



Board of Visitors

VIRGINIA COMMONWEALTH BOARD OF VISITORS AUDIT, INTEGRITY AND COMPLIANCE COMMITTEE MEETING

September 12, 2024

2:15 p.m.

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

AGENDA

1. CALL TO ORDER

Mr. Peter Farrell, Chair

2. ACTION ITEM:

Mr. Peter Farrell, Chair

(1 MINUTE) 2:15 - 2:16

- a. Approval of Minutes May 9, 2024

FOR INFORMATION:

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

**Mr. David Litton, Interim Executive
Director, Audit and Compliance Services**
**Suzanne Milton, Chief Ethics and
Compliance Officer**

(22 MINUTES) 2:16 – 2:38

- a. Committee Dashboard Measures
- b. Budget, Staff Qualifications, Survey Results
- c. Semi Annual Follow-up Status
- d. Internal Audit Reports
 - i. School of the Arts in Qatar ICCR
 - ii. College of Health Professions ICCR
- e. Integrity and Compliance Services Annual Report
- f. Handout: Audit Work Plan Status FY25

4. INFORMATION TECHNOLOGY UPDATE

**Alex Henson, Chief Technology
Officer**

(8 MINUTES) 2:38 – 2:46

5. CLOSED SESSION

*Freedom of Information Act Section 2.2-3711 (A)
(1), (19), (8) and (7), specifically:*

- a. **Audit Reports for Discussion**
(3 MINUTES) 2:46 – 2:49
 - i. PyraMed IT Internal Controls Review
 - ii. Canvas IT Security Review

Mr. David Litton, *Interim Executive Director, Audit and Compliance Services*

- b. **University Counsel Litigation Update**
(23 MINUTES) 2:49 – 3:12

Mr. Jake Belue, *Associate University Counsel*

- c. **Personnel**
(3 MINUTES) 3:12 – 3:15

Ms. Karen Helderman, *Chief of Staff*

6. RETURN TO OPEN SESSION AND CERTIFICATION

Mr. Peter Farrell, *Chair*

Action Item:

Approval of items discussed in closed session

8. ADJOURNMENT

Mr. Peter Farrell, *Chair*



VCU

Board of Visitors

VIRGINIA COMMONWEALTH UNIVERSITY
BOARD OF VISITORS
AUDIT, INTEGRITY AND COMPLIANCE COMMITTEE
May 9, 2024
James Branch Cabell Library
901 Park Avenue – Room 303
Richmond, Virginia

DRAFT MINUTES

BOARD MEMBERS PRESENT

Mr. Peter Farrell, Chair
Ms. Ellen Fitzsimmons, Vice Chair
Mr. H. Benson Dendy III
Dr. Dale Jones
Mr. Edward McCoy
Mr. Keith Parker
Mr. P2 Sandhu
Mr. Todd Haymore, Rector

OTHERS PRESENT

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

CALL TO ORDER

Mr. Peter Farrell, Chair, called the meeting to order at 9:00 a.m.

APPROVAL OF MINUTES

Mr. Farrell asked for a motion to approve the minutes of the March 21, 2024 meeting of the Audit, Integrity and Compliance Committee, as published. After motion duly made and seconded the minutes of the March 21, 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/>.

APPROVAL OF ACTION ITEMS

The committee reviewed and discussed four action items, the review and approval of the Audit, Integrity and Compliance Committee Charter and Meeting Planner, the Audit, Integrity and Compliance Department Charter, Internal Audit's FY2025 Work Plan and FY2025 Ethics and Compliance Program Initiatives. On a motion duly made and seconded the action items were unanimously approved to recommend to the full board.

CLOSED SESSION

Mr. Farrell moved that the Audit, Integrity, and Compliance Committee of the Virginia Commonwealth University Board of Visitors convene a closed session under Section 2.2-3711 (A)(19), for discussion of information where discussion in an open meeting would jeopardize the safety of any person or the security of any facility, building, structure, information technology system or software program, more specifically relating to discussion of an audit report concerning an information technology system, Section 2.2-3711 (A)(8), for discussion of specific legal matters requiring the provision of legal advice by counsel employed or retained by a public body, more specifically relating to discussion of legal advice regarding a consultant's report concerning Clery Act compliance and an audit report concerning academic recordkeeping; Section 2.2-3711 (A)(7), for updates on potential and current litigation in state and federal courts where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the public body, more specifically relating to an update from counsel pertaining to actual or probable litigation. The motion was seconded and was approved unanimously.

RECONVENED SESSION

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

Resolution of Certification

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

| <u>Vote</u> | <u>Ayes</u> | <u>Nays</u> |
|-----------------------------------|--------------------|--------------------|
| Mr. Peter Farrell, Chair | X | |
| Ms. Ellen Fitzsimmons, Vice Chair | X | |
| Mr. H. Benson Dendy III | X | |
| Dr. Dale Jones | X | |
| Mr. Edward McCoy | X | |
| Mr. Keith Parker | X | |
| Mr. P2 Sandhu | X | |
| Mr. Todd Haymore, Rector | X | |

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

FOR INFORMATION

Auditor of Public Accounts (APA) Entrance Conference for FY2024 Audit

Amy Stokes, APA Audit Director, discussed the planning, timing and scope for the FY2024 annual financial audit. Ms. Stokes also discussed auditor and management responsibilities and audit report communications.

Audit, Integrity and Compliance Committee Dashboard Measures

David Litton presented the current status of the dashboard measures. Indicators for Data Security and Institutional Compliance Program were yellow and other indicators were green.

Report from the Interim Executive Director of Audit and Compliance Services

David Litton briefed the committee on the results of two internal audit reports Banner HR Ancillary Systems Transfers and Campus Card Services none of which had board level findings. Suzanne Milton, Chief Ethics and Compliance Officer also provided an update on Compliance activities.

Enterprise Risk Management (ERM) Update

Michael Cimis, Assistant VP for Safety and Risk Management, provided an update on the Enterprise Risk Management program.

A copy of the power point is attached hereto as ***Attachment A*** and is made a part hereof.

ADJOURNMENT

There being no further business Mr. Farrell, Chair, adjourned the meeting at 10:18 a.m.

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) and campus partners have completed a thorough vetting process, engaging with five universities that utilize the proposed data warehouse solution. A final technical meeting with the vendor and campus stakeholders is scheduled for August. Following this meeting, we will decide on the technology to advance to procurement. The Associate Vice Provost for IRDS has drafted an initial proposal aimed at evaluating and revising the current data governance structure. This proposal addresses the need for appropriate staffing, resources, and policy revisions. Upon approval, we will initiate a comprehensive revival of our data governance framework, with a relaunch planned for the fall.



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

VCU's Qatar campus (VCUarts Qatar) experienced a cybersecurity incident in the past quarter that led to the compromise of some IT infrastructure and theft of information. With the assistance of a third party, facilitated by our cyber-liability insurance provider, the incident was contained quickly; infrastructure was restored; notifications were sent to approximately 4200 affected individuals; and all legal obligations were met. VCUarts Qatar is working with VCU to further strengthen its security defenses. This incident did not impact the VCU Monroe Park or MCV campuses.

VCU was also impacted by the global system outage caused by CrowdStrike on Friday 7/19/2024. As a result of rapid response in the early morning hours, minimal impact was sustained by the VCU infrastructure, and all VCU on-premise servers and services were up and running by 9:30 AM on 7/19/2024. About 33% of all Windows computer workstations (equaling 3,500 computers) used by the VCU workforce were impacted by the outage, with most employee workstations restored to functional levels by Monday 7/22/2024.

VCU continues to actively monitor threats and assess the IT environment to minimize risk. To further extend zero-trust security architecture, additional procedures are in place for high-sensitivity system access requests and changes and we have completed the rollout of our Endpoint Detection and Response platform to all university-issued computers. We have migrated the Secured Research environment to the new VCU data center and are expanding its use to the broader research population. VCU continues to monitor GLBA Safeguards rule compliance and will be conducting the required annual penetration test in Q4 2024.

ERM PROGRAM



Status of ERM mitigation plans



Program progressing on schedule



Program not on schedule; ERM Committee to address.



Program significantly behind schedule; Executive Management attention required.

VCU recognizes that a certain level of risk-taking is inherent to achieving strategic objectives. VCU's Enterprise Risk Management Committee evaluates risks and risk mitigation strategies, targeting risks that are determined to be outside of VCU's comfort or "risk tolerance." A risk tolerance survey and focus groups with VCU leaders are planned in early 2025 to reassess our tolerance. Currently, 19 strategic risks are being tracked, 12 of which are within VCU's risk tolerance. Significant work is ongoing in all risk control areas with a focus on risks currently out of risk tolerance.

Each risk is assigned an owner. Each risk owner was charged with updating their risk management plans over the summer and reviewing any changes with the appropriate cabinet members. These updated plans are under review by the ERM steering committee. They will be finalized this fall and presented, along with an updated heat map of risk scores, to BOV in December. The ERM Steering Committee also welcomed three new members and provided them an orientation to the program, their role, and support in using our system of record (Origami Risk).

PLANNED AUDIT STATUS



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



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



Progressing as planned and within overall budget



Some overload or barriers / challenges encountered that may require adjustment or reallocation of resources to resolve
Significant overload or barriers / challenges encountered resulting in major delays or changes to scheduled work plan

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

INSTITUTIONAL COMPLIANCE PROGRAM



Compliance requirements compared to known material violations



Compliance Program Oversight & Effectiveness



No known material noncompliance; or ownership and accountability for compliance risks are established and operating at explicitly or implicitly approved levels of risk tolerance or appetite
Challenges encountered that have an impact on visibility, verification, strategy implementation or resolution
Significant challenges to institutional compliance strategy or resolution encountered

Notes: Reason for change to yellow in compliance requirements compared to known material violations will be discussed in closed session.

