



Board of Visitors

AUDIT, INTEGRITY AND COMPLIANCE COMMITTEE

THURSDAY, MARCH 20, 2025

1:00 pm

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

AGENDA

1. **CALL TO ORDER** **Mr. Peter Farrell, Chair**
2. **ACTION ITEMS** **Mr. Peter Farrell, Chair**
(1 minute)
 - a. **Approval of Minutes December 12, 2024**

FOR INFORMATION:

3. **REPORT FROM CHIEF AUDIT AND COMPLIANCE EXECUTIVE** **Ms. Suzanne Milton, Chief Audit and Compliance Executive, Audit and Compliance Services**
(20 minutes)
 - a. Audit and Compliance Services Strategy
 - b. Committee Dashboard Measures
 - c. Introduction of **Jason Block**, new *Chief Ethics and Compliance Officer*
 - d. Integrity and Compliance Office Update
 - e. Internal Audit Reports
 - i. Facilities Management-Deferred Maintenance
 - ii. Capital Assets and Real Estate Internal Control Compliance Review
 - f. Handout: Audit Work Plan Status FY25
 - g. Semi-Annual Follow-Up Status
4. **EQUITY AND ACCESS SERVICES UPDATE** **Ms. Cleopatra Magwaro, Associate Vice President, Equity and Access Services**
(10 minutes)
5. **INFORMATION TECHNOLOGY UPDATE** **Mr. Alex Henson, Chief Information Officer**
(10 minutes)

6. **CLOSED SESSION** – *Freedom of Information Act Sections 2.2-3711 (A)(1), (7), and (19), specifically:*
(20 minutes)

- a. Audit Reports for Discussion
 - i. Selected Centers and Institutes IT Review
- b. University Counsel Litigation Update

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

Mr. Jacob Belue, *Associate University Counsel*

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

Mr. Peter Farrell, *Chair*

Resolution and Certification

Action Items, if any

8. **ADJOURNMENT**

Mr. Peter Farrell, *Chair*



VCU

Board of Visitors

**VIRGINIA COMMONWEALTH UNIVERSITY
BOARD OF VISITORS
AUDIT, INTEGRITY AND COMPLIANCE COMMITTEE MEETING
DECEMBER 12, 2024
2:15 p.m.
James Branch Cabell Library
901 Park Avenue – Room 303
Richmond, VA**

MINUTES

COMMITTEE MEMBERS PRESENT

Mr. Peter Farrell, Chair
Dr. Dale Jones
Mr. Edward McCoy
Dr. Kenneth Lipstock
Mr. P2 Sandhu

OTHER BOARD MEMBERS PRESENT

Mr. Todd Haymore, Rector

OTHERS PRESENT

Dr. Michael Rao, President
Ms. Suzanne H. Milton
Mr. Jacob A. Belue
Staff from VCU

CALL TO ORDER

Mr. Peter Farrell, Chair, called the meeting to order at 2:05 pm.

APPROVAL OF MINUTES AND CHARTER DOCUMENTS

Mr. Farrell asked for a motion to approve the minutes of the September 12, 2024 meeting of the Audit, Integrity and Compliance Committee, as published. After motion duly made and seconded the minutes of the September 12, 2024 Audit, Integrity, and Compliance Committee meeting were approved. A copy of the minutes can be found on the VCU website at the following webpage <https://bov.vcu.edu/meetings/minutes/>.

Ms. Milton also presented the updates to the ACS Department Charter and AICC Meeting Planner in response to the new Global Internal Audit Standards. After motion duly made and seconded, the changes to these documents were also approved.

REPORTS AND RECOMMENDATIONS

Auditor of Public Accounts (APA) Reports for the FY Ending June 30, 2024

Amy Stokes, audit director with the Auditor of Public Accounts presented the university's financial statement audit results for the year ended June 30, 2024. The university is receiving an unmodified or clean opinion meaning the financial statements are presented fairly in accordance with the required accounting principles. The audit report will include two internal control recommendations and one compliance recommendation related to the information technology area.

Audit, Integrity and Compliance Committee Dashboard Measures

Suzanne Milton presented the current status of the dashboard measures. Indicators for Data Security and Ethics and Compliance were yellow, all others were green.

Report from the Executive Director of Audit and Compliance Services

Suzanne Milton shared the results of recent audits to include Telecommunication Services and Payroll. She also provided brief updates on the Ethics and Compliance Program, including data on conflict of interest disclosures and tracking and on the successful and timely filing of VCU's Annual Security Report on October 1 in accordance with the Clery Act.

Global Standards for Internal Audit

Donna Crawford, manager social media governance and audit quality, provided an update on the new Global Standards for Internal Audit. She also presented the results of her Internal Audit Quality Assurance Review.

Enterprise Risk Management Update

Michael Cimis, associate vice-president for safety and risk management provided an update on the university's enterprise risk management program and discussed plans for calendar year 2025.

Data Governance Update

Alex Henson, chief information officer, provided an update on the university's data governance program.

CLOSED SESSION

On motion made and seconded, the Audit, Integrity, and Compliance Committee of the Virginia Commonwealth University Board of Visitors convened into closed session under the Virginia Freedom of Information Act in order to discuss pursuant to Section 2.2-3711 (A) (1) of the Virginia Freedom of Information Act for the discussion of personnel matters, more specifically relating to an audit of an HR personnel system and a discussion of student conduct issue; and under Section 2.2-3711 (A) (7) and (8) for matters requiring the provision of legal advice by counsel, including an update on potential and current litigation in state and federal courts and other legal matters including pending investigations; and pursuant to Section 2.2-3711 (A) (19) for discussion of specific cybersecurity vulnerabilities and briefing by staff concerning actions take to respond to such matters, specifically an audit relating to IT processes.

RECONVENED SESSION

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

Resolution of Certification

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

<u>Vote</u>	<u>Ayes</u>	<u>Nays</u>
Mr. Peter Farrell, Chair	X	
Dr. Dale Jones	X	
Mr. Edward McCoy	X	
Dr. Kenneth Lipstock	X	
Mr. P2 Sandhu	X	
Mr. Todd Haymore, Rector	X	

All members responding affirmatively, the motion was adopted.

ADJOURNMENT

There being no further business Mr. Farrell, Chair, adjourned the meeting at 3:30 p.m.

STRATEGY FOR AUDIT AND COMPLIANCE SERVICES, VCU AND VCU HEALTH FINAL 3.5.25

Vision

Virginia Commonwealth University and Health System are dedicated to patient and student success and are sources of ground-breaking innovation and research for a more just and healthier world.

