who choose to remain anonymous remains steady at 21%, indicating that most reporters at VCU continue to feel comfortable sharing their identity while speaking up about misconduct.

The top five issue types remained consistent with commonly reported issues in past fiscal years, with the notable exception of retaliation, which only broke into the top ten issue types for the first time in FY 2021. This aligns with a national trend of increased allegations of retaliation, with 79% of employees surveyed reporting perceived retaliation for speaking up in the workplace.<sup>1</sup>

### Data Benchmarking

VCU’s FY 2022 misconduct data aligns with our internal 3-year benchmark data and with the national benchmark provided by NAVEX, a compliance software company compiling data from organizations across the United States. VCU’s anonymous reporting rate continues to remain well below the national benchmark, at 21% compared to NAVEX’s anonymous reporting rate of 50%. However, VCU’s percentage of reports concerning retaliation is more than double the internal benchmark and ten times that of the NAVEX benchmark. In response to this and the measurable increase in retaliation reports noted above, the ICO focused education and outreach efforts on the topic of workplace retaliation in FY 2022.



	Cases per 100 Employees	Anonymous Reporting Rate	Substantiation Rate	Concerns of Retaliation	Most Common Issue Type
NAVEX Benchmark	1.7	50%	43%	1.72%	HR, Diversity, and Workplace Respect
VCU Internal Benchmark	1.97	22%	51%	4%	Ethics Violation
Current Fiscal Year	1.97	21%	40%	11%	Ethics Violation

<sup>1</sup> Ethics Resource Center, the research arm of Ethics & Compliance Initiative, 2021 Global Business Ethics Survey Report, p. 22

The rate at which allegations of misconduct were partially or fully substantiated for FY 2022 was 40%, which is slightly below the national benchmark<sup>2</sup> and more than ten percentage points below VCU's three-year internal benchmark. However, when controlled for cases in which an investigation was completed (versus not due to withdrawal or inadequate information), the substantiation rate rises to 58%. A significant portion of closed cases, 37%, had an outcome of "Substantiation Undetermined" or "Other." The primary driving factor for this high rate of undetermined outcomes was lack of response from the reporter or unwillingness by the reporter to move forward with an investigation. When handling reports of Discrimination Based on Protected Class or Sexual Misconduct, EAS must follow guidelines under federal laws that require an investigation to be complainant driven. In many cases with this outcome when the reporter declined an investigation, Equity and Access Services was able to provide them with an alternative resolution such as supportive resources, an informal review of their complaint, or training or coaching for their department. This is reflected in the substantiation rate for the issue type 'Discrimination Under a Protected Class,' which is significantly lower than the overall rate at 13%.

## Upcoming: Integrity Index

Questions	2019 Mean	2021 Mean
I can share my ideas or express concerns without fear of repercussions.	3.60	3.55
Everyone in my unit, regardless of background, is encouraged to share their ideas openly.	3.75	3.82
Conflict or disagreements are handled productively in my unit.	3.44	3.49
Arbitrary action, personal favoritism, and coercion are not tolerated in my unit.	3.56	3.66
Prohibited practices in the VCU Code of Conduct are not tolerated in my unit.	4.17	4.19
I know any concerns I have about discrimination or harassment will be taken seriously by my supervisor.	4.21	4.26
I have trust and confidence in my supervisor.	3.99	4.12
My supervisor takes action when employees show disrespect to each other.	3.77	3.88
Leaders maintain high standards of honesty and integrity.	3.73	3.74
Leaders are held accountable by their supervisors.	3.46	3.39

**Integrity Index**  
.....  
2019: 3.77  
2021: 3.82

**1-Strongly Disagree 2-Disagree 3-Neither Agree or Disagree 4-Agree 5-Strongly Agree**

*These are selected questions that will be included in the calculation of the Integrity Index for each unit when the Culture and Climate Survey is next administered. Historical data from answers to these questions in past surveys gives us an "integrity index" from prior years, although the "integrity index" was not included in the publicly available indexes at the time of the surveys.*

Research has demonstrated clearly that strong ethical cultures produce positive ethical outcomes including robust employee reporting, reduced misconduct, reduced retaliation, and reduced pressure to compromise

<sup>2</sup> NAVEX Global, Inc., 2022 Hotline Incident Management Benchmark Report

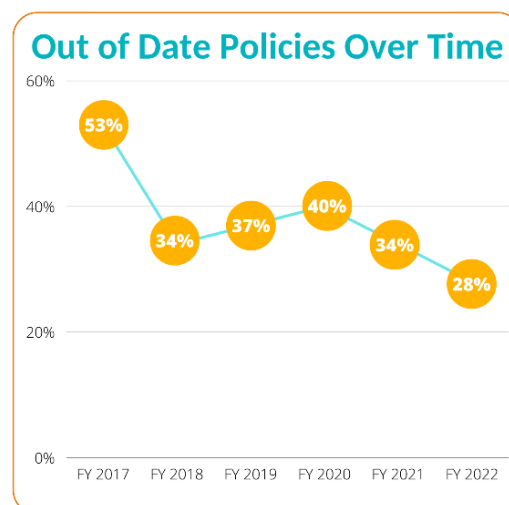
standards.<sup>3</sup> Research also demonstrates that organizations must measure culture over time to drive improvement. VCU has recognized this and since 2019, VCU’s Culture and Climate Survey has measured employee perceptions and outcomes on diversity, inclusion, and engagement via “indexes” to focus progress. The survey already includes items that lend themselves to the creation of an “Integrity Index” to help track progress on our vision for a culture of integrity. This “integrity index” will be calculated for all units after the next administration of the survey in FY 2023. Looking at the “integrity index” calculated based on historical Culture and Climate Survey data, we can see that VCU is making progress but has room to improve in employee perceptions of leadership commitment and accountability for integrity (VCU scored 3.82 on a scale of 5, slightly below the “Agree” category).

## Policy Program Update



Building on the successes of last year, the Policy Program continued to support policy owners across campus in both the development and revision of policies. Significant policy accomplishments this year included: implementing a comprehensive hazing policy, updating of several important Human Resources policies, drafting of a comprehensive lactation policy, and making the Americans with Disabilities Act (ADA) policy permanent. The ICO also worked with Treasury Services and Development and Alumni Relations to address a significant policy question that arose out of the Liver Center gift. Finally, the ICO is partnering with the Office of Faculty Affairs within the Provost’s Office to merge the 1983 Outside Professional Activities Policy with a proposed Conflicts of Interest & Commitment (COI&C) Policy. The successful merger of these policies and deployment of a new campus wide COI&C policy and process will mark a major step forward in one of our long-term goals.