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 |
|---|------------------|---|---|--|
| VACANT Executive Director | | | | |
| David M. Litton Interim Executive Director, University and HS Audit and Compliance Services | March 1994 | BS, Accounting and Information Systems | CPA; CISA; CGFM; CGEIT; CRMA | 24 – Internal Audit 5 – External Audit 6 – Information Technology |
| Suzanne H. Milton Chief Ethics and Compliance Officer | December 2021 | BA, History and Literature | JD; CCEP; LPEC; CAMS | 19 – Ethics and Compliance 37 – Legal |
| Blake Bialkowski Deputy Director, IT Audit, University and VCU Health | April 2020 | BS, Business Information Technology | CISA; PMP | 14 – External Audit 6 – Internal Audit |
| Janet W. Lutton Deputy Director, University Audit and Management Services | May 2001 | BS, Business Administration | CIA; CFE | 21 – Internal Audit 24 – Accounting |
| Michael A. Pointer Sr. IT Auditor | July 2019 | BS, Liberal Arts | CompTIA Security+; JAMF Pro 200; ITIL Foundations | 6 – Technology 5 – Internal Audit |
| Tasha Foster Staff Auditor | August 2021 | BS, Business Administration | MBA; MA | 7 – Internal Audit 3 – Financial Services 9 – Higher Education |
| Courtney B. Rowe Internal Auditor | April 2022 | BA, Political Science and Spanish; Post-Bacc. Certificate, Accounting | MPA; MBA | 3 – Internal Audit 7 – Accounting/Compliance 16 – Higher Education |

| Name and Title | Hire Date | Education | Credentials/ Advanced Degrees | Years of Experience |
|--|------------------|--|---|---|
| David J. Irving Senior Auditor | January 2015 | BA, History/Political Science | CPA; CIA; MS, Accounting | 13 – Internal Audit 15 – External Audit |
| Jason A. Block Senior Compliance and Policy Specialist | January 2021 | BA, Political Science | MS, Ed Higher Education Management; JD, PhD, Higher Education; CCEP | 17 – Higher Education 11 – Compliance |
| Donna Crawford Social Media Governance and Audit Quality | September 2019 | BS, Business Administration/ Concentration in Information Systems | CISA | 29 – Audit/Compliance |
| Kimberly McQuillen Compliance Training and Communications Specialist | February 2022 | BA, Fine and Performing Arts | LPEC; M.Ed. candidate Adult Education/Instructional Design; MFA, Theatre Pedagogy | 3 – Higher Education 8 – Public Education 5 – IT QA/Training 7 – Business |
| Chad Beights Clery Act Compliance Administrator | July 2024 | BA, Criminal Justice | MLS, Legal Studies; CCCO | 20 – Higher Education 16 – Law Enforcement 11 – Clery Compliance |
| Dave Gardner Program Manager, Analytics and Investigations | July 2024 | AAS, Criminal Justice BS, Criminal Justice | | 23 – Law Enforcement (LE) 11 – Higher Education 3 – LE Training Provider 2 – Military (LE) |

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
 CCCO Certified Clery Compliance Officer
 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, CUAV, IIA, OCEG, SCCE,

ACUA Association of College and University Auditors
ACUPA Association of College and University Policy
Administrators
CUAV College and University Auditors of Virginia

IIA Institute of Internal Auditors
OCEG Open Compliance and Ethics Group
SCCE Society of Corporate Compliance and Ethics

[illegible]

| | A | B | C | D | E | F | G | H | I | J |
|----|-------------|--|---|---------------------|---|---|--------------|-------------------|-----------------|---------------------------------------|
| | Report Date | Report Title | Finding and Brief Description | Risk Level (Note 1) | Original Due Date | Due Date Reported March 2024 Mtg | VP on Target | VP | New Target Date | Explanation for Delay (if applicable) |
| 1 | | | | | | | | | | |
| 10 | Jul-24 | The College of Health Professions ICCR | Improve Fixed Asset Inventory Reporting - No proper disposal or transfer of fixed assets (including surplus property) documentation were available. | Moderate | May-25 | N/A | Y | Marlon Levy | N/A | |
| 11 | Aug-24 | The School of the Arts in Qatar ICCR | Approve Purchase Card Activity Timely - Some purchase card transactions were approved an average of 31 dasy past their approval due date. | Moderate | Jun-25 | N/A | Y | Fotis Sotirpoulos | N/A | |
| 12 | Aug-24 | The School of the Arts in Qatar ICCR | Improve Records Management Processes - The School did not have a designated records custodian or procedures in place to ensure compliance with the Records Management Policy. | Moderate | Dec-25 | N/A | Y | Fotis Sotirpoulos | N/A | |
| 13 | Aug-23 | Axium IT Control Review | Develop Memo of Understanding (MOU) between Dentistry and VCU Dental Care - Densistry and the Dental Practice should formally document IT roles and responsibilities between the two entities in a MOU and should include details on their partnership, operations and security processes for Axium, the IT support services Dentistry's IT department provides VCU Dental Care, and the processes for reporting and resolving issues and incidents in the event of downtime or a data breach. | High | Completion date is contingent on an updated MOU between VCU, VCU School of Dentistry, and VCU Dental Care | Completion date is contingent on an updated MOU between VCU, VCU School of Dentistry, and VCU Dental Care | Y | Marlon Levy | N/A | |
| 14 | Aug-23 | Axium IT Control Review | Evaluate Record Retention Process for Axium Data - Dentistry should decide on record retention timelines for data in Axium and the other systems that interface with it to ensure they are meeting record retention guidelines while also keeping data to meet regulatory requirements. | Moderate | Dec-24 | Dec-24 | Y | Marlon Levy | N/A | |
| 15 | | School of Pharmacy IT Audit | Implement Medicinal Chemistry Research Server Controls - Servers and workstations supporting Medicinal Chemistry are not in compliance with multiple IT Standard and Baseline requirements. Phartech should work with Technology Services and develop a plan to address the deficiencies. | High | Dec-24 | Dec-24 | Y | Marlon Levy | N/A | |
| 16 | | School of Pharmacy IT Audit | Develop Disaster Recover and Business Continuity Plans for all Applications - Formal disaster recovery and business continuity plans are not in place to support Pharmacy's applications. Once the IT application inventory is complete PharTech should develop these plans for each application. | Moderate | Dec-24 | Dec-24 | Y | Marlon Levy | N/A | |
| 17 | Mar-23 | Google Workspace Security | Monitor Google Sites and Update TerminalFour Training - Technology Services is not monitoring Google sites that allows any faculty or staff to create a webpage under the 'vcu.edu' domain. The university has an official tool for creating and publishing webpages, TerminalFour (T4). Technology Services should disable Google Sites and require all faculty and staff to use T4 to create and manage websites. | Moderate | Dec-24 | Dec-24 | Y | Meredith Weiss | N/A | |
| 18 | Apr-24 | Massey Comprehensive Cancer Center IT Review | Develop an IT Application Inventory - Massey does not have a comprehensive IT application inventory, specifically for all cloud applications. Massey should develop an IT application list, assign responsibility for supporting the applications and update it annually. | Moderate | Jan-25 | N/A | Y | Marlon Levy | N/A | |

| | A | B | C | D | E | F | G | H | I | J |
|----|-------------|--|--|---------------------|-------------------|----------------------------------|--------------|-------------|-----------------|---------------------------------------|
| 1 | Report Date | Report Title | Finding and Brief Description | Risk Level (Note 1) | Original Due Date | Due Date Reported March 2024 Mtg | VP on Target | VP | New Target Date | Explanation for Delay (if applicable) |
| | Apr-24 | Massey Comprehensive Cancer Center IT Review | Develop Disaster Recovery and Business Continuity Plans for all Applications - Massey has a business continuity plan (BCP) that was last updated in 2018 and does not have disaster recovery plans (DRP) for all their applications. Once Massey completes the IT application inventory they should update the BCP and develop DRPs for all applications. | Moderate | Jan-25 | N/A | Y | Marlon Levy | N/A | |
| 19 | Apr-24 | Massey Comprehensive Cancer Center IT Review | Remediate Lab Workstation Weaknesses - Massey has lab workstations running end-of-support operating systems that are able to reach the internet and are on secure networks rather than the segmented ResearchNet. Massey should remediate the workstation weaknesses and decommission workstations they no longer need. | Moderate | Jan-25 | N/A | Y | Marlon Levy | N/A | |
| 20 | Apr-24 | Massey Comprehensive Cancer Center IT Review | Update Data Inflow and Outflow Documentation - Massey does not have documentation to support the data they receive from internal and external entities. Massey should document their data flow information and communicate any impact on researchers. | Moderate | Jan-25 | N/A | Y | Marlon Levy | N/A | |
| 21 | Apr-24 | Massey Comprehensive Cancer Center IT Review | | | | | | | | |



VCU

VIRGINIA COMMONWEALTH UNIVERSITY

School of the Arts in Qatar

Internal Controls Compliance Review

Final Report

July 31, 2024

Audit and Compliance Services



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

To: Michael Rao, president

From: David Litton
interim executive director, Audit and Compliance Services

Date: July 31, 2024

Subject: Internal Controls Compliance Review of the School of the Arts in Qatar













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

cc. Fotis Sotiropoulos, provost and senior vice president for academic affairs
Carmenita Higginbotham, dean of VCUarts
Amir Berbic, dean of VCUarts in Qatar