Audit and Compliance Services protects and sustains VCU's and VCU Health's organizational value through independent, objective, risk-based assurance, guidance and insight, informed by our values and commitment to integrity and accountability. In all our work, we foster a culture of integrity and ethical conduct expressed through our policies, processes and interactions.

Strategic Objectives

People

Continue to develop talent, fill knowledge and resource gaps

-Engage internally and externally

- +Regular learning sessions from key operating leaders
- +Reexamine, update and strategize conference coverage for maximum benefit
- +Regular audit and compliance project sharing and lessons learned delivered by ACS auditors, program managers, directors and team members in VCU and VCUHS

-Update and refresh certification preferences, incentives

-Enhance and invest in Internal Audit Quality Assurance programming

- +Aim high to meet or exceed IIA Global Standards
- +Ensure adequate time set aside for QA sessions, group and individual
- +Involve auditors in taking on support of QA programming

-Add resources, depth in research and privacy compliance, data analytics (including AI and predictive analytics), and ethics of AI areas

- +Prioritize expertise in new hires
- +Sponsor in house and external training on key topics
 - ethics of AI (faculty)
 - research compliance (OVPRI)
 - privacy (VCUHS)

Process

Ensure respectful, insightful audits and investigations that drive continuous learning/improvement

-Institute survey tools for compliance processes akin to audit survey

-Enhance communication of trends by adding root cause element to audits and investigations closure to support trend analysis

-Prioritize just in time learning tools based on trends

-Pilot "Applied Audit" or "Audit 101" twice annually for university and health system staff

-Prioritize regular investigative training track for employees who investigate on both campuses

Identify and execute uses of “secure” AI in select audit and compliance processes and develop department training

-Consider all key systems and processes including:

- Audit workpaper management system
- University policy management and tracking system
- Ethics, compliance and privacy investigation and reporting systems
- Conflicts of interest disclosure systems
- Compliance and privacy dashboards
- Clery reporting systems

Ensure timely, effective program assessment of internal audit and ethics/compliance/privacy programs

-Quality Assessment Internal Audit (as scheduled, required)

-Ethics and Compliance internal & external assessment

-Consider Ethics & Compliance Initiative (ECI) HQP tool for internal assessment

-Continued use of HCCA/OIG Measuring Compliance Program Effectiveness for VCU Health

-Plan for external assessments

Organizational Performance

Address emerging risks by enhancing organizational capability in internal controls, process improvement, risk mitigation, ethics in AI and ethical leadership

-Enhance process monitoring literacy and practice at VCU/VCU Health

-Clarify and update Internal Audit risk assessment process, execution, and use

-Support ERM continuous improvement, especially in integration with strategic operations

-Enhance knowledge and readiness of organization to effectively and ethically use and manage AI

-Enhance leadership development activities to support fearless, speak-up cultures led with integrity

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

Institutional Research and Decision Support (IRDS), Technology Services (IS) and campus partners have completed the final technical review for the proposed data warehouse solution (HelioCampus), and we are now in the procurement phase. Additionally, our data governance enhancement proposal is moving through revisions and approvals, and the Data and Information Management Council (DIMC) membership is being reviewed in preparation for relaunch.



DATA SECURITY (number of security incidents / breaches)



No data breaches have occurred or seem likely to occur; security risks are well understood and being mitigated; resources viewed as aligned with threat and risk environment



No breach has occurred, but minor security incidents or near-misses have occurred; significant audit findings have occurred but are being mitigated; some overload or barriers / challenges encountered that may require adjustment or reallocation of resources



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

Our Information Security team continues to actively monitor threats and assess the IT environment to minimize risk. No significant information security incidents have occurred since our last meeting, but we have observed an increase in intrusion attempts targeting our legacy Virtual Private Network (VPN) system using random password lists (more than 19 million attempts in less than 90 days). Plans are now in place to remove legacy VPN access to high-sensitivity systems with the hopes of completely removing the VPN in the future. Phishing and social engineering attempts against the IT service desk systems and staff are still consistently observed, and the administrative controls put in place have been effective in keeping threat actors from obtaining credentials to VCU systems and/or personal data. Additional technical controls that can help to filter out some phishing attempts are being examined. The enhanced Multi-Factor Authentication (MFA) controls put in place last year have also proven effective as we continue to see a minimal number of compromised accounts in the environment.

An enforcement mechanism is now in place to ensure the completion of mandatory training by VCU faculty and staff where individuals who have not completed training in time will be presented with reduced access to VCU systems and data. Additionally, we continue to work with VCU Arts Qatar in implementing our standard information security controls and have successfully built centrally-managed monitoring and account provisioning processes now in use. To further extend zero-trust security architecture across VCU, additional procedures were implemented for high-sensitivity system access requests that leverage additional system controls. We have also completed the annual GLBA and PCI penetration tests in Q4 2024. No critical or high findings are present, and we are actively working to address medium and informational findings from the report.

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.

Based on board feedback, work has begun on a benchmarking assessment of the ERM program to identify any potential risk gaps and confirm alignment with best practices amongst aspirational peers and industry leaders. In addition, work is ongoing to add two new strategic-level risks, one around athletics and amateur athlete compensation and a second related to decentralized processes, functions and reports. This is being done in conjunction with Audit and Compliance Services and the Risk Reduction Workgroup and includes an evaluation of decentralized IT, finance, communications and HR functions. The group is also evaluating external report submission and data gathering processes related to regulatory, accreditation, and rating agencies to update training, processes and expertise as needed.

VCU recognizes that a certain level of risk-taking is inherent to achieving strategic objectives. VCU's Enterprise Risk Management Steering Committee evaluates risks and risk controls, targeting risks that are determined to be outside of VCU's comfort or "risk tolerance." Four risks have been moved back into tolerance since 2023, six risks remain out of tolerance and two more will be added bringing the total number of strategic risks to 21. The 13 risks considered to be in tolerance are in the areas of research funding, transportation, staff recruitment and retention, strategic plan management, development and alumni support, data analytics/IT functionality/shadow systems, academic funding, student affairs, enrollment management, global programs/international issues, improper activities and relationships due to foreign influence, IT system availability and security and civil rights. Out-of-tolerance risks are in the areas of facilities and space (including adequacy and programmatic fit/condition), police, safety and risk management, emergency preparedness, clinical research administration and institutional compliance and ethics. Two new strategic-level risks are being added related to athletics/amateur athlete compensation and decentralized processes and reporting.