Currently, 28% of all policies remain out of date, which is the lowest percentage in the past six fiscal years. While some policy revisions are constrained by internal processes, such as within the Division of Academic Affairs,



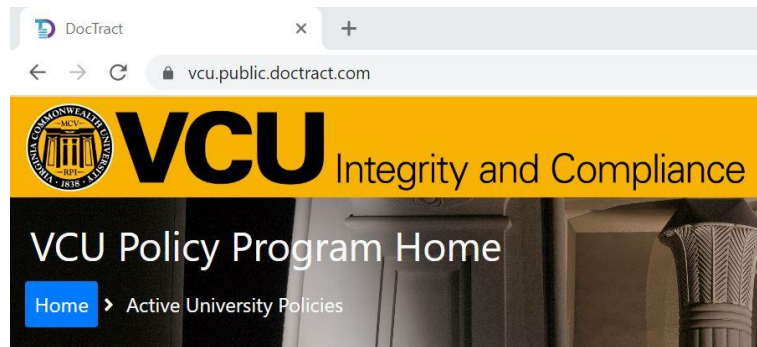
<sup>3</sup> Ethics Resource Center, the research arm of Ethics & Compliance Initiative, 2021 Global Business Ethics Survey Report, pp. 6-9, 11-23



the ICO Policy Program continues to conduct robust collaborative outreach to encourage partners throughout the university to use and update the policy library.

## NEW: DocTract Policy Management System

VCU recently took a major technological step forward by acquiring and implementing a dedicated policy management solution called DocTract. DocTract is designed to merge the public facing (and highly utilized) policy library with the editing and tracking needed behind the scenes to review and maintain university policies. Using a built-in version of Microsoft Word, partners can quickly and easily edit or draft new policies, have them reviewed, and post them to the library. Metadata is stored centrally and securely in the software, allowing for a collaborative and user-friendly interface for our compliance partners.



## Regulatory Reporting Monitoring

During FY 2022 the ICO requested that all compliance partners indicate the federal and state regulations for which they were responsible, for the first time in three years. The list of regulations was based on the Higher Education Compliance Alliance's matrix combined with regulations noted by partnering VCU offices and Virginia specific regulations. Full compliance with required federal reporting to external authorities was again maintained without issue.

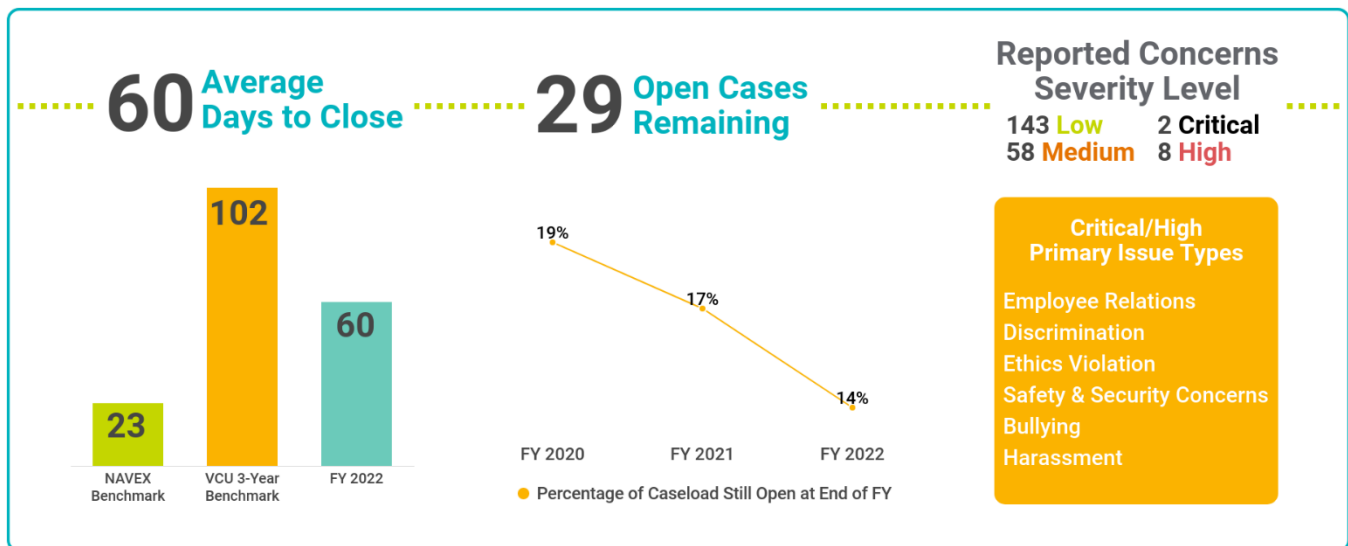
As the Biden administration issues guidance and drafts new regulations, the ICO team will work with compliance partners to assess the impact on VCU and to implement any policy or process changes required. We expect some significant regulatory changes to the Title IX/Sexual Misconduct policies and are already coordinating with Equity and Access Services to implement any changes required by the US Department of Education.

One of our goals in our three-year work plan is to revisit both the information we gather around regulatory compliance and how we use that information. Our goal is to augment our existing mechanism of assessing who is responsible for what regulation, to gain a better understanding of how our compliance partners maintain compliance, and to consider further enhancements to efficiently monitor or confirm compliance.



# Investigations and Accountability

The ICO conducted many significant investigations into workplace misconduct both as an independent unit and in collaboration with partner offices in FY 2022. Work is nearly complete on a set of investigative guidelines to disseminate amongst investigative units across the university. The ICO team also plans to offer training for interested offices on conducting high quality workplace investigations in FY 2023. In response to stakeholder requests, the ICO also focused communication efforts on clarifying investigative processes at VCU and helping employees understand what happens when they report a concern to the ICO for investigation.