Internal Controls Compliance Assessment Dashboard

| | |
|--------------------|-----------------------------|
| Audit name: | School of the Arts in Qatar |
|--------------------|-----------------------------|

| | |
|--------------------------|---|
| Reason for audit: | Provide management with assurance that selected financial and administrative processes were performed and monitored properly. |
|--------------------------|---|

| 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) |      |





| | |
|---|--|
| <p>5. Purchases –</p> <p>5.1. Purchases had a valid business purpose and were reasonable</p> <p>5.2. There was adequate documentation to support emergency or sole source purchases</p> <p>5.3. Purchases >\$10,000 were routed through Procurement Services for review and approval</p> <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> | <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> |
| <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> | <p><input checked="" type="checkbox"/></p> <p>N/A</p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></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. 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> | <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> |
| <p>8. Grants</p> <p>8.1. Expenditures were in accordance with the grant agreement</p> <p>8.2. Certified effort is in accordance with grant agreement</p> <p>8.3. Performance/progress reports submitted to the sponsor timely where required</p> | <p><input checked="" type="checkbox"/></p> <p>N/A</p> <p>N/A</p> |

| | |
|---|---|
| 9. Fixed Assets | |
| 9.1. Annual inventory was completed and submitted to Fixed Asset Accounting Office | N/A |
| 9.2. Assets were properly tagged | N/A |
| 9.3. Assets stolen, traded-in, or transferred had the surplus forms completed | N/A |
| 9.4. All HEETF purchases \$500 and above were recorded as fixed assets | N/A |
| 10. ARMICS | |
| 10.1. Yearly ARMICS documentation was completed and submitted by the due date set by the controller's office |  |
| 10.2. An appropriate level of testing was performed to provide sufficient evidence that controls were operating as intended |  |
| 10.3. Supporting documentation for unit testing was readily available |  |
| 11. Local Applications | |
| 11.1. Annual access reviews for local applications were performed |  |
| 11.2. Local Applications were inventoried according to the Passwords Authentication and Access Standard |  |
| 11.3. Application server(s) were administered or supported by central IT through a SLA |  |
| 11.4. 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 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. |



VCU

VIRGINIA COMMONWEALTH UNIVERSITY

The College of Health Professions

Internal Controls Compliance Review

Final Report

July 24, 2024

Audit and Compliance Services



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

To: Michael Rao
President

From: David Litton
Interim Executive Director, Audit and Compliance Services

Date: July 24, 2024

Subject: Internal Controls Compliance Review of the College of Health Professions
















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

cc. Marlon Levy, Interim SVP for Health Sciences
Paula Song, Interim Dean, College of Health Professions








Internal Controls Compliance Assessment Dashboard

| | |
|--------------------|-------------------------------|
| Audit name: | College of Health Professions |
|--------------------|-------------------------------|

| | |
|--------------------------|---|
| Reason for audit: | Provide management with assurance that selected financial and administrative processes were performed and monitored properly. |
|--------------------------|---|

| 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) |      |
| 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> | <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input type="checkbox"/></p> |
| <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> | <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></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. 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> | <p><input type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></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><input type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input checked="" type="checkbox"/></p> <p><input type="checkbox"/></p> |
| <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><input checked="" type="checkbox"/></p> <p><input type="checkbox"/></p> <p><input checked="" type="checkbox"/></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 |     |
| 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 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. |



VCU

Integrity and Compliance Annual Report

FISCAL YEAR 2024

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Introduction

Welcome to the fiscal year (FY) 2024 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 2024 activity and impact as well as relevant trends and focus for FY 2025. 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, training and guidance, by building effective policies and processes, 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

In FY 2024, ICO continued convening the Compliance Steering Committee for quarterly meetings to discuss current issues, share information, and ensure effectiveness in our compliance system at VCU. We completed the first comprehensive documentation of our compliance program as twenty key compliance functions documented a comprehensive summary of their program. We plan to ensure these summaries are updated regularly. The engagement of the CSC also led to several actions to close compliance gaps. First, as explained in the policy section below, we created a committee and policy for the review of foreign gifts and contracts to ensure that the data VCU submits to the Department of Education is well-reviewed for risks and accurate. Second, we updated and streamlined our attestation process which captures key filings made by various compliance partners each year to federal and state authorities. Next, we worked with human resources and other functions to consolidate annual required training on key compliance topics into one clearly assembled package for employees to review online, and VCU is well on the way to 100% completion. Finally, through the internal reporting of a compliance partner, we uncovered critical process deficiencies in our statistical reporting required by the Clery Act. In response, VCU leadership quickly supported a bold action plan to remediate our Clery Act reporting processes and rebuild a strong foundation for VCU’s Clery Act reporting and compliance, including the appointment of a Clery Compliance Administrator who joins ICO.

In FY 2025, we will focus on completing our Clery Act transformation project and focus the CSC on improving risk assessment and monitoring processes based on lessons learned from the Clery situation.

Three-Year Workplan

Areas of Focus

Program Structure

Culture

Policies

Investigations and Accountability

Training and Communications

Risk Assessment and Monitoring

Culture and Data Analysis

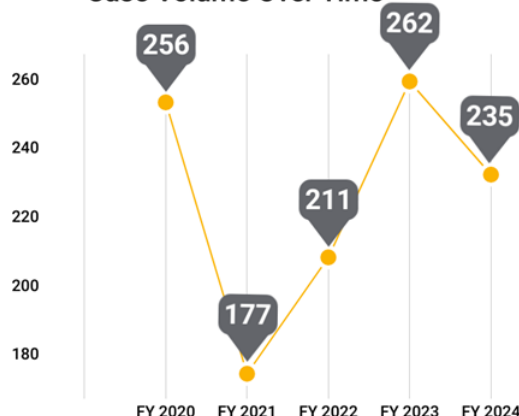
Total Volume Reported Concerns **235**

10.2%
from FY 2023

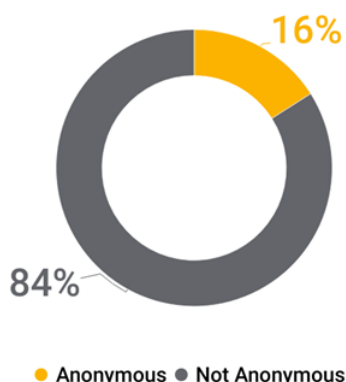
Reporting Route

55% Compliance Partners
34% VCUHelpline
11% ICO Phone/Email

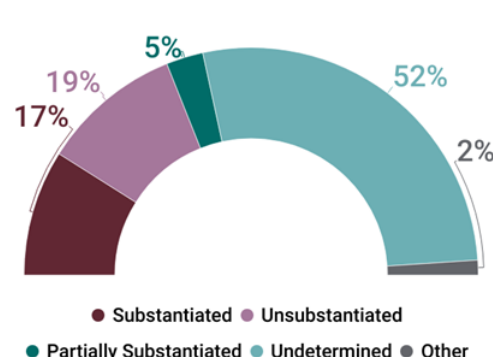
Case Volume Over Time



Anonymous Reporting Rate



Overall Substantiation Rate



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 Services (ACS), 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 collaboration allows our office to monitor and respond to misconduct trends across the university.

Reporting of misconduct declined in FY 2024, with 235 total reports. 55% of those reports came to partnering offices, and 45% came directly to ACS as an independent reporting option. This represents an increase in reports made directly to ACS from previous years, as well as an increase in reports made directly to the Helpline. In FY 2024, the ICO team continued efforts to improve visibility and communication to the entire university via events, workshops, trainings, the blog, and email blasts. These efforts, along with consistent collaboration and partnership with other regulatory offices across VCU, may account for the increase in reporting directly to our office. According to NAVEX Global, one of the largest providers of hotline and case management systems, "Research shows organizations with high adoption of their internal hotlines see fewer external whistleblower reports to regulatory agencies and other authorities." The ICO continues to reduce risk for VCU by establishing the Helpline and our office as a trusted independent reporting option and ethical advisor¹. When issues are reported and substantiated by effective investigations, appropriate consequences and remediation can follow to prevent future issues.

Top Five Substantiated Issues

- 17 Ethics Violations**
17 substantiated/30 closed
- 6 NCAA Rules Violations**
6 substantiated/7 closed
- 5 Employee Relations**
5 substantiated/18 closed
- 3 HIPAA Compliance**
3 substantiated/4 closed
- 3 Bullying**
3 substantiated/8 closed






¹ NAVEX Global, Inc., 2024 Regional Incident Management Benchmark Report

The overall full and partial substantiation rate for the total case volume was 22%, with almost 60% of closed cases resolving as “Substantiation Undetermined,” or “Other.” The vast majority of the cases in these categories were not investigated due to lack of response from the reporter or procedural blockers in offices with reporter-driven processes, such as Equity and Access Services. The most commonly reported issue types were Discrimination Based on Protected Class, Ethics Violation, and Sexual Misconduct. However, the top five substantiated issue types were Ethics Violation, NCAA Rules Violations, Employee Relations, HIPAA Compliance and Bullying.

Data Benchmarking

VCU’s case volume per 100 employees of 2.03 exceeded the external benchmark in FY 2024 but was below the 3-year VCU average, our internal benchmark. Our anonymous reporting rate (the rate of those reporting without giving their name) continues to remain well below the NAVEX benchmark and remained below the 3-year internal benchmark for the second year in a row, dropping to 16% from 21% last year. This confirms that our employees tend to trust our system as more than 80% of those reporting identify themselves.

VCU’s raw substantiation rate is significantly below both the external and internal benchmarks, reflecting a large portion of reports that were unable to be substantiated. The most common reason for a lack of substantiation was either a report not containing any allegations of policy violation, or a reporter not following up with the investigating office to participate in an investigation or to provide enough information to investigate. When controlled for these reports that could not be investigated, the percentage of cases that were fully or partially substantiated rises to 53%, exceeding the NAVEX and the internal benchmark. VCU’s rate of retaliation reporting fell this year to 3.4%, down from 7% last year but is still higher than the external benchmark. No retaliation reports were substantiated in FY 2024 but one case remains open. The ICO is engaged in multiple proactive strategies to encourage a speak-up culture and educate employees about retaliation. For example, the ICO continues to facilitate Psychological Safety workshops to leaders from a large range of units, with more planned in FY 2025. We will continue to educate VCU employees, especially leaders, on preventing retaliation in the workplace.

| |  Cases per 100 Employees |  Anonymous Reporting Rate |  Substantiation Rate |  Concerns of Retaliation |  Most Common Issue Type |
|------------------------|---|--|---|---|--|
| NAVEX Benchmark | 1.78 | 54% | 45% | 1.13% | HR, Diversity, and Workplace Respect |
| VCU Internal Benchmark | 2.27 | 23% | 49% | 8% | Ethics Violation |
| Current Fiscal Year | 2.03 | 16% | 22% raw 53% adj'd | 3.4% | Discrimination Based on Protected Class |

Integrity Survey

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 standards.² 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 measured employee perceptions and outcomes on diversity, inclusion, and engagement via "indexes" to focus progress.