PLANNED AUDIT STATUS



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



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



Progressing as planned and within overall budget



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



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

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

INSTITUTIONAL COMPLIANCE PROGRAM



Compliance requirements compared to known material violations



Compliance Program Oversight & Effectiveness



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



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



Significant challenges to institutional compliance strategy or resolution encountered

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



VCU

VIRGINIA COMMONWEALTH UNIVERSITY

Deferred Maintenance

Final Report

February 26, 2025

Audit and Compliance Services

Overview

Terminology

Deferred Maintenance refers to postponing maintenance and repair projects in order to save costs or meet budget funding levels, without posing threats to safety or asset viability. It also refers to maintenance and repair activities not performed when anticipated due to superseding priorities.

Deferred maintenance involves major repairs to or replacement of plant, property or equipment to extend useful life and ensure safety. These projects cost between \$25K and \$2M, or up to \$4M for roof replacements and address functionally obsolete, damaged or inoperable equipment, repairs or replacement of various building components and utility systems, erosion and drainage problems and access for those with physical limitations. Exemption from these thresholds may be authorized by the State Department of Planning and Budget. Maintenance Reserve is distinct from new construction and renovation.

Process

The associate vice president for facilities management, executive director of facilities operations, or director of engineering and utilities initiates maintenance reserve projects. Project managers enter approved requests into e-Builder, the project management system of record. The system is the repository of project information for approved projects, including approvals, budget formation and approval, project progress, changes, contracts and documentation.

In order to assess possible deferred maintenance costs, Facilities Maintenance consulted with Sightlines, Inc., a professional construction management firm, in 2017 to conduct inspections of buildings not managed by auxiliaries, detailing needed repairs and their costs. The report identified approximately \$519M of potential maintenance needs over the next ten-year period, approximately \$170M identified as projected maintenance needs over the next three years, cataloging them by building and describing repairs in each one. The report revealed that a majority of costs originated with older and larger buildings. Since that time, inflation has changed costs, making the reported estimates significantly less accurate.

From 2017 until the onset of COVID, Facilities Management utilized an inventory of VCU owned structures conducted by Sightlines, Inc. to estimate the total volume of deferred maintenance throughout the University and communicate those needs to senior stakeholders. Representatives from Planning and Design and Construction Management meet bi-weekly with individual facilities operations zone managers to review individual project progress and needs. In addition, a panel consisting of the associate vice president of facilities management, director of financial services, executive director of facilities operations, director of planning and design, and director of construction management and director of facilities services meet monthly to discuss project issues, funding, prioritization, progress and strategies to address project issues. The panel selects projects subjectively according to their long-standing experience and knowledge of VCU facilities, vendor maintenance schedules and various other inputs. They prioritize projects according to a hierarchy beginning with emergency events, safety concerns, impacts to the university mission,

roof repair, manufacturers' maintenance schedules and conditions of assets. Therefore, the process of project determination must remain fluid.

Compliance

VCU's Higher Education Capital Outlay (HECO) Manual guides Capital and Non-Capital projects. Maintenance Reserve projects are generally non-capital and subject to most, but not all, HECO requirements. e-Builder contains HECO forms related to each project and must be completed for projects to advance. Maintenance Reserve projects that exceed \$3M are considered capital in nature requiring authorization from the Board of Visitors and compliance with the HECO stipulations.

Fiscal Perspectives

As of October 31, 2024, active maintenance reserve projects totaled \$45M in various project stages. Those projects included \$24M in construction, \$11M in planning and design, and \$3M in a completed stage. Another \$3M were in procurement and \$4M were in initial stages. All projects were within budgeted expenditures.

Purpose

The objective of the audit was to determine whether Facilities Management effectively manages the deferred maintenance program.

Scope and Audit Procedures

Our scope of Deferred Maintenance encompassed fiscal year 2024 and focused on whether:

- Facilities Management develops the deferred maintenance schedule objectively according to need, and the schedule is documented and appropriately approved
- Facilities Management manages the deferred maintenance program to execute existing and planned projects

Our audit procedures included:

- Process interviews and demonstrations with key managers to understand processes
- Reviewing documented procedures for initiating, approving and monitoring deferred maintenance projects
- Examining project samples in e-Builder for documentation of project decisions, budget compliance and approvals
- Reviewing the VCU HECO Manual for compliance requirements
- Evaluating maintenance reserve schedules for completeness and evidence of monitoring
- Comparing project budgeted and actual expenditures for approval variances and plans to address them

Conclusion

In our opinion, based on the results of our audit, Facilities Management manages the deferred maintenance program effectively to execute existing and planned deferred maintenance projects.

A detailed recommendation to strengthen deferred maintenance operations was included in a separate report furnished to management.

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

Matthew Magruder	Director of Construction Management
Kevin Kreide	Executive Director of Facilities Operations
Richard Sliwoski	Associate Vice President for Facilities Management
Meredith Weiss	Senior Vice President for Finance and Administration and Chief Financial Officer

Our audit was conducted in conformity with the *Global Internal Auditing Standards* and included an evaluation of internal controls and such procedures as we considered necessary in the circumstances.



Chief Audit and Compliance Executive
Audit and Compliance Services



VCU

VIRGINIA COMMONWEALTH UNIVERSITY

Capital Assets and Real Estate

Internal Controls Compliance Review

Final Report
February 20, 2025

Audit and Compliance Services



VCU

Audit and Compliance Services

918 West Franklin Street

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Richmond, Virginia 23284-2503

Phone: (804) 828-2336

Fax: (804) 828-2356

To: Michael Rao
President

From: Suzanne Milton
Chief Audit and Compliance Executive

Date: February 20, 2025

Subject: Capital Assets and Real Estate Internal Controls Compliance Review











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

cc Meredith Weiss, Senior Vice President for Finance and Administration and CFO







Internal Controls Compliance Assessment Dashboard

Audit name:	Capital Assets and Real Estate ICCR
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Reason for audit:	Provide management with assurance that selected financial and administrative processes were performed and monitored properly.
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Conclusion by Process	Risk Rating
1. Financial Monitoring 1.1. Forecast Monitoring of approved budgets was performed 1.2. Budgets were reviewed and negative variances were addressed	 
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 completed by the custodian, dean/department head or designee 4.5. Petty cash fund maintained at authorized amount at all times (combination of unreimbursed receipts and/or cash)	N/A N/A N/A N/A N/A
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	  