The ICO achieved measurable improvements in case closure rates and time to close cases in FY 2022. Only 29 open cases remain for FY 2022, representing 14% of the total case volume and a steady decrease from the last two fiscal years. This increase in case closure reflects the capabilities of a fully staffed ICO team, as well as proactive communication with partnering offices at VCU to investigate and resolve employee concerns. The average length of time from reporting to closure in Convercent is 60 days, which is above the national benchmark reported by NAVEX (23 days), but well below VCU's internal 3-year benchmark (102 days). We will continue to focus on streamlining communication with compliance partners and following up with reporters to achieve prompt resolution of concerns.

In line with other steps to improve data clarity and accuracy, the ICO collaborated with Employee Relations to update and refine recordkeeping of sanctions in Convercent. The sanctions and outcomes now more closely align with VCU HR corrective measures and formal disciplinary actions. The most common corrective actions taken were verbal counseling, required training, and written counseling.

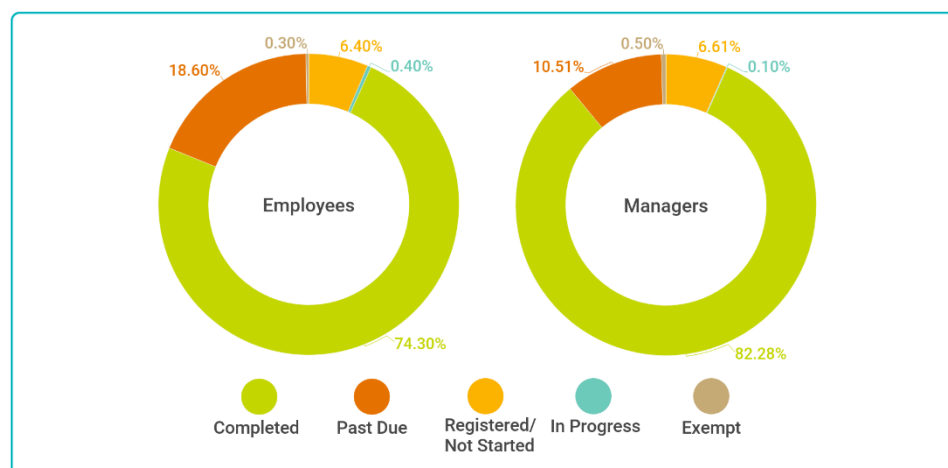
# Training and Communications

## Annual Ethics & Compliance Training

After a one-year hiatus due to the COVID-19 pandemic, the ICO continued its annual training initiative with the launch of the *Ethics and Compliance at VCU* training module. President Rao commenced the training through a university-wide email on March 1, 2022. Announcements were also posted in Telegram and sent through Talent, VCU's Learning Management System (LMS). This year's training focused on seven primary topics spread throughout four key areas:

- When to check our Code of Conduct
- How to use our confidential Helpline
- What and how to disclose
- Things we all need to know

A second version of the training, for managers, included an additional section on creating psychological safety to create and foster a speak-up culture. Completion rates for employees and managers were 74% and 82%, respectively.



### Annual Training Topics

Ethical Behavior

Reporting Concerns

Non-retaliation

Conflicts of Interest

Gifts & Entertainment

Safeguarding Personal and Confidential Information

Responsible Use of Social Media

1. Registered/Not Started indicates participants opened the training module but did not start the training. In Progress indicates participants did not complete the module. Past Due indicates the module was never accessed. Exempt indicates a small group of personnel who were not required to complete the training.

2. While these are the most accurate completion rate numbers available to ICO, many employees taking the training encountered a technical glitch on the final screen. Employees who reported the glitch were marked complete by HR representatives working in conjunction with the ICO to update the LMS, but we cannot be certain that we located all cases of the glitch. The ICO and HR will work together to avoid repeating this glitch in the FY 23 iteration of this training.

## Ongoing Education Efforts

As part of its mission to increase awareness about ethics and compliance issues and to connect more broadly with the university community, the ICO continued some existing education efforts and created some new ones. Highlights included the following:

- Sent periodic **email blasts** to university faculty and staff, each one a campaign with focused messaging, driven by data and current trends. Recent email blasts addressed fraud and non-retaliation, with one version sent to managers and the other sent to employees.
- Created and published a **new monthly blog** containing two posts; one is *Compliance Corner*, an informative post on topics relevant to ethics and compliance; the other is *Compliance Case Study*, each month featuring a case based on an actual case handled by our team.
- Continued to publish the quarterly policy newsletter *Policy Points* which highlights new and revised policies from the previous quarter.

Recent *Compliance Corner* posts have addressed a variety of issues, from why employees speak up to the difference between anonymity and confidentiality, to things you can't say when conducting a job interview. Recent *Compliance Case Study* posts have followed one employee who divulged confidential information and another who called the VCUHelpline to report misconduct. Publication of new blog posts is announced via Telegram and subscriber email, and links to the compliance blog can be found on the ICO's landing page.

**Outreach to compliance partners** across the university took several forms this year.

- Designed a new eLearning module for the Information Security and Treasury Services teams, on Payment Card Industry (PCI) Data Security Standards for employees who handle credit card transactions.
- Delivered a training session for the Equity and Access Services team in Institutional Equity, Effectiveness and Success on handling ethical dilemmas.
- Partnering with Office of the Vice President of Research and Innovation to deliver activities and training to promote a speak-up culture across OVPRI and stakeholder organizations
- Curated content for presentations delivered to the Board of Visitors, new department chairs, the Council of Deans, and the Faculty Senate, among others.