Due to organizational changes in IRDS, the Culture and Climate Survey was not administered in 2023. Instead, ICO engaged the Ethics and Compliance Initiative to host a survey focused on integrity. The survey was fielded in April, 2024, and we recently received the results. Highlights include:

- 81% of VCU employees overall are aware of resources for E&C advice.
- VCU employees have a positive perception of their immediate supervisor as acting as a good role model of workplace ethics and supporting them in following VCU's policies.
- VCU scored very positively on three of four key ethics outcomes:
 - +Only 4% of employees felt pressured to violate VCU's policies or the law
 - +Only 15% of VCU employees observed behavior they thought was misconduct
 - +31% of employees perceived retaliation after reporting misconduct
- 80% of VCU employees "proud to be a member of VCU community"
- Compared to the U.S. benchmark, VCU employees have a less favorable perception of senior leadership acting as a good role model of and talking about the importance of workplace ethics.
- Many employees at VCU do not feel they can question the decisions of management without fear of retaliation (46% positive, 64% neutral/negative).
- 62% of employees who observed misconduct reported it. (key ethics outcome)
- Only 22% of employees who reported misconduct were satisfied with the University's response to their report.

The survey provides baseline data for improvement and robust benchmarking to compare VCU with similar institutions. VCU received the data broken down by 26 departments and schools, and ICO will work with those units to understand their results and take actions to improve and sustain a culture of integrity and openness over time.

One resource that ICO will identify is our workshop on Psychological Safety. We have now facilitated this workshop for more than 20 units across the university, and we will seek to make it available even more widely in FY 2025. Based on the groundbreaking work of the researcher Amy Edmondson, author of *The Fearless Organization* (Wiley, 2019), the workshop focuses on the value and criticality of creating work environments without interpersonal fear. It also focuses on simple, practical habits that leaders can adopt to create those environments. ICO will also continue to work with VCU leadership to support them in making integrity a regular topic of conversation across the institution.

² Measuring the Impact of Ethics and Compliance Programs, Global Business Ethics Survey 2018, pages 13-14 (Ethics and Compliance Initiative 2018)

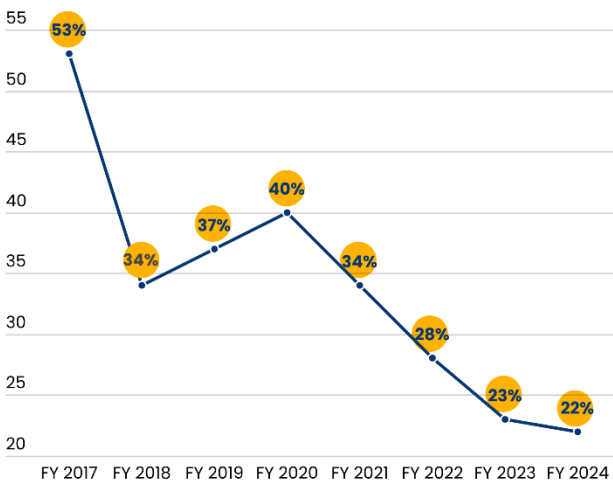
Policy Program Update



The Policy Program continued to support policy owners across campus in both the development and revision of policies. Significant policy accomplishments this year included creating a new policy concerning the prominent issue of gifts and contracts from foreign entities. We also adopted a new policy concerning the acceptable use of VCU social media accounts. We finished the comprehensive updating of Global Education policies which caused several outdated policies to be retired. The GEO policy review included a new, updated policy governing faculty and student travel abroad. Finally, we are also, at the time of the printing of this report, assisting the President’s Office in finalizing edits to both university and local policies owned by that office. Currently, 22% of all policies remain out-of-date. Of those out-of-date policies 36% are the responsibility of the Faculty Affairs Office in the Provost’s Unit. The rest are scattered among units across campus. The ICO is working with all of our partners to

continue to bring all policies up to date as required by VCU policy.

Out of Date Policies Over Time



Conflicts of Interest & Commitment

During Fiscal Year 2024, the ICO completed Phase Three of the project to implement an effective and efficient university-wide Conflicts of Interest & Commitment (COI&C) reporting process to replace the current inconsistent and paper-driven process.

In Spring 2023, a permanent COI&C policy was approved, paving the way for Phase Three, the final phase of this project: university-wide implementation. The ICO built the administrative infrastructure to launch the use of Convercent within all academic units for faculty OPA reporting in Fall 2023, and the annual questionnaire went out to all employees in Positions of Trust (approximately 2031, including full-time faculty and select staff) in December 2023. As of August 16, 2024, 1683 questionnaires (83%) were completed, and we have received 957 disclosures, 493 of which have been cleared, 1 rejected; 463 remain pending or in review.

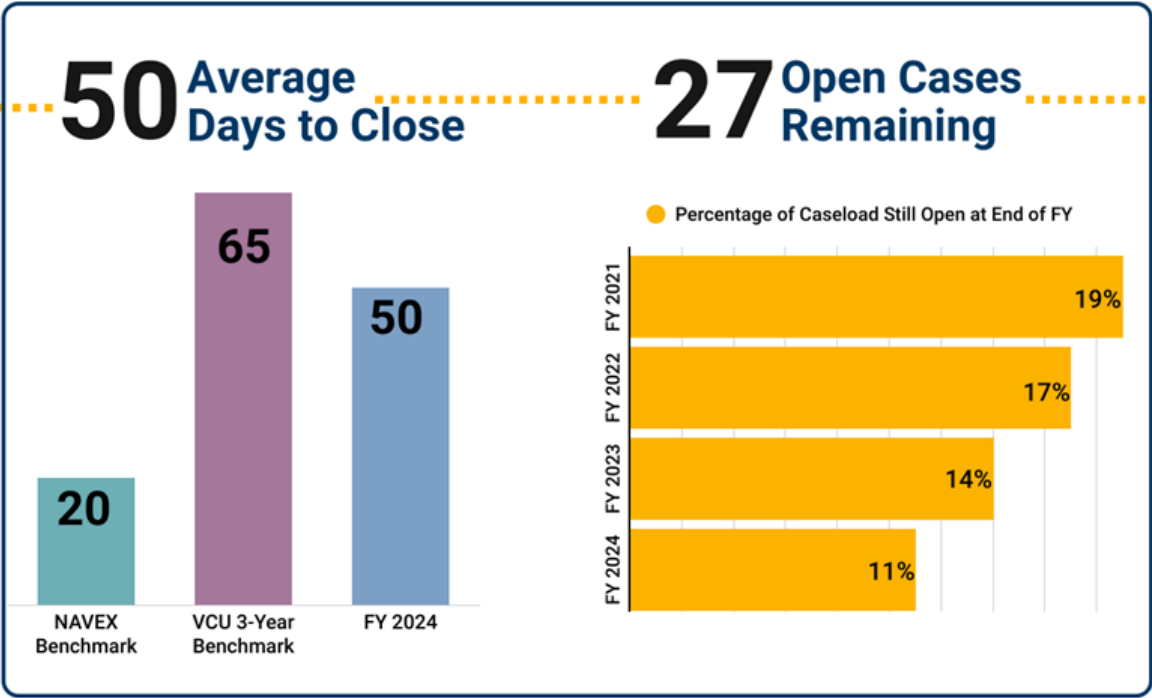
An important principle of this process is that supervisors and leaders within units across the university have the responsibility to review and approve disclosures, allowing them to use their detailed knowledge of their employees and units to identify any conflicts that need to be managed. While the ICO is available to offer

assistance with any conflicts that need to be escalated, we are empowering managers to own this process through job aids, training, and communication. An area of improvement for FY 2025 will be working with units to encourage prompt disclosure and prompt and thorough review of disclosures, and we hope to see the percentage of cleared disclosures and the percentage of questionnaire completion rise. We also hope to begin reviewing and reporting aggregate data on the most common types of disclosures, for which issues typically require a conflict of interest or commitment management plan, and other useful trend data.

Regulatory Reporting Monitoring

This year, utilizing our document tracking software, DocTract, we implemented an improved attestation process. Units that are required to provide outside regulators with data, certifications, or attestations were asked to provide the ICO with a list of those attestations. Twice a year (July and December) a leader within the respective unit certifies via DocTract that all attestations in the provided list have been made. This allows the ICO to both maintain an updated list of required disclosures and ensure that the disclosures are made.