<p>5.4. Controls were in place to prevent the splitting of orders to avoid procurement rules</p> <p>5.5. Supporting documentation was maintained electronically</p> <p>5.6. Purchase orders were closed timely in RealSource</p>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
<p>6. Travel</p> <p>6.1. Travel > \$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>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
<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. Transactions allocated to the appropriate expense account timely</p> <p>7.6. Transactions supported by receipts or valid invoices uploaded into the Pcard system</p> <p>7.7. Reviewers and approvers were timely reviewing and approving transactions in BOA Works</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>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
<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>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
<p>9. Grants</p> <p>9.1. Expenditures were in accordance with the grant agreement</p> <p>9.2. Certified effort is in accordance with grant agreement</p> <p>9.3. Performance/progress reports submitted to the sponsor timely where required</p>	<p>N/A</p> <p>N/A</p> <p>N/A</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 the surplus forms completed 10.4. All HEETF purchases \$500 and above were recorded as fixed assets	 N/A N/A N/A
11. ARMICS 11.1. Yearly ARMICS documentation was completed and submitted by the due date set by the controller's office 11.2. An appropriate level of testing was performed to provide sufficient evidence that controls were operating as intended 11.3. Supporting documentation for unit testing was readily available	  
12. Local Applications 12.1. Annual access reviews for local applications were performed 12.2. Local Applications were inventoried according to the Passwords Authentication and Access Standard 12.3. Application server(s) were administered or supported by central IT through a SLA 12.4. Signed copy(s) of the Service Level Agreement with Technology Services were available	  N/A N/A

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 following page.

Risk Classifications and Definitions

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

Audit and Management Services
Status of Fiscal Year 2025 Audit Work Plan
March 4, 2025

Area		Status
<u>Carryovers</u>		
Financial & Operational Audits:		
College of Health Professions ICCR		Completed
School of the Arts in Qatar ICCR		Completed
Telecommunications		Completed
Human Resources – Compensation & Classification		Completed
Facilities Management – Deferred Maintenance		Completed
IT Audits:		
Selected Centers and Institutes IT Review		Completed
<u>Current Year Risk-based Audits and Assessments</u>		
Financial & Operational Audits:		
Payroll		Completed
Real Estate Services – ICCR		Completed
Treasury Services		In Progress
Business Services		In Progress
School of Education – ICCR		In Progress
Institute of Contemporary Art – ICCR		In Progress
Data Verification – US News Reporting		In Progress
Enrollment Projection Management		Not Started
Student Affairs (Functional area - TBD)		Not Started
Banner Student Ancillary Systems Integrity – Postponed*		Postponed
VP Research—Human Subject Protection (Research) Postponed to FY 2026, replaced with Payroll		Postponed
IT Audits:		
Modo Campus – IT Control Review		Completed
Vulnerability Management Review		In Progress
Academic Advising Tools Application – IT Control Review		In Progress
Police Department IT Security Review		Not Started
Decentralized Application Review		Not Started

Audit and Management Services
Status of Fiscal Year 2025 Audit Work Plan
March 4, 2025

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

Special Project	Status
<u>Continuing Projects</u>	
State Employees Fraud, Waste, and Abuse Hotline	In Progress – 1; Closed - 5
Special Projects	In Progress – 3; Closed - 2

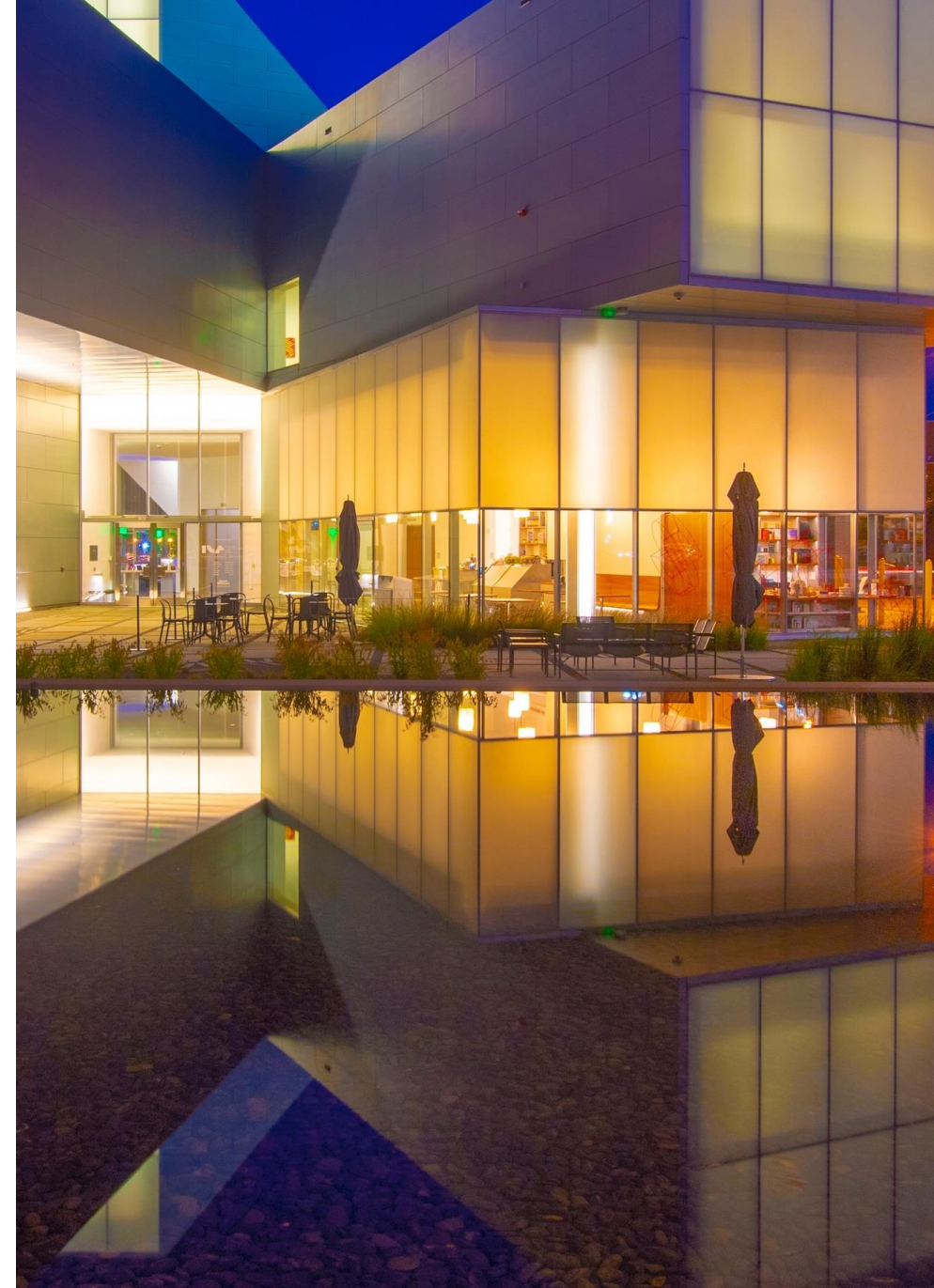
*Project postponed due to special projects and staff turnover. Will consider in 2026 audit planning.