## Risk Assessment and Monitoring

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### Conflicts of Interest & Commitment

VCU's current conflict of interest reporting structure has several significant identified gaps and lacks a centralized digital system for record retention. In collaboration with the Office of the Provost, Office of the VP

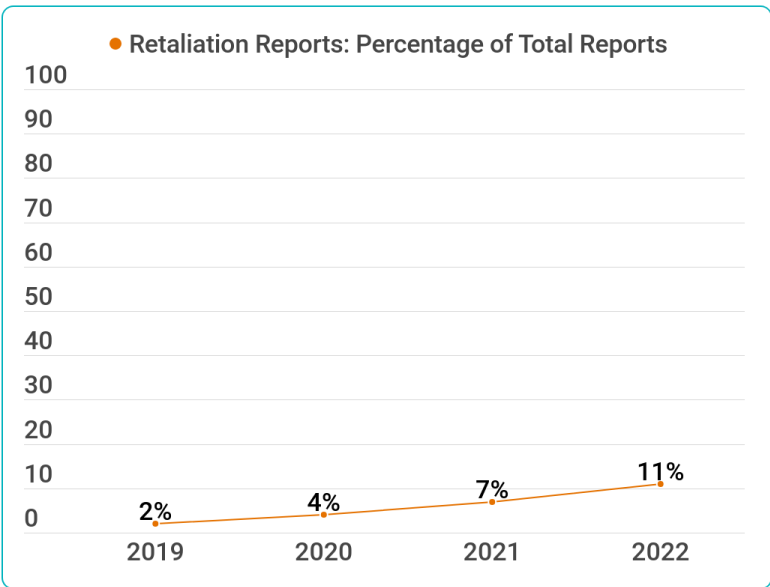
for Health Sciences, and other stakeholders, the ICO began work in FY 2022 to revise the COI&C policy and implement a university-wide disclosure tool through Convercent. Employees will be able to use this tool to fill out an annual COI questionnaire, click a link to provide “just in time” disclosures throughout the year, and update their disclosures as circumstances change over time. This system will standardize the expectation for COI&C reporting and decrease the administrative burden on individual academic units. The ICO is leading the project to implement this change and is collaborating with the VCU Health System Compliance Office to ensure that dually employed faculty are covered by the process that best addresses their relevant risk areas. The Office of the Vice President for Research and Innovation (OVPRI) will continue to require research-relevant COI reporting through a separate system, known as AIRS.

## Research Infrastructure

Several related matters arising out of the Office of the Vice President for Research and Innovation (OVPRI) demonstrated the continuing need to assess research infrastructure risk. As VCU continues to grow as a public research university, it must prioritize its research infrastructure and culture to manage increasing demands for research compliance and monitoring. This includes ensuring technological support for compliance systems, adequate training, and development of staff to support the full range of research being sponsored by VCU, and a strong ethical culture. After a thorough audit by the Office of Human Research Protection of HHS, corrective actions are being implemented to improve processes and practices in OVPRI. This includes improving resources and accountability in the School of Medicine or other sponsoring units, and building a strong speak-up culture across all research stakeholders that will support integrity and safety for patients while executing world-class research. ICO will continue to partner with OVPRI and others to support these actions.

## Focus on Leadership and a Speak-Up Culture

Reports of retaliation at VCU continue to rise, doubling in volume from FY 2021 and representing 11% of all reported concerns. In FY 2021, retaliation represented 7% of all reported concerns, and in FY 2020 it made up only 4% of reported concerns. While most reports of retaliation are not substantiated and no reports of retaliation have been fully substantiated in the last three years, the number of partially substantiated reports has also steadily increased. This means that at least some retaliatory behavior is being found in more reports every year. In response to this data and to data from national and global trends indicating an increase in retaliation, the ICO focused communication efforts on educating VCU stakeholders on the Duty to Report and Protection from Retaliation policy in FY 2022.



The ICO also analyzed the reported concerns data for trends involving leadership at VCU. An organizational culture that encourages employees to do the right thing under pressure begins with strong ethical leadership. Of the reports received this year, 79% named a VCU employee as the subject of the allegation. Managers were overrepresented in that group, with over half of reports about VCU employees naming as the subject an employee who manages others. Reports about managers at VCU most commonly came from other employees, with 41% of reports about managers coming from employees who they supervise. The top five issue types remained the same, with the notable difference that retaliation allegations were included in 20% of reports about managers, in comparison to 11% of the overall case volume. When analyzed for title, 28% of the overall case volume for FY 2022 named a subject with a senior-level title that included words such as Chair, Director, or Dean. The substantiation rate for these reports closely mirrored the overall substantiation rate, with 39% of the cases resulting in partial or full substantiation of the allegations.

National trends indicate that leaders are under increased scrutiny, and employees are becoming more emboldened to speak out against misconduct. The ICO's data indicates that VCU is not an exception to these trends. As employees seek work environments with leaders they respect, VCU must continue to emphasize integrity and commitment to inclusivity as indispensable qualifications for succeeding as a leader at VCU. The ICO will continue to partner with offices around the university to offer education, facilitation, and coaching on what it means to be an ethical leader.

## Enterprise Risk Management Restart

The Integrity and Compliance Office is a nonvoting member of the Enterprise Risk Management Steering Committee that is restarting the ERM process interrupted by the pandemic. ICO will ensure that its perspective on risks to the university, based on its monitoring activity including review of investigations of reported concerns, reviews of COI disclosures, and engagement with compliance partners, is integrated into the ERM process and reflected in the Committee's reporting to the Cabinet and the Board of Visitors. ICO will also advocate for an ERM process that is fluid and continuously updated to account for emerging risks and changing conditions, especially in highly regulated areas such as research, EAS/Title IX, and athletics. Finally, ICO will prioritize working with compliance partners to ensure that each compliance area has adequate documentation of its policies, processes, training, and monitoring to support identification of risks and remediation of gaps.

“

28% of the overall case volume for FY 2022 named a subject with a senior-level title that included words such as Chair, Director, or Dean.

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**Audit and Management Services**  
**Status of Fiscal Year 2022-2023 Audit Work Plan**  
**August 9, 2022**

Area	Status
<b><u>Risk-based Audits/Other Reviews</u></b>	
Prior Work plan: Unused Scholarships	Completed
Prior Work plan: External Memorandums of Understanding	Completed
Prior Work plan: Petty Cash Audits	Completed
Prior Work Plan – Titanium System Review	Completed
Prior Work plan: Banner Controls – AP and General Ledger	In Progress
Prior Work Plan – SOC Reports - Integrated	In Progress
Prior Work Plan – Maxient System Review	In Progress
Budget Process – Part 2	In Progress
Grade Change Process	In Progress
Various Fiscal & Administrative Reviews	In Progress
Financial Aid SCHEV Reporting	Not Started
Export Controls - Research	Not Started
ERM RMM Plan Evaluation	Not Started
Data Integrity – VCU Website	Not Started
Student-athlete name, image & likeness; Compliance Review	Not Started
Records Destruction	Not Started
Parking and Billing Analysis	Not Started
Software Asset Inventory	Not Started
Research Computing/High Performance Computing Security Review	Not Started
Google G-Suite	Not Started
School of Pharmacy	Not Started
Tableau Security	Not Started