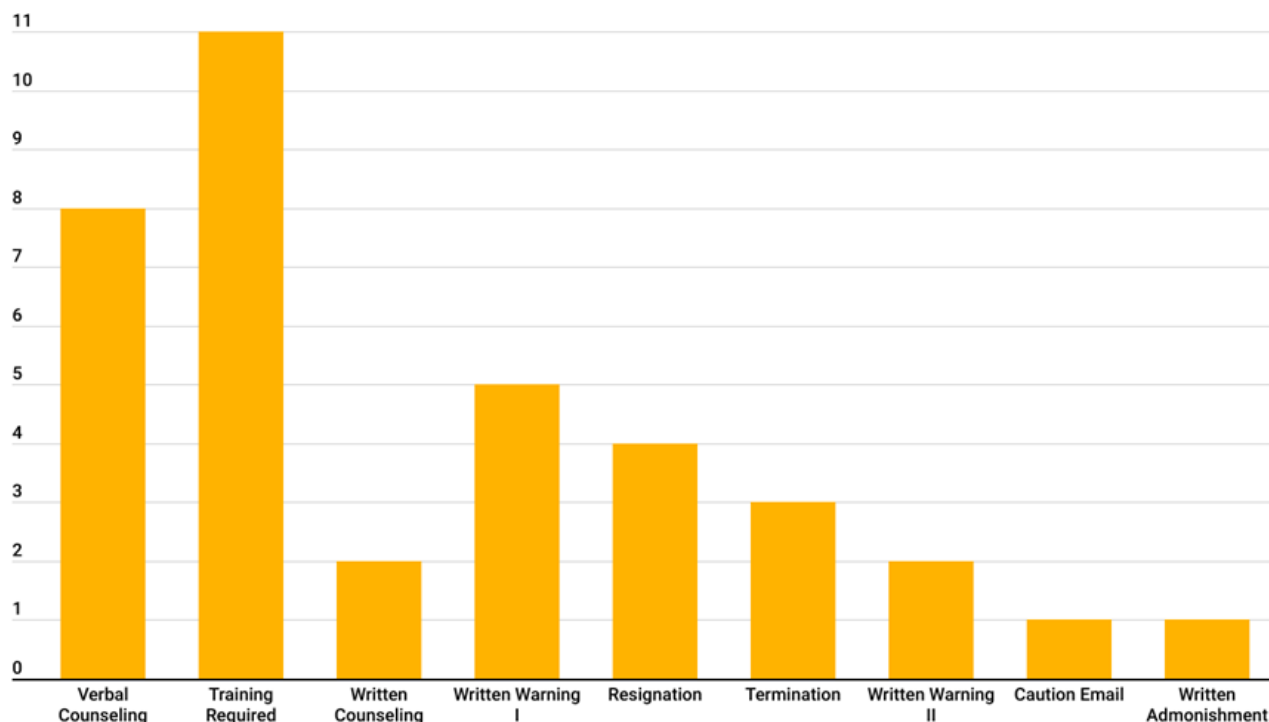
Investigations and Accountability



The ICO conducted approximately 26 independent reviews or investigations in FY 2024 and participated in approximately 7 collaborative investigations with partner offices. Metrics reflecting investigative cycle time were slightly less favorable in FY 2024, with an average case closure time of 50 days versus 48 last year, and 27 cases open at the end of the fiscal year versus 28 last year. The increase in closure time resulted in part from a lengthy external investigation and turnover in ICO; we look forward to continuous improvement in FY2025.

The ICO continues to support efforts to standardize and improve investigative practices throughout the university by providing investigative guidelines and training to VCU employees who engage or assist in workplace investigations. Most recently in May 2024, ICO led a workshop on investigative best practices attended by 23 such employees which received excellent reviews for usefulness and building relationships across university silos.

In FY 2022, the ICO worked with Employee Relations to align and standardize sanction (the consequence that results from misconduct) recording in Convercent. In FY 2024, the top sanction was Required Training, followed closely by Verbal Counseling. There were three terminations related to misconduct represented in our data in FY 2024, and four resignations, most of which took place in lieu of termination or another sanction.



More than half of substantiated concerns in FY 2024 were about a VCU employee who manages other people, and 40% of substantiated concerns involved a subject with a senior leadership title such as “Chair,” “Assistant Dean,” or “Director.” Of the reports about a leader, half of them came directly to the ICO through our Helpline, email, or telephone. Speaking up about misconduct observed involving someone in a position of leadership can carry real or perceived risk for employees. The ICO is filling a vital role in the university by providing a safe and neutral option for employees to report misconduct, and by conducting thorough investigations that find the facts and deliver actionable recommendations when misconduct is substantiated.

Training and Communications

Annual Ethics & Compliance Training

The ICO launched our ethics and compliance training for FY 2024 as part of a new required training release curriculum from the Learning, Development and Organizational Culture team in Human Resources. Our intention for this training was to do less telling and more showing. We created a video about a department chair (Dr. Evans) who mistreated a new professor (Dr. Watkins) so viewers could experience bystander effect (Fig. 1), and included a reflective exercise at the end, so viewers could ponder how the behavior made the other employees feel and consider what they might do in that situation (Fig. 2). Questions we asked ourselves included: What does it look like when a leader is abusive, and how does it affect their colleagues and direct reports? When misconduct happens, do employees know their options for reporting? What about all the different responses we might see in

employees, from taking action to total apathy? The video and reflective exercise comprised the main portion of the annual training. It was followed by a link to the *Code of Conduct* with instructions to review it and a statement of attestation.



Fig. 1

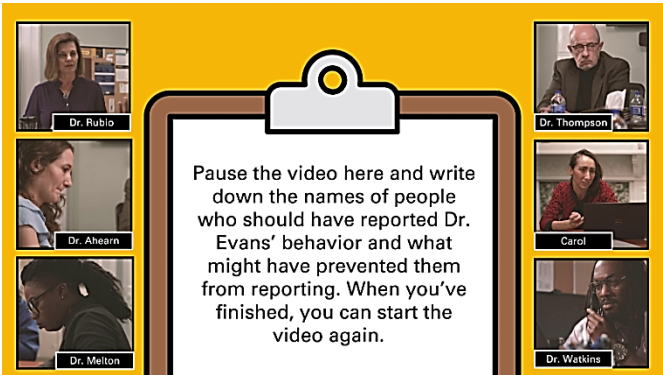


Fig. 2

The majority of the feedback on our video and exercise was positive, though we received a few comments from people who felt we had triggered unpleasant memories for them. In an effort to show multiple reactions to the unethical behavior of the chair and to validate the feelings of each employee, as well as give guidance for steps they could take, we made a series of follow-up videos. These videos followed each of the seven characters from the original video, in confessional style, allowing them to share their perspectives (Figs. 3 and 4). At the end of each of these videos, we added commentary and suggestions for resources to support employees in this situation. We have distributed these follow-up videos through several channels; we created a playlist and added it to our Resource Library on our website, we featured 1-2 of them each month at the top of our blog, and we included a link to them in our monthly newsletter, encouraging our compliance partners to share them with their teams during meetings to spark conversation about speaking up.



Fig. 3

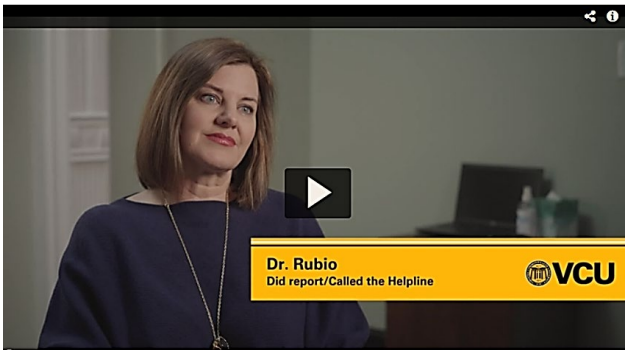
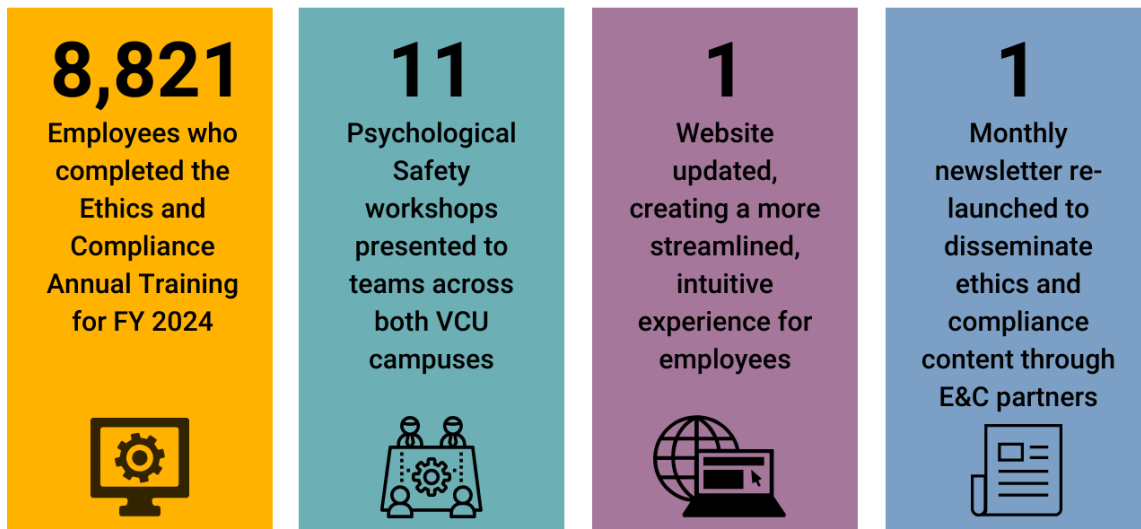


Fig. 4

Year over year completion rates for the annual training trended up slightly for FY 2024, with 98% of employees completing their training, compared to 95% during FY 2023. While we feel good about the number of employees who completed their E&C training, it was due in large part to the training being tied to performance evaluations and the efforts of the LDOC team who sent a series of automated reminders to employees who had not

completed the training. As of 8/7/24, there were 173 employees who had not completed the ethics and compliance training, and HR is following-up to determine why.³



Ongoing Training and Communication 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:

- Facilitated our workshop on Psychological Safety for eleven teams across both campuses, including those in the School of Dentistry, School of Surgery, Campus Police, and Career Services. Several departments, including Faculty Affairs and Biology, also invited us to present this workshop at their annual retreats in August. Workshops are scheduled by request and are based on the work of Harvard Business School researcher Amy Edmondson.
- Updated our website (acs.vcu.ico) to streamline the content and allow employees to find information more easily. We also added new pages, like the Resource Library, which provides employees with access to downloadable and printable content as well as videos and eLearning modules with an ethics and compliance theme.
- Continued to publish the quarterly policy newsletter, now called *Policy Quarterly*, which highlights new and revised policies from the previous quarter.
- Relaunched *The Compass*, our monthly newsletter whose production ceased due to resource limitations and the pandemic. The new *Compass* is sent to a targeted audience, the Human Resource Professional (HRP) team and members of the Compliance Advisory Committee (CAC) and Compliance Steering Committee (CSC). By targeting this audience for our readership, we can disseminate key content and timely information through them and to their teams.