[illegible]

VCU BOARD OF VISITORS

Audit, Integrity and Compliance Committee

March 20, 2025



For Action: Approval of Minutes

- Audit, Integrity and Compliance Committee Meeting held on December 12, 2024
- Motion to approve the Minutes







Strategy* for Audit and Compliance Services VCU and VCU Health

Includes overall Vision, Strategic Objectives, and Supporting Initiatives for our:

- People
- Processes
- Organizational Performance

*Required by the Global Standards for Internal Audit, effective January 1, 2025

Committee Dashboard Measures

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

Ethics and Compliance Update: **Clery Act Compliance**

Report Intake



Now **understand how departments receive reports** that **could have Clery implications**

Working to streamline that process with individual units

Reconciliation



Held **first round of reconciliation meetings**

Ensuring **cases are not counted more than once** if Clery reportable

Next Steps



Integrate Stop Campus Hazing Act of 2024

Hold **2-day Clery Basics Training** in April

Refine internal reporting and counting **processes**

Ethics and Compliance Update: **Training and Communications**



Annual Training

- Required Training Release launched in January, 2025
- Refresher on speaking up, investigations
- Optional survey - Great feedback



Future Focus

- Earlier, more frequent engagement with employees
- New Onboarding module
- Core set of E&C tools - The Basics
- Nurturing the ICO-HRP relationship

Ethics and Compliance Update: **Investigations and Analytics**

YOY Reported Concerns

Severity	Mid-year FY24	Mid-year FY25
High	8.6%	3.5%
Medium	37.6%	39.4%
Low	53.7%	57%

Ethics and Compliance Update: **Investigations and Analytics**

FY25 Midyear Trends vs. Benchmarks in Reported Concerns					
	Cases per 100 Employees	Anonymous Reporting Rate	Substantiation Rate	Concerns of Retaliation	Most Commonly Reported Issue Type
FY2025 VCU (Q1 & Q2)	1.09	11%	30%	8%	Discrimination Based on Protected Class
FY2024 VCU Internal Benchmarks	2.45	21%	58%	7%	Ethics Violations
NAVEX Benchmark	1.70	50%	43%	1.72%	HR, Diversity, and Workplace Respect

Capital Assets and Real Estate Internal Control Compliance Review

Audit Scope:

Reviewed selected controls and compliance areas for FY2024

- ARMICS
- Purchasing
- Banner certifications
- Records management

No issues noted

Facilities Management – Deferred Maintenance

Conclusion: Facilities Management managed the deferred maintenance program adequately to execute existing and planned deferred maintenance projects

Audit Scope:

- Facilities Management develops the deferred maintenance schedule objectively according need, and the schedule is documented and appropriately approved
- Facilities Management manages the deferred maintenance program to execute existing and planned projects

No Board level findings

Semi-Annual Follow-Up Status

One of 14 open issues did not meet the target date reported at the September Audit and Compliance Committee Meeting. The responsible VP provided a new date below. Details in handouts.

Finding	Due Date	Revised Due Date	VP on Target
Complete Efforts to Standardize a Policy Statement and Procedures for Academic Administrator Contracts (Academic and Executive Administrator Contract)	December 2024	July 2026	N

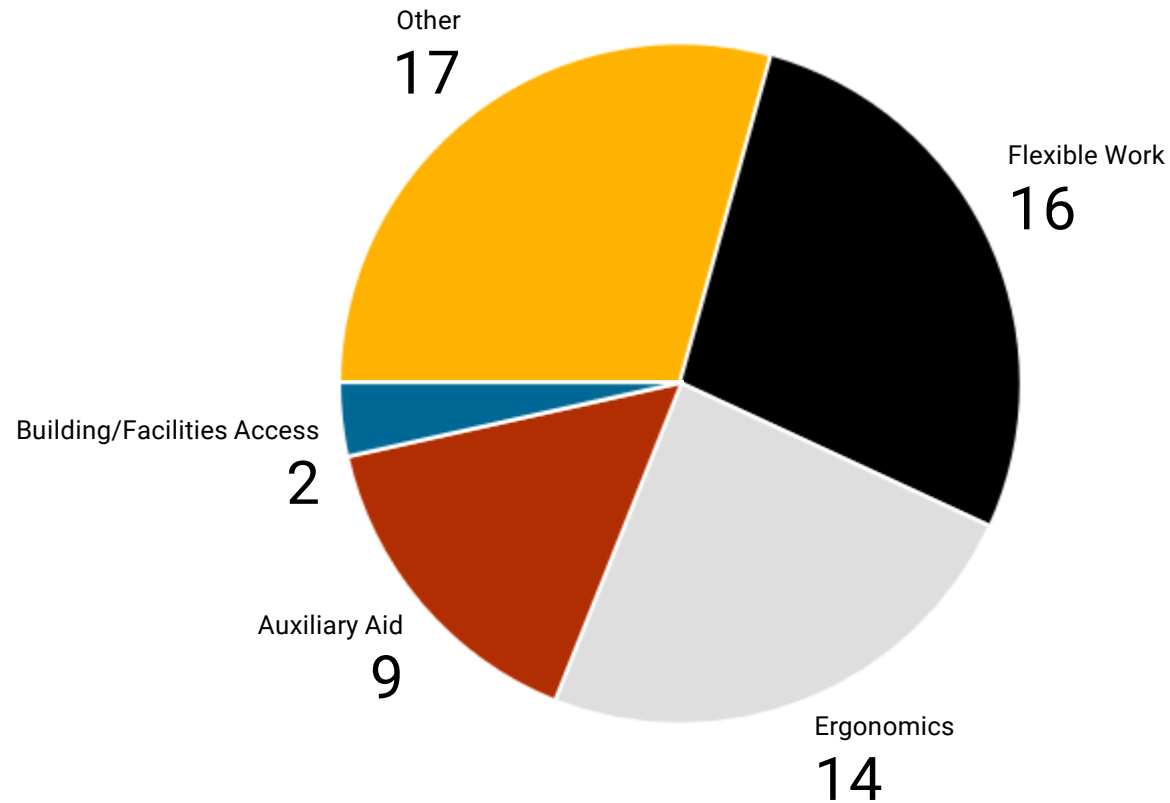
N - Target in Jeopardy or Already Missed

EAS

- Complies with state and federal civil rights laws and regulations across 4 units
 - [ADA/Accessibility Services Office](#)
 - [Equal Opportunity and Affirmative Action Office](#)
 - [Protection of Minors](#)
 - [Title IX Office](#)
- Improvement in data collection since 2021
- More robust data for comparison

EAS: ADA & Accessibility

2023-2024



58 Approved Accommodations

Most were free

Flexible work arrangements,
etc.