**Audit and Management Services**  
**Status of Fiscal Year 2022-2023 Audit Work Plan**  
**August 9, 2022**

Axiom System Review	Not Started
Blackbaud CRM	Not Started

<b><u>Annual Engagements and Activities</u></b>	
Annual Review of Audit Recommendations Outstanding – FY22	Completed
VCU Police Department – Unannounced Property Inspection – FY22 Part 2	Completed
President’s Discretionary Fund and Travel Activity Review – FY23	In Progress
VCU Police Department – Unannounced Property Inspection – FY23 Part 1	Not Started
VCU Police Department – Unannounced Property Inspection – FY23 Part 2	Not Started
Annual Review of Audit Recommendations Outstanding – FY23	Not Started
Audit Risk Assessment – FY24	Not Started

<b>Special Project</b>	<b>Status</b>
<b><u>Continuing Projects</u></b>	
State Employees Fraud, Waste, and Abuse Hotline	In Progress – 0; Closed – 0
<b><u>Other Projects</u></b>	
Facilities Division – Surplus Vehicles	In Progress





Board of Visitors  
Audit, Integrity and Compliance Committee  
**September 15, 2022**



**VCU**





# ACTION ITEMS

# APPROVAL OF MINUTES

- Audit, Integrity and Compliance Committee Meeting held on May 12, 2022
- Motion to approve the Minutes

# Audit & Compliance Committee Charter and Meeting Planner

- Committee annually reviews and approves its Charter
- Meeting Planner details committee responsibilities to satisfy IIA and Department of Justice best practices
- No changes recommended to the Committee Charter or Meeting Planner

# Audit & Compliance Services Department Charter

- Charter is the Board's authorization and charge document that empowers VCU's internal audit and ethics and compliance programs
- Annual review and Board approval is required
- No updates needed at this time



FOR INFORMATION

# Committee Dashboard Measures

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

# ACS Departmental Update

- Staffing and Credentials
  - ✓ Well Qualified
- Department Expenses
  - ✓ Department expenses higher than prior year due to 5% pay increase but still within authorized budget
- Audit Survey Results
  - ✓ Overall rating of 3.61/4.0; improvement from 3.4 in FY21

# Status of FY22 Follow-up Report Corrective Action

<u>Finding</u>	<u>Target Date as of 9/2021</u>	<u>Complete</u>	<u>Revised Due Date</u>
<i>School of the Arts Safety Training</i> (Nov 2018)	Nov 2021	-	May 2023
<i>School of the Arts IT Security</i> (Nov 2018)	Dec 2021	-	May 2023
<i>CHS Banner Recon &amp; Indexes</i> (Dec 2018)	Sept 2021	-	Nov 2022
<i>Non-Research Centers Policy</i> (July 2019)	Dec 2021	-	May 2023





# Unused Scholarships



- Audit Scope
  - Scholarship utilization was monitored, reported, and optimized
  - Procedures were established to fully utilize available scholarship funds
- Conclusion
  - Scholarship utilization was not monitored, reported and optimized
  - Procedures were not established to fully utilize available scholarship funds
- Two Board Level Findings
  - Strengthen Policy Statements for Clarity and Designate Process Ownership
  - Evaluate and Improve Usage of the Blackbaud Award Management System

# Academic Related External and Clinical Affiliation Agreements

- Audit Scope
  - Policies and Procedures exist and training is provided
  - Agreements contain appropriate language and clauses
  - Agreements were executed by the appropriate individuals
- Conclusion
  - Policies and Procedures were sufficient and effective
  - Agreements contain appropriate language
  - Agreements were executed by appropriate individuals
- No Audit Findings



# School of Pharmacy and Petty Cash



- School of Pharmacy Internal Control Compliance Review
  - Selected financial & administrative internal control processes followed
  - No Priority Level (Red) Findings
- Petty Cash Review
  - Sampled petty cash funds verifying they were administered according to Policy
  - 11 of 56 petty cash funds reviewed
  - No Board Level findings



# VCU

## Integrity and Compliance Annual Report

FISCAL YEAR 2022

# Annual Report Highlights

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## *Three-Year Workplan Areas of Focus*

**Program  
Structure**

**Culture**

**Policies**

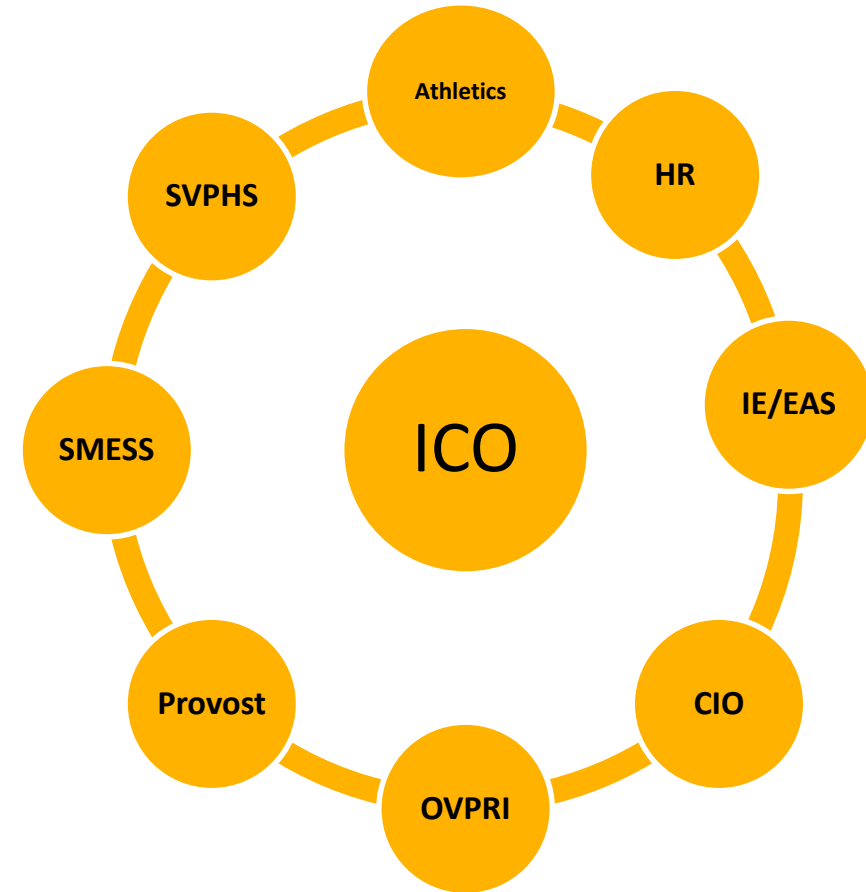
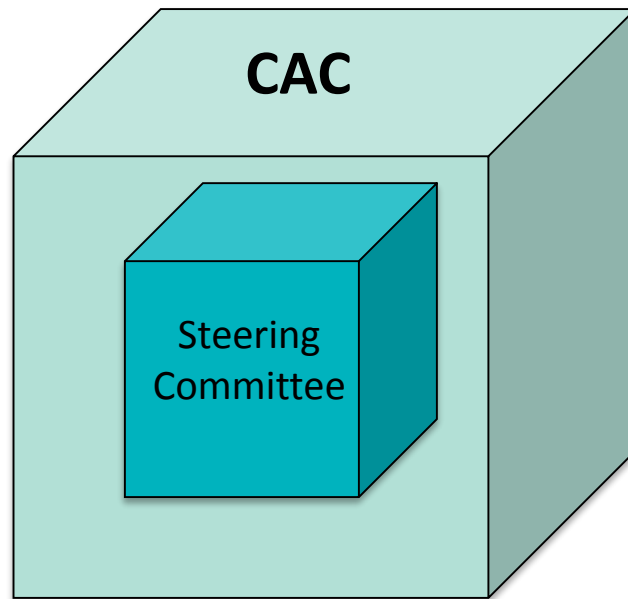
**Investigations and  
Accountability**