³ Some of those who have not yet completed training are term faculty whose appointments ended on May 15 who have received a three-week extension to complete training when the fall semester begins.

- Published our monthly blog containing *Compliance Corner*, an informative post on topics relevant to ethics and compliance and *Compliance Case Study*, based on actual cases handled by our team.

Outreach to compliance partners and other employees across the university took several forms this year.

- Consulted with several partners about creating tailored compliance training for their needs.
- Participated in a workgroup to coordinate required training across units for annual releases through Human Resources.
- Sponsored tables at university events like the Weeks of Welcome (WOW) and the Tech Fair to promote the VCU Helpline and educate the VCU Community about our mission.

Risk Assessment and Monitoring

Clery Act Compliance

As noted above, during FY 2024, VCU detected a significant deficiency in its Clery Act reporting processes. The initial discovery led to further inquiry that revealed systemic process and training deficits that require rebuilding. The effort will be led by a new Clery Act Compliance Administrator who is part of the ICO team. The remediation will ensure that VCU has clear policies and procedures around Clery matters, including clarity regarding roles and responsibilities in key departments and sound processes that limit manual work and promote cooperation across functions in this complex work. The new Administrator will also reinvigorate awareness about the Clery Act, why it matters, and how every member of the VCU community can contribute to a safer, inclusive and peaceful VCU.

Ethical Leadership and Sustaining a Speak-Up

As noted above in our report of our investigative data for FY 2024, substantiated cases of failures in ethical leadership point to a continuing risk and issue for focus. Ensuring ethical leadership that sustains a psychologically safe and speak-up culture remains a top priority. National trends indicate that leaders are under increased scrutiny, particularly top leaders of organizations and their governing boards. Employees are becoming more emboldened to report misconduct even as they experience the risk of retaliation and pressure to cut corners. The ICO's data indicates that VCU is not an exception to these trends. As our integrity survey results demonstrate, while VCU is making good progress in selecting leaders who support integrity and act in accordance with our Code of Conduct, we have an opportunity to ensure that differing perspectives are welcomed and celebrated and that integrity is a regular topic of discussion as we do our work. The ICO looks forward to sharing the full integrity survey results with departments and schools this fall and to offer support and options for improving cultures across the university.

Research Infrastructure

Again this year, several matters arising out of the Office of the Vice President for Research and Innovation (OVPRI) demonstrated the continuing need to assess and mitigate 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 the U.S. Department of Health and Human Services, corrective actions continue to be implemented to improve processes and practices in OVPRI. This includes improving resources and accountability in the School of Medicine or other sponsoring units, improving the efficiency and transparency of processes for approval of research studies, closely monitoring space allocation/optimization during the transition to planned additional lab space in future, and continuing to build 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.

We note that two risks we identified last year, Enterprise Risk Assessment and Conflicts of Interest and Commitment Reporting, are at this time “in tolerance” based on our new disclosure system and processes and the continued work of the Enterprise Risk Assessment Steering Committee and our compliance partners to identify and mitigate risk and to ensure risk discussions are integrated across units and the organization.

Conclusion

Like VCU as a whole, FY 2024 for ICO was challenging but productive. We thank all our partners for the work they do every day to bring integrity into every transaction at VCU. We look forward to a productive FY 2025 with our new team members, Dave Gardner and Chad Beights, as we focus on creating a best-in-class Clery Program, continuing to monitor and mitigate risk, updating our Code of Conduct, and fostering a speak-up culture through training, guidance, collaboration and a mindset of continuous learning and improvement in our processes and programs.

Audit and Management Services
Status of Fiscal Year 2025 Audit Work Plan
August 28, 2024

| 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 | In Progress |
| Facilities Management – Deferred Maintenance | In Progress |
| IT Audits: | |
| Canvas IT Security Review | Completed |
| Pyramed (Student Health) IT Control Review | Completed |
| Centers and Institutes Technical Review | In Progress |
| <u>Current Year Risk-based Audits and Assessments</u> | |
| Financial & Operational Audits: | |
| Payroll | In Progress |
| Banner Student Ancillary Systems Integrity | Not Started |
| Enrollment Projection Management | Not Started |
| VP Research – Human Subject Protection (Research) | Not Started |
| Treasury Services | Not Started |
| Business Services | Not Started |
| Data Verification – US News Reporting | Not Started |
| Real Estate Services – ICCR | Not Started |
| School of Education – ICCR | Not Started |
| Institute of Contemporary Art – ICCR | Not Started |
| IT Audits: | |
| Modo Campus – IT Control Review | In Progress |
| Vulnerability Management Review | Not Started |
| Police Department IT Security Review | Not Started |
| Decentralized Application Review | Not Started |
| Academic Advising Tools Application – IT Control Review | Not Started |

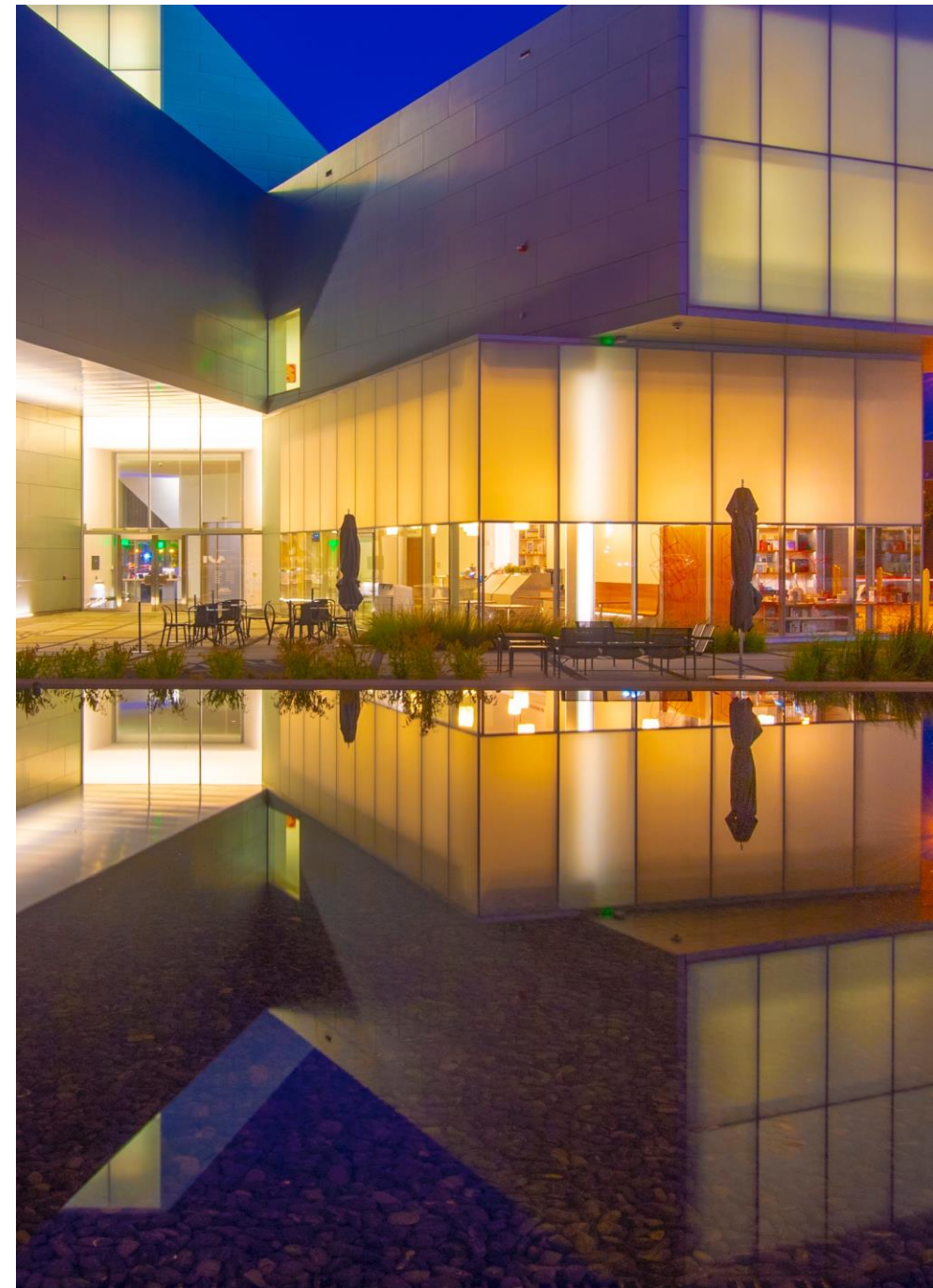
Audit and Management Services
Status of Fiscal Year 2025 Audit Work Plan
August 28, 2024

| <u>Annual Engagements and Activities</u> | |
|---|-------------|
| VCU Police Department – Unannounced Property Inspection – FY25 Part 1 | Not Started |
| President’s FY 24 Discretionary Fund and Travel Activity Review | Not Started |
| Audit Risk Assessment for FY 2026 Plan | Not Started |
| 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 - 0 |
| Special Projects | In Progress – 1; Closed - 0 |

VCU BOARD OF VISITORS







Audit, Integrity and Compliance Committee
September 12, 2024



For Action: Approval of Minutes

- Audit, Integrity and Compliance Committee Meeting held on May 9, 2024
- Motion to approve the Minutes

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 3% pay increase and creation of Clery Act Compliance Administrator position but still within authorized budget
- Audit Survey Results
 - ✓ Overall rating of 3.80/4.0; increase from 3.62 in FY23

Semi-Annual Follow-up Status

One of 20 open issues did not meet the target date reported at the March Audit and Compliance Committee meeting. The responsible VP provided new date below. Details in handouts.