EAS: Equal Opportunity & Affirmative Action

2023-2024

99.1%

non-discrimination training completion rate

EAS: Equal Opportunity & Affirmative Action

Allegation Trends

Complainant Types	2020-21	2021-22	2022-23	2023-24
Age	1	4	1	4
Color	1	1	1	0
Disability #2	2	22	21	36
Ethnicity	0	6	7	17
Gender Identity	0	1	6	9
Military Status	1	4	0	4
National Origin	1	0	1	21
Parenting Status	0	0	2	7
Political Status	0	7	0	4

EAS: Equal Opportunity & Affirmative Action

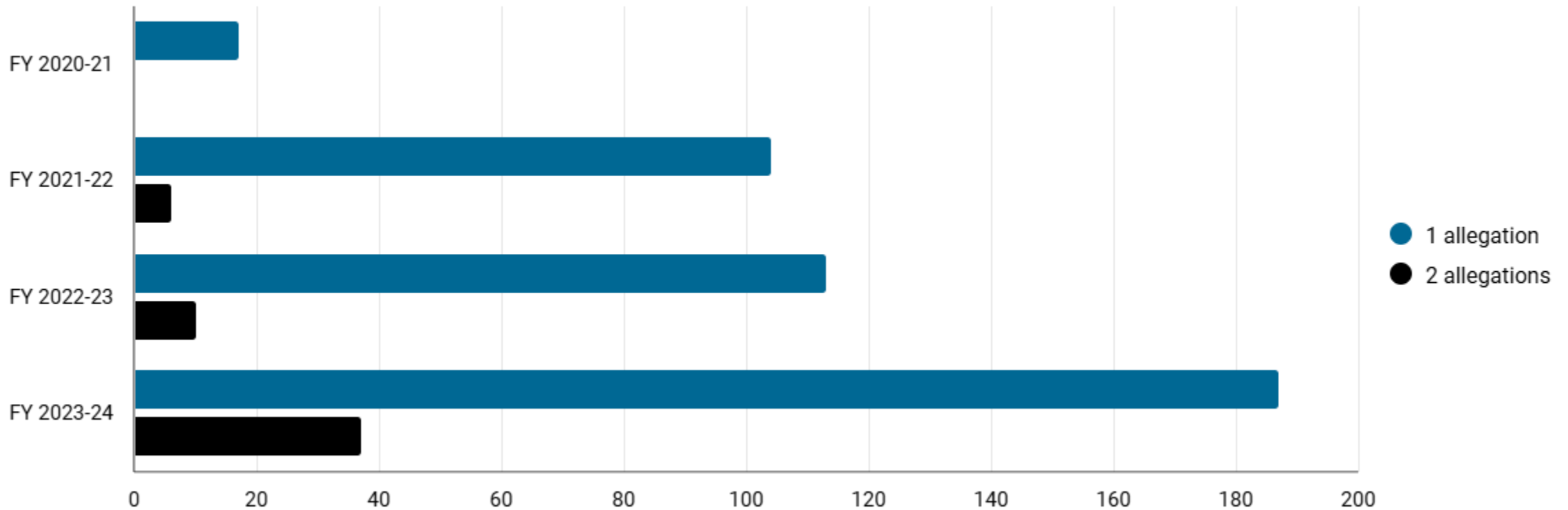
Allegation Trends (Contd.)

Complainant Types	2020-21	2021-22	2022-23	2023-24
Retaliation	2	7	7	1
Race #1	7	37	38	54
Religion	0	3	3	19
Sex	2	17	9	24
Sexual Orientation	0	1	12	4
Shared Ancestry	0	0	0	29
Outside of Policy #3	0	10	21	30
Veteran Status	0	0	0	1
Total Allegations	17	114	129	264
Total Cases	17	110	123	174

EAS: Equal Opportunity & Affirmative Action

Case Complexity Over Time

Since the EO office creation in 2021, cases with >1 distinct allegation are on the rise.



EAS: Protection of Minors

Ideal-Logic Management System

- Implemented Ideal-Logic in March of 2024
- Helps enforce policy
- Helps monitor compliance
- Gathers data