**Training and  
Communications**

**Risk Assessment  
and Monitoring**

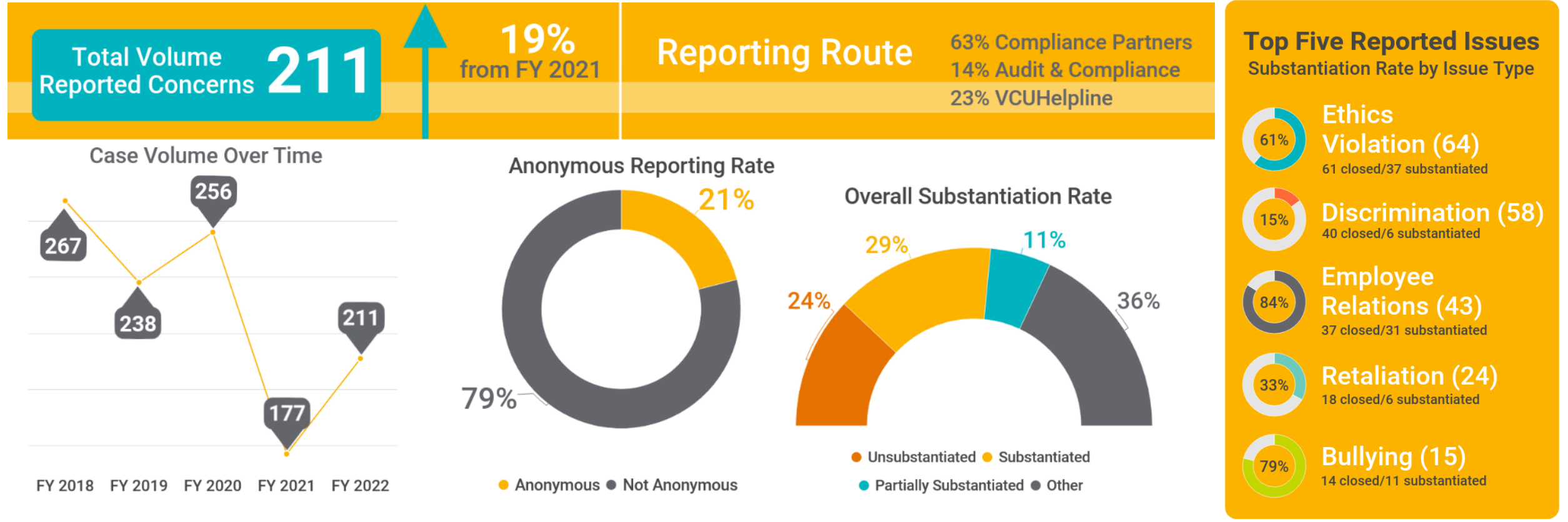
# Program Structure and Resources

- ✓ Restructured Compliance Advisory Committee (CAC) to include a smaller steering committee
- ✓ Focused on enabling, partnering with key compliance units



# Culture and Data Analysis






Report volumes are trending up, including allegations of retaliation





# Culture and Data Analysis

Substantiation rate and anonymous rate are trending favorably vs. benchmark, SPLY

	 Cases per 100 Employees	 Anonymous Reporting Rate	 Substantiation Rate	 Concerns of Retaliation	 Most Common Issue Type
NAVEX Benchmark	1.7	50%	43%	1.72%	HR, Diversity, and Workplace Respect
VCU Internal Benchmark	1.97	22%	51%	4%	Ethics Violation
Current Fiscal Year	1.97	21%	40%	11%	Ethics Violation