| Finding | Risk Level* | Last Reported Date | New Date |
|--|-------------|--------------------|----------|
| Ensure Adequate Documentation for ARMICS Testing is Completed (School of Pharmacy) | Moderate | Jun-24 | Dec-24 |

Internal Control Compliance Reviews

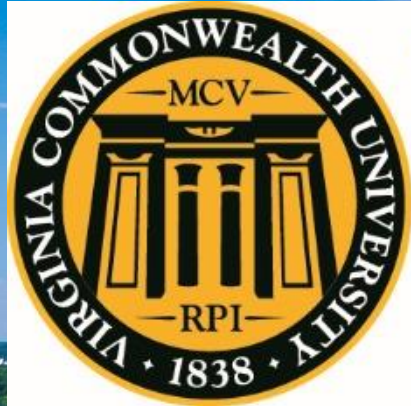
VCUArts in Qatar and College of Health Professions

Audit Scope

Reviewed selected controls and compliance areas

- Banner certifications
- Purchasing
- Purchase cards
- ARMICS
- Records management

No Board level findings



VCU

Integrity and Compliance Annual Report

FISCAL YEAR 2024

Annual Report Highlights



Program Structure and Resources

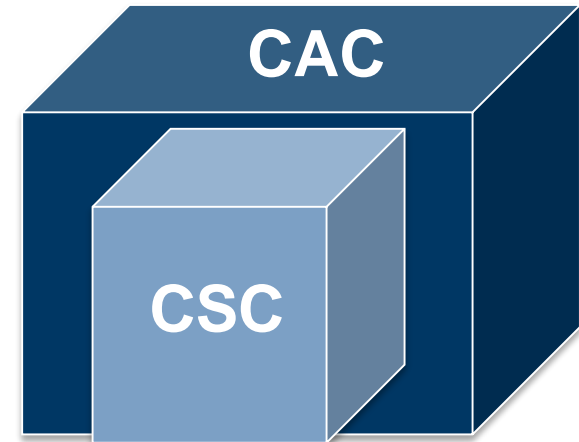
Objective: Compliance System Coordination/Integration

Compliance Steering Committee Outcomes:

- Completed documentation of 20 largest compliance programs at VCU, will continue to update and improve
- Implemented new committee on foreign contracts and gifts to ensure proper risk review and accuracy of reporting to Dept. of Education
- Led by Human Resources, consolidated mandatory compliance training into one package delivered online to enhance participation (on track to 100% complete)
- Detected compliance gap in Clery process, developed action plan for remediation (underway now)

New Clery Act Compliance Administrator

- Trend toward leading Clery processes from compliance unit
- Building accountability, expertise, excellent processes



Culture and Data Analysis

Total Volume
Reported Concerns **235**

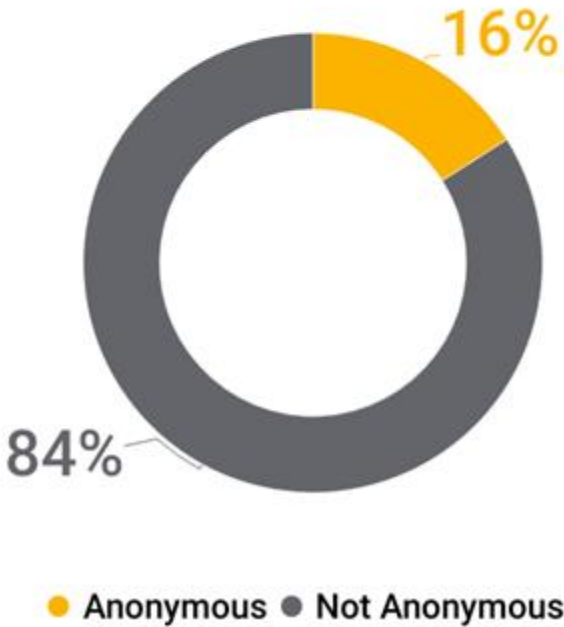
↓ **10.2%**
from FY 2023

Reporting Route
55% Compliance Partners
34% VCU Helpline
11% ICO Phone/Email

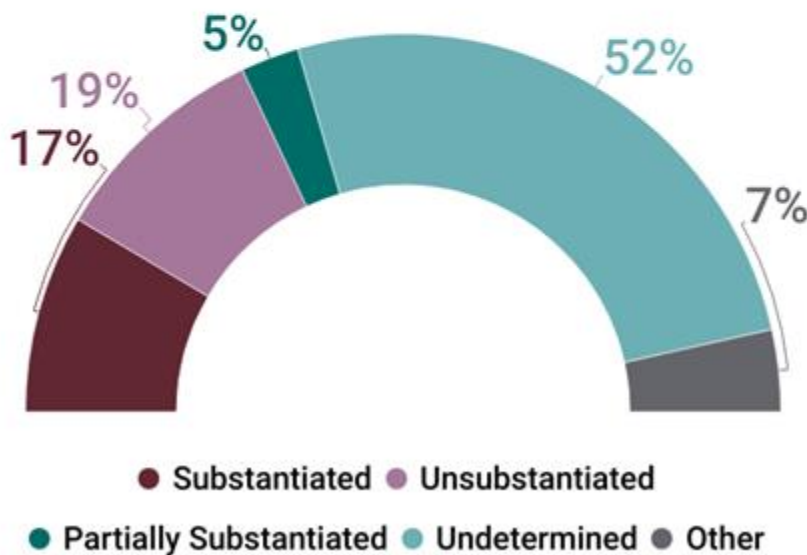
Case Volume Over Time



Anonymous Reporting Rate



Overall Substantiation Rate



Culture and Data Analysis

Top Five Substantiated Issues

17 Ethics Violations
17 substantiated/30 closed

6 NCAA Rules Violations
6 substantiated/7 closed

5 Employee Relations
5 substantiated/18 closed

3 HIPAA Compliance
3 substantiated/4 closed






3 Bullying
3 substantiated/8 closed

235

**Reported
Issues**

FY 2024

Culture and Data Analysis

| |  Cases per 100 Employees |  Anonymous Reporting Rate |  Substantiation Rate |  Concerns of Retaliation |  Most Common Issue Type |
|---------------------------|---|---|---|---|--|
| NAVEX Benchmark | 1.78 | 54% | 45% | 1.13% | HR, Diversity, and Workplace Respect |
| VCU Internal Benchmark | 2.27 | 23% | 49% | 8% | Ethics Violation |
| Current Fiscal Year | 2.03 | 16% | 22% raw / 53% adj'd | 3.4% | Discrimination Based on Protected Class |

Culture: Integrity Survey Results

- ICO contracted with the Ethics and Compliance Initiative (ECI) to field a 10-question integrity survey in Spring 2024 to provide baseline and benchmarked data on the culture of integrity at VCU.
- 9,423 employees were invited to participate in the online survey via email invitation.
- 2,722 useable responses, yielding a response rate of 29%.
- Data collection dates: April 9, 2024, to May 8, 2024.

Integrity Survey Results: Strengths

- 81% of respondents overall are aware of resources for E&C advice.
- VCU employees have a positive perception of their immediate supervisor as acting as a good role model of workplace ethics and supporting them in following VCU's policies.
- VCU scored very positively on three of four key ethics outcomes:
 - +Only 4% of respondents felt pressured to violate VCU's policies or the law
 - +Only 15% of respondents observed behavior they thought was misconduct
 - +31% of respondents perceived retaliation after reporting misconduct
- 80% of respondents "proud to be a member of VCU community"

Integrity Survey Results: Opportunities

- Compared to the U.S. benchmark, VCU employees have a less favorable perception of senior leadership acting as a good role model of and talking about the importance of workplace ethics.
- Many employees at VCU do **not** feel they can question the decisions of management without fear of retaliation (46% positive, 64% neutral/negative).
- 62% of respondents who observed misconduct reported it (key ethics outcome).
- Only 22% of respondents who reported misconduct were satisfied with the University's response to their report.

Integrity Survey Results: Next Steps

- Share data with departments, schools
- Help leaders communicate with employees
- Support leaders in developing action plans to address feedback

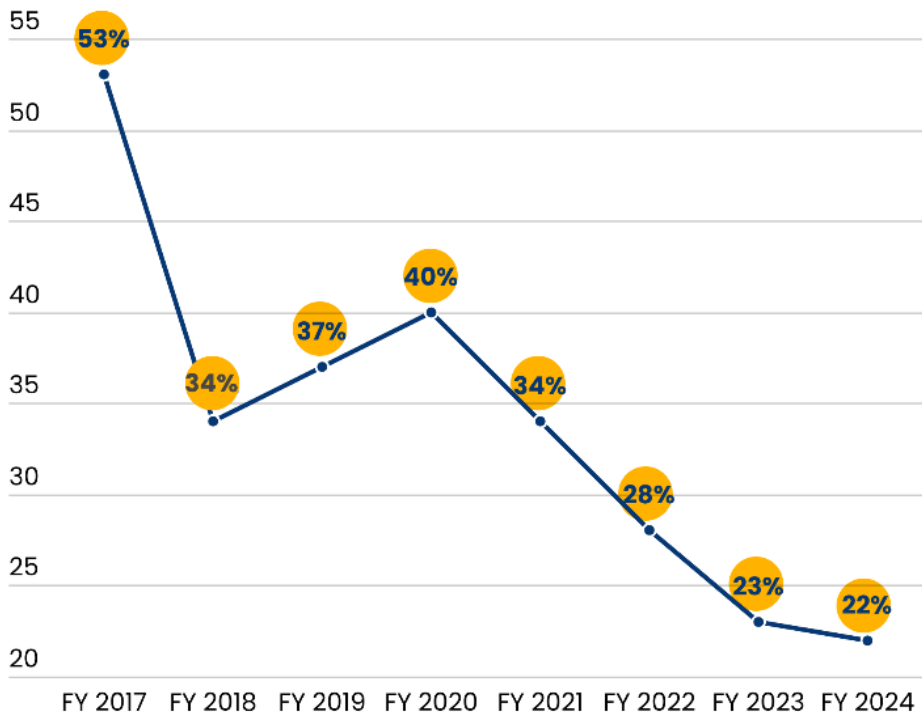
Options/resources:

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

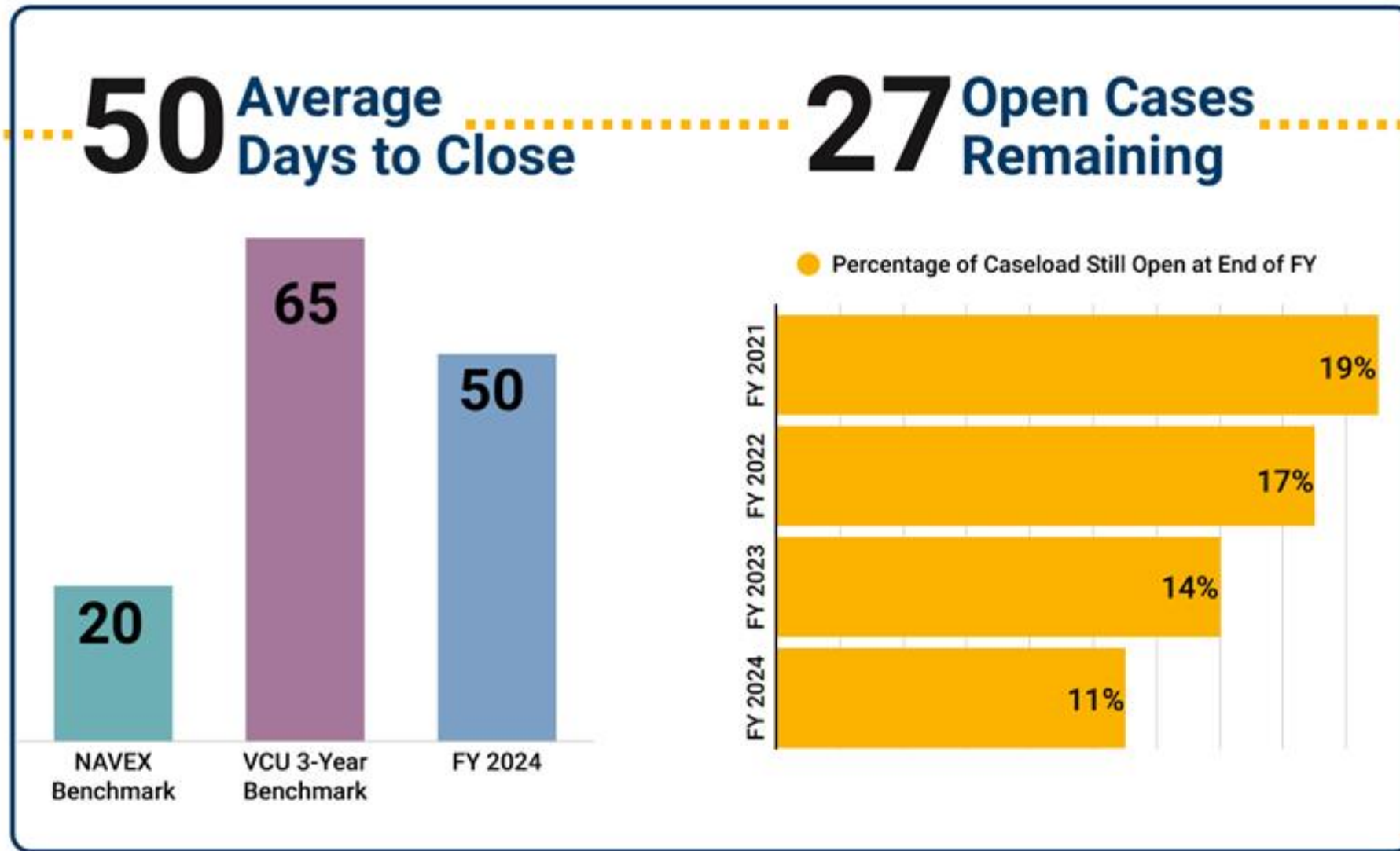
Policy Program Update



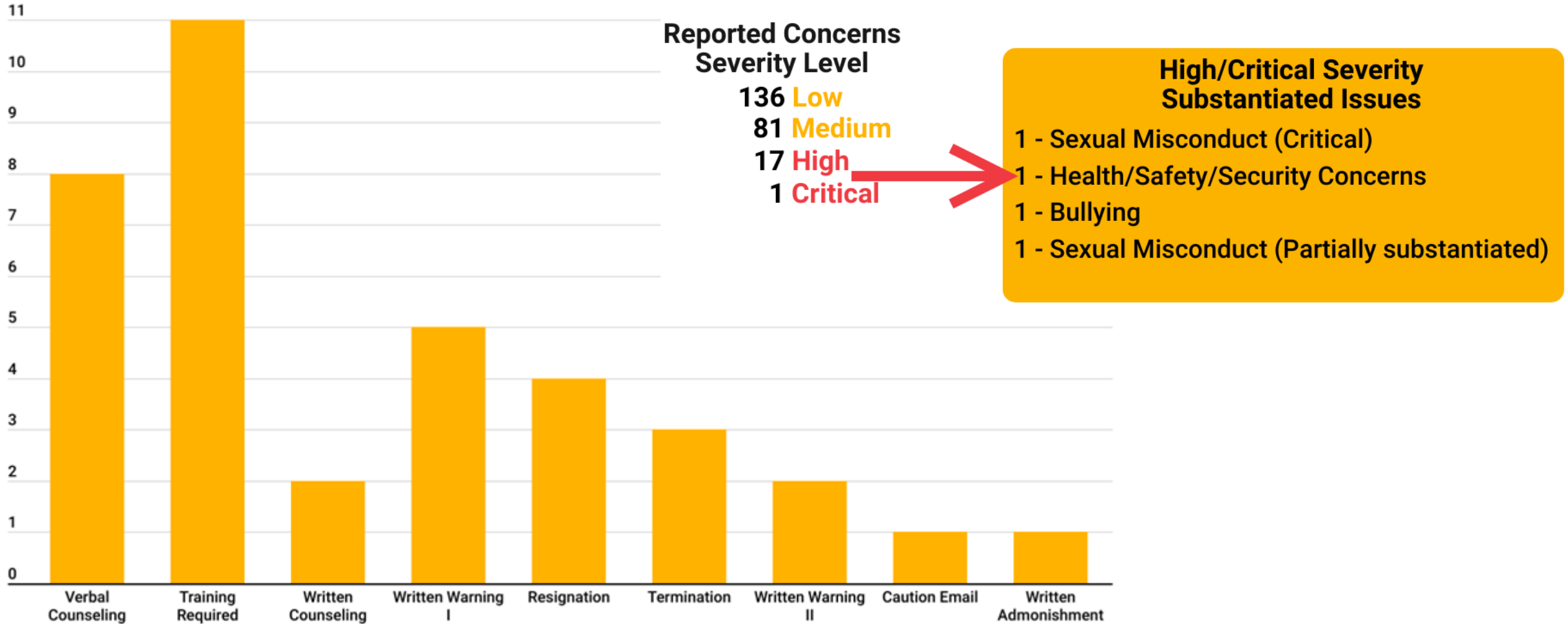
Out of Date Policies Over Time



Investigations and Accountability



Investigations and Accountability



Training & Communications

8,821

Employees who completed the Ethics and Compliance Annual Training for FY 2024



11

Psychological Safety workshops presented to teams across both VCU campuses



1

Website updated, creating a more streamlined, intuitive experience for employees



1

Monthly newsletter re-launched to disseminate ethics and compliance content through E&C partners



- Required annual training release will now take place once/year in January, topics TBD.
- Developing new campaign to raise awareness about Interim Campus Expression and Use of Space Policy

Annual Training and Follow-up Videos

- Featured a scenario based on actual cases reported to our Helpline.



- Shown how each character responded to the misconduct provided employees with options for speaking up.



Risk Assessment and Monitoring: Top 3 risks

Clery Act Compliance

Action: Hired new Clery Act Administrator, implementing bold remediation plan

Results: TBD

Speak-up Culture & Leadership

Action: Created, continuing facilitation of Psychological Safety workshop for leaders and teams

Action: Fielded integrity survey to learn baseline culture measures, begin improvement efforts

Results: Reduced allegations and substantiation of retaliation but continued trend of significant number of substantiated cases involving more senior leaders

Research Infrastructure

Action: Handle research matters in close collaboration with OVPRI, support “speak-up, listen-up” cultural learning and development in OVPRI and with partners

Results: Renewed focus on Research Infrastructure, must support compliance and culture of transparency and accountability

Risk Assessment and Monitoring: Risks in Tolerance



ERM

Action: Participating in ERM Steering Committee; engaging both CAC and CSC in documenting, integrating risk identification, mitigation and escalation processes

Results: Provides opportunity to integrate risk assessments, ensures emerging risks are captured and addressed



COI&C

Action: Completed new COI&C policy, completed pilot test in four schools, new system rolled out now university-wide

Results: Standardizes expectations, closes compliance gaps, reduces administrative burden

IT Risk Management Update

Board of Visitors Meeting

Audit, Integrity, and Compliance Committee

Alex Henson, Chief Information Officer

September 14, 2024

CrowdStrike Incident & Response

- Incident Summary
 - July 19, 2024 between 1 and 1:30am EST, multiple VCU services and computers became inoperable due to defective CrowdStrike update
 - Rapid overnight response helped to minimize impact
 - All VCU on-premise servers and related services restored by 9:30am
 - Affected workstations (approximately 3500) restored by 7/22
- Lessons Learned and After Action Items
 - Operations/process reviews and refinements
 - Communications process refinements