Significant increase in youth programs since implementation



2021-2022

64

programs registered

2022-2023

99

programs registered

03/22/24 - 2/27/25

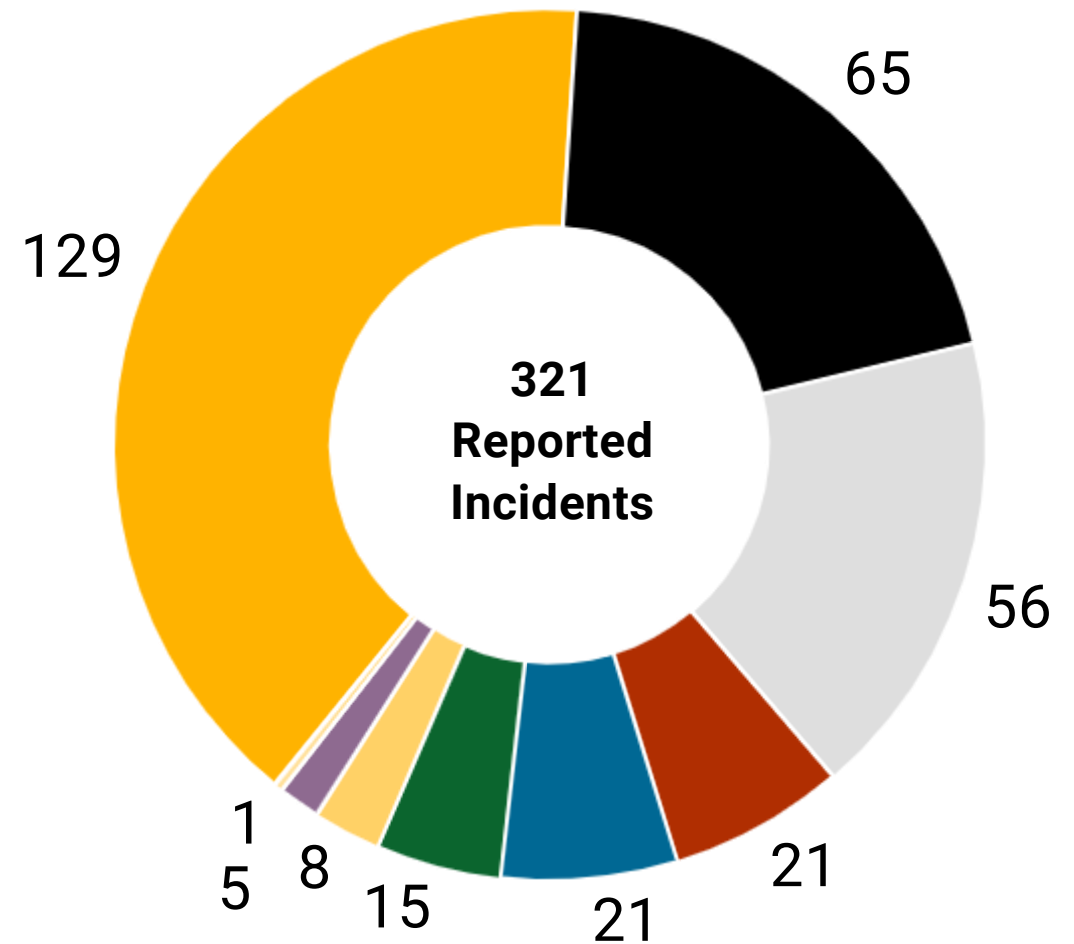
118

programs registered

EAS: Title IX

Case Outcomes

- Complainant did not respond to outreach (40.2%)
- Complainant declined VCU resources (20.2%)
- Received supportive measures only (17.4%)
- Unable to identify complainants (6.5%)
- Other resolution (unique circumstances/response) (6.5%)
- Referred to other offices (4.7%)
- Open/pending cases (2.5%)
- Resolved formally (1.6%)
- Complainant withdrew complaint (.3%)



EAS: Title IX

Education & Outreach

732 students
+ 235 faculty/staff

967

attendees across **19** education
and outreach programs

Frequent topics include

- Reporting
- Consent

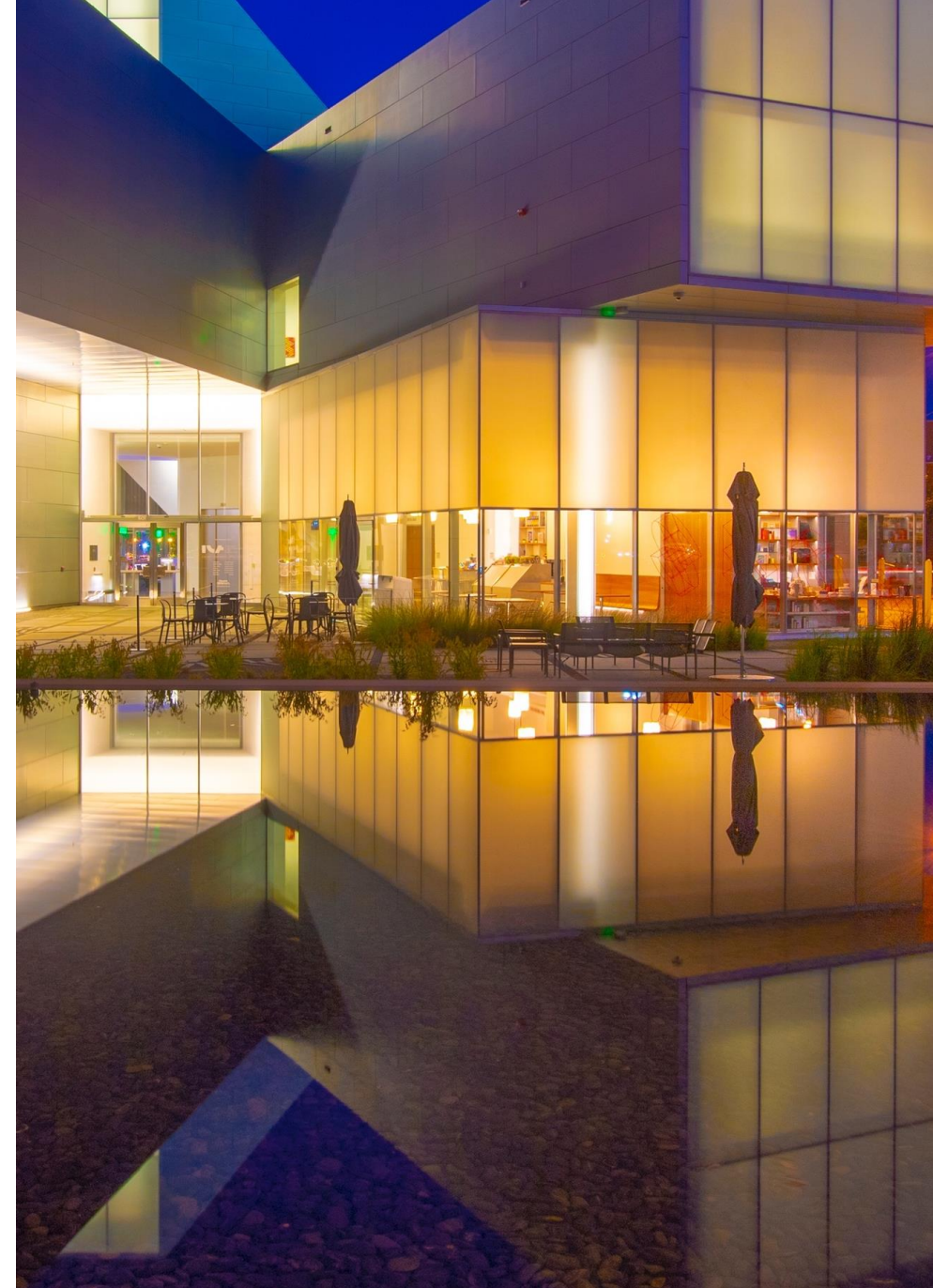
IT Risk Management Update

Board of Visitors Meeting

Audit, Integrity and Compliance Committee

Alex Henson, Chief Information Officer

March 20, 2025



Threats and Trends (Last Quarter)

- **Social Engineering**
 - Traditional Phishing (Email and SMS) – **65+ reports made**
 - **Service Desk phishing**
- **Malicious content**
 - Web advertisements
 - Malicious links
- **Brute force credential stuffing**
 - **19.62M** failed attempts targeting the legacy VPN system
- **Exploitation attempts of perimeter devices**



Current Risk Mitigation Strategies

- Service Desk SoP for caller validation
- Continued implementation of phishing-resistant Multi-Factor Authentication
- Weekly vulnerability review sessions
- Penetration tests
- Simulated phishing exercises
- Completion of key objectives in bringing VCU Arts Qatar environment in line with security protections at VCU Richmond
- Continued Zero-Trust adoption and reduction in legacy infrastructure



Enter code in Duo Mobile

Verify it's you by entering this verification code
in the Duo Mobile app...

20552

Sent to "iOS" (*****5411)



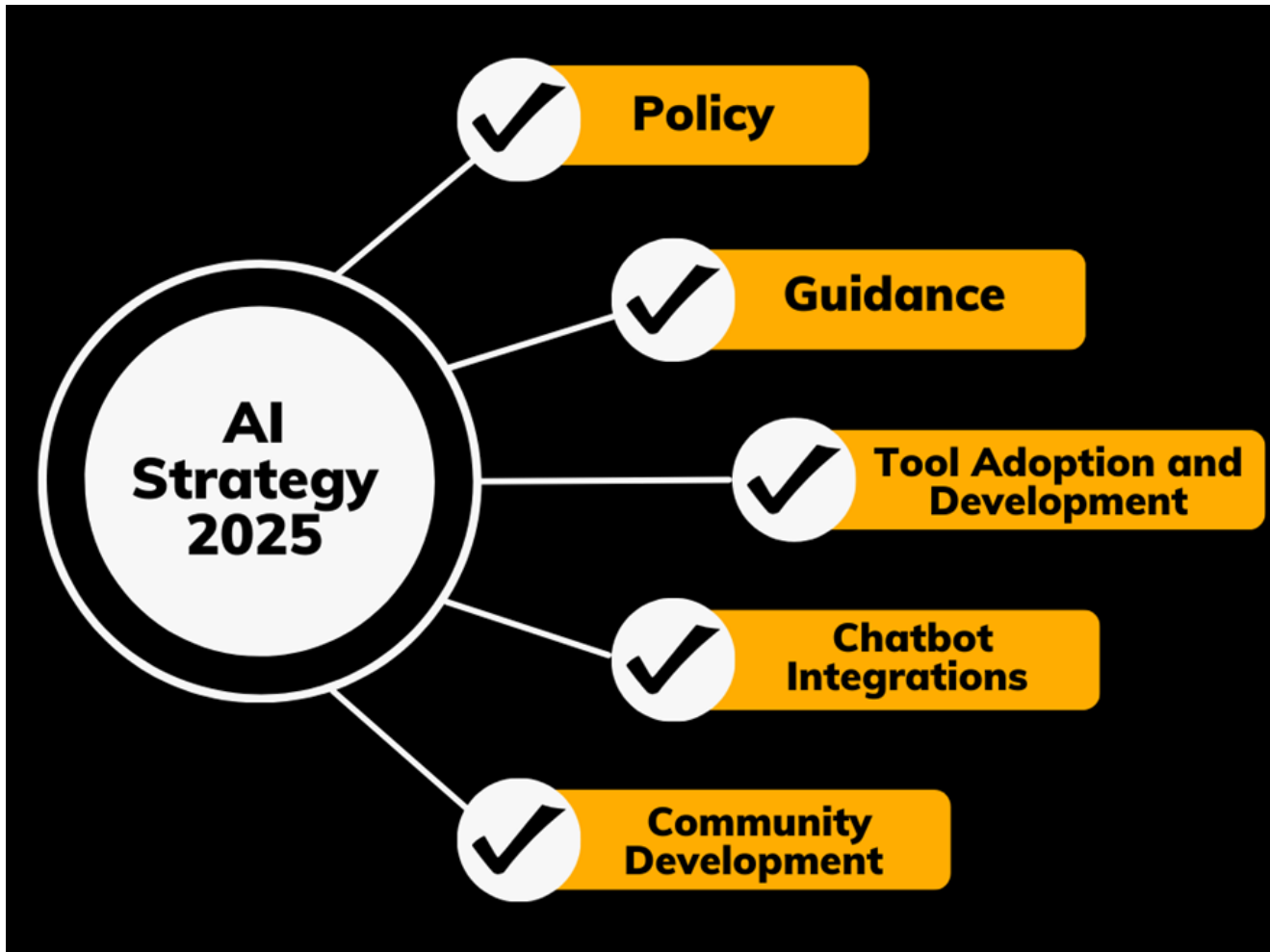
[Other options](#)

[Need help?](#)

Secured by Duo



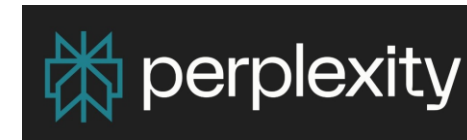
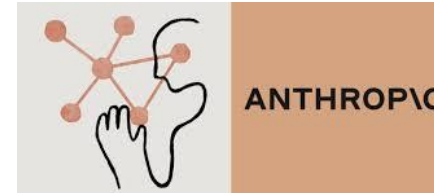
Generative AI @ VCU



- New Emerging Technologies Program Manager position to help manage GenAI requests and projects and build community
- GenAI guidance and review integrated into product procurement and IT Governance process
- AI Policy drafted and in review process
- Assessment questionnaire developed for GenAI products
- Core team established with faculty representation

Generative AI @ VCU

- About **35%** of VCU faculty/staff are using a GenAI chat service
- Grammarly is the most frequently used GenAI-assisted application in VCU
- Enterprise license obtained for Microsoft Copilot Chat service
- Central OpenAI Platforms obtained for custom development
- Limited usage of Google Gemini, Anthropic Claude, and Perplexity
- High Performance Computing and locally hosted models utilized
- VCU is compliant with Executive Order 46 prohibiting use of DeepSeek AI on state-owned devices and state-run networks



Generative AI @ VCU

- Use cases
 - Pre-built chatbots (e.g., ChatGPT, Gemini, Claude)
 - Assistive/Agentic AI tools and features (e.g., Zoom AI Companion, Salesforce AI, Microsoft 365 Copilot)
 - Custom-built GenAI agents (e.g., OpenAI Platform)
- Challenges
 - Proliferation of tools and models, many of which come with security and privacy issues
 - Data governance issues with the use of GenAI tools
 - Managing expectations of what GenAI can/cannot do
 - Meeting the pace at which the business is demanding GenAI



Closed Session