# Culture: Adding An Integrity Index

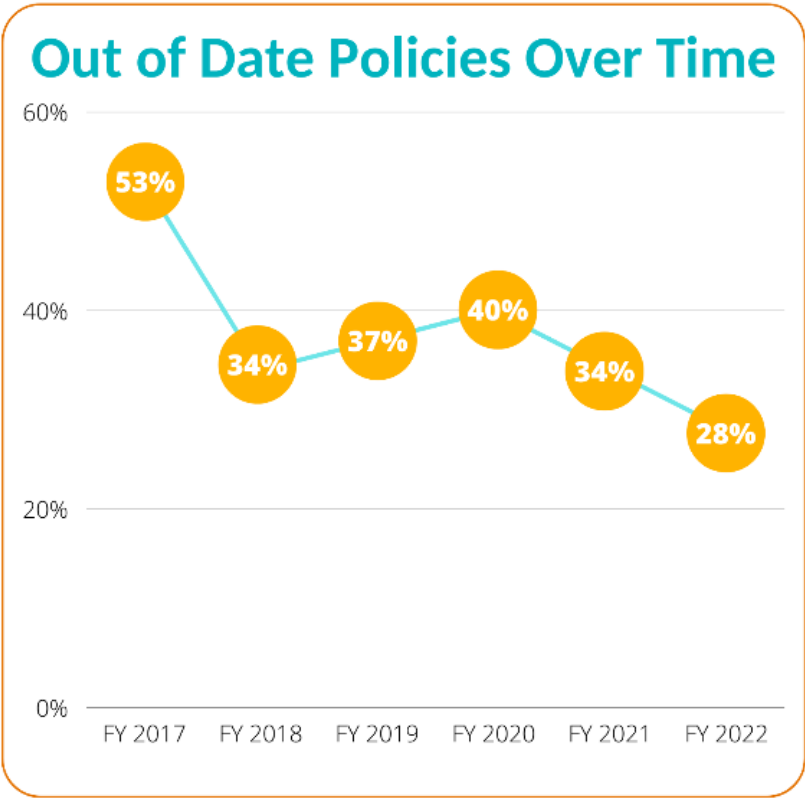
VCU's Culture and Climate Survey currently measures diversity, inclusion and engagement via "indexes" to focus progress. In FY 2023, we will add an integrity index based on the items listed below.

Questions	2019 Mean	2021 Mean
I can share my ideas or express concerns without fear of repercussions.	3.60	3.55
Everyone in my unit, regardless of background, is encouraged to share their ideas openly.	3.75	3.82
Conflict or disagreements are handled productively in my unit.	3.44	3.49
Arbitrary action, personal favoritism, and coercion are not tolerated in my unit.	3.56	3.66
Prohibited practices in the VCU Code of Conduct are not tolerated in my unit.	4.17	4.19
I know any concerns I have about discrimination or harassment will be taken seriously by my supervisor.	4.21	4.26
I have trust and confidence in my supervisor.	3.99	4.12
My supervisor takes action when employees show disrespect to each other.	3.77	3.88
Leaders maintain high standards of honesty and integrity.	3.73	3.74
Leaders are held accountable by their supervisors.	3.46	3.39

**Integrity Index**  
.....  
**2019: 3.77**  
**2021: 3.82**

1-Strongly Disagree 2-Disagree 3-Neither Agree nor Disagree 4-Agree 5-Strongly Agree

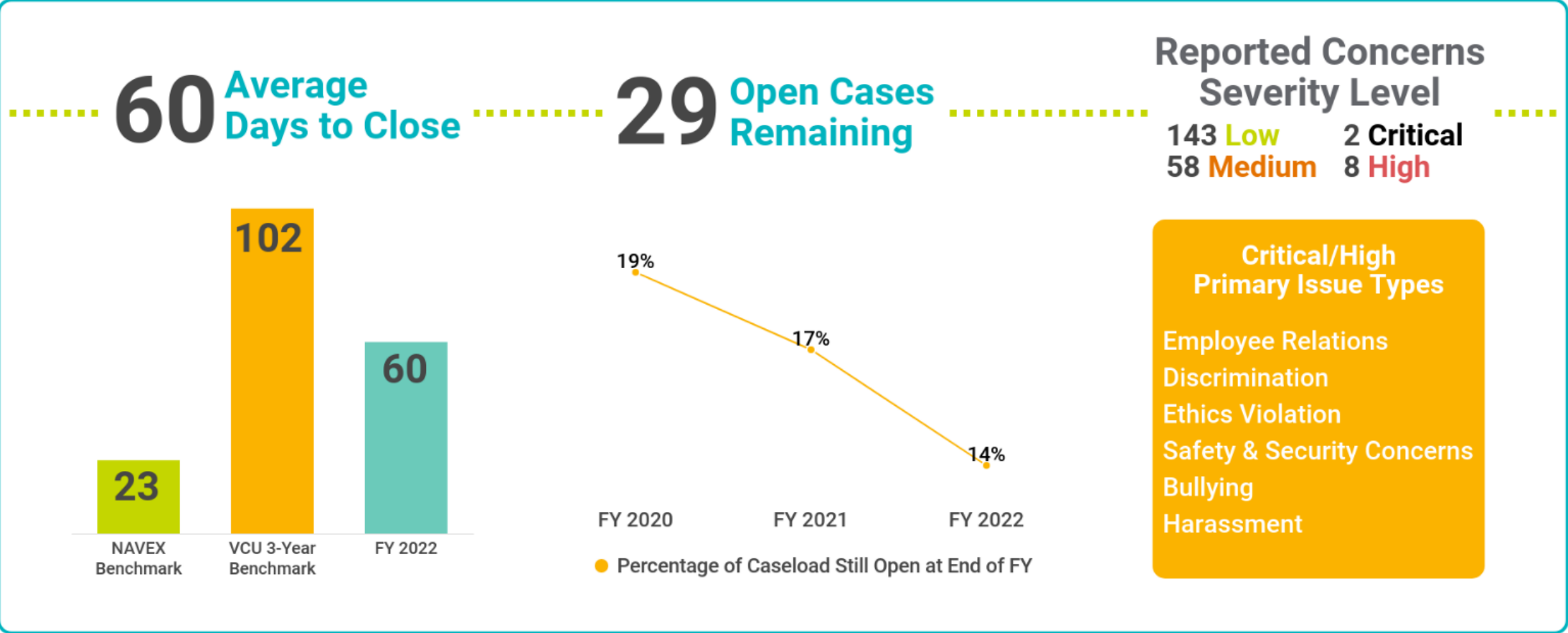
# Policy Program Update



New: DocTract Policy Management System

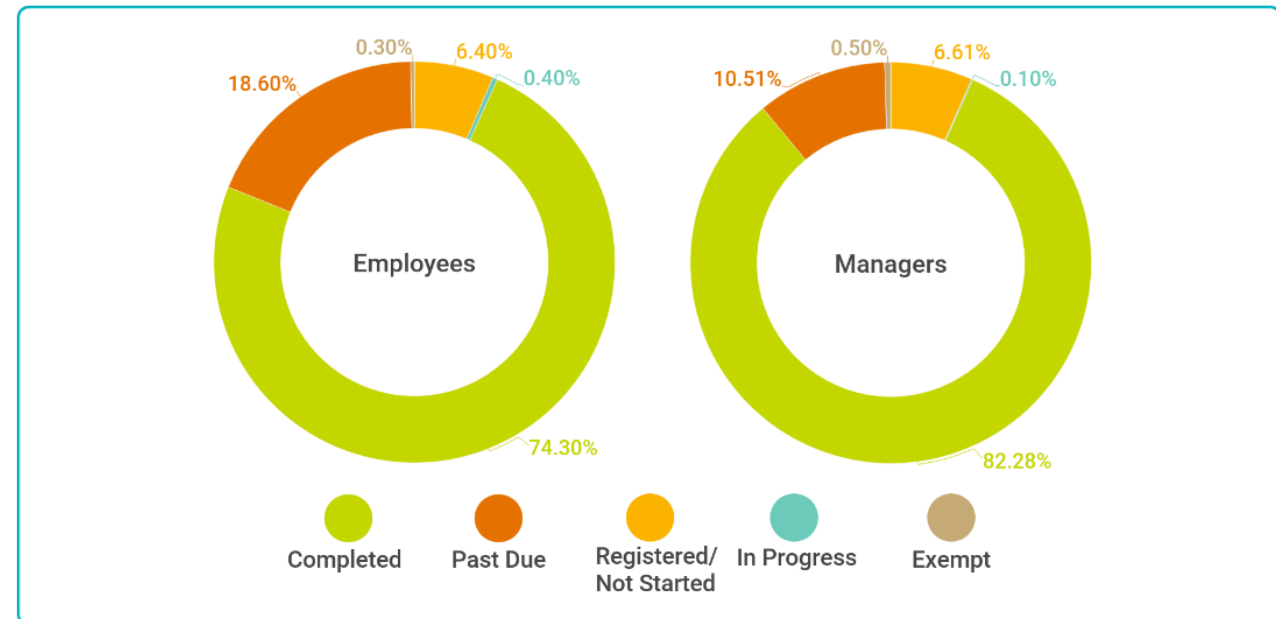


# Investigations and Accountability



# Training and Communications

- ✓ Launched ICO Blog, with monthly *Compliance Corner* and *Compliance Case Study* posts
- ✓ Targeted email blast campaigns to address non-retaliation and fraud
- ✓ Delivered annual E&C training; completion rates of 74% for employees, and 82% for managers
- ✓ Manager version contained a section focused on creating psychological safety, an ongoing theme we want to convey to leaders



# Risk Assessment and Monitoring

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## COI&C

Revised COI&C Policy and disclosure tool | Standardizes expectations | Closes compliance gaps | Reduces administrative burden

## Research Infrastructure

Renewed focus on RI | Must support compliance and culture of transparency and accountability

## Speak-up Culture & Leadership

Steady rise in allegations of retaliation and partial substantiation | Requires focus on leadership behavioral skills to promote a speak-up culture

## ERM

Restart of Enterprise Risk Management process | Provides opportunity to integrate risk assessments | Ensures emerging risks are captured and addressed

Questions?

# Thank you

Suzanne Milton

Chief Ethics and Compliance Officer

Integrity and Compliance Office in Audit and Compliance Services

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(804) 828-3976



**VCU**

Technology Services

# IT Risk Management Update

Board of Visitors Meeting  
Audit, Integrity and Compliance Committee  
Alex Henson, Chief Information Officer  
September 15, 2022



# Major Enterprise IT Risks

Extended systems  
or connectivity  
outage

Theft or improper  
exposure of data

Inaccurate or  
Insufficient  
Analytics

# Risk Mitigation: IT Infrastructure

Develop and maintain a modern, robust, and “always-on” IT infrastructure to maximize uptime and minimize vulnerabilities and operational impact due to external factors

## Cloud Strategy and Service Migrations

- Cloud-first strategy and roadmap development
- Banner migration to Ellucian Cloud
- Cloud migration of other vendor managed applications
- Leverage Infrastructure as a Service (IaaS) where advantageous

## Technology Operations Center

- TOC building planning complete and construction beginning
- Redundant power and generator
- Robust back-up and recovery leveraging in-house and cloud resources

## Network Upgrades & Expansion

- Continued development of redundant fiber paths
- Use of multiple commodity internet providers
- Implementation of Application Centric Infrastructure (ACI) to automate and optimize the data network

## IT Infrastructure Management

- Day to day maintenance, upgrades, support of systems/services
- Rigorous change management procedures/processes
- Leverage new technologies

# Risk Mitigation: Data Security

Develop and maintain a secure IT environment with supporting policies and processes that drive compliance to security and privacy laws and protect VCU data

## Implement New Security Architecture

- Phase 1 of Secure Access Server Edge (SASE) deployment scheduled to begin this Fall
- Upgrading VPN and ultimately replacing with cloud-based service

## Expand Multi Factor Authentication

- Use of DUO multifactor authentication now mandatory for students
- DUO authentication required for all applications with any level of sensitive data

## Renewed Focus on Secure Data Use for Research

- Collaborating with VCUHS on Research Data Warehouse
- Strengthening Honest Broker program for researchers to use data protected by HIPAA
- Enhanced support for PIs

## IT Governance and Data Governance

- Revamping IT Governance program to ensure all IT purchases have thorough security review and data classification review
- Continued refinement of data governance policies and procedures and investment in technologies that automate data governance

# Risk Mitigation: Analytics

Invest in technologies that provide real-time data for decision making while insuring accuracy and consistency of institutional data

## Continued Investment in Analytics capabilities

- Added staff to support robust business intelligence and analytics
- Expanded SAS and Tableau licensing and support
- Migrating to Ellucian Cloud allows for easier use of real-time data from Banner

## Build Cloud-based Data Warehouse Capability

- Leveraging Snowflake to build student data warehouse to provide central real-time data source for various reports and ad-hoc queries
- Planning for expanded use of platform
- Research Data Warehouse

## Enhanced Policy & Process Infrastructure

- Strengthening Honest Broker Program and methods for secure access to VCUHS data
- Refined IT Governance and Data Governance processes and policies
- Improvement of Privacy program

# Questions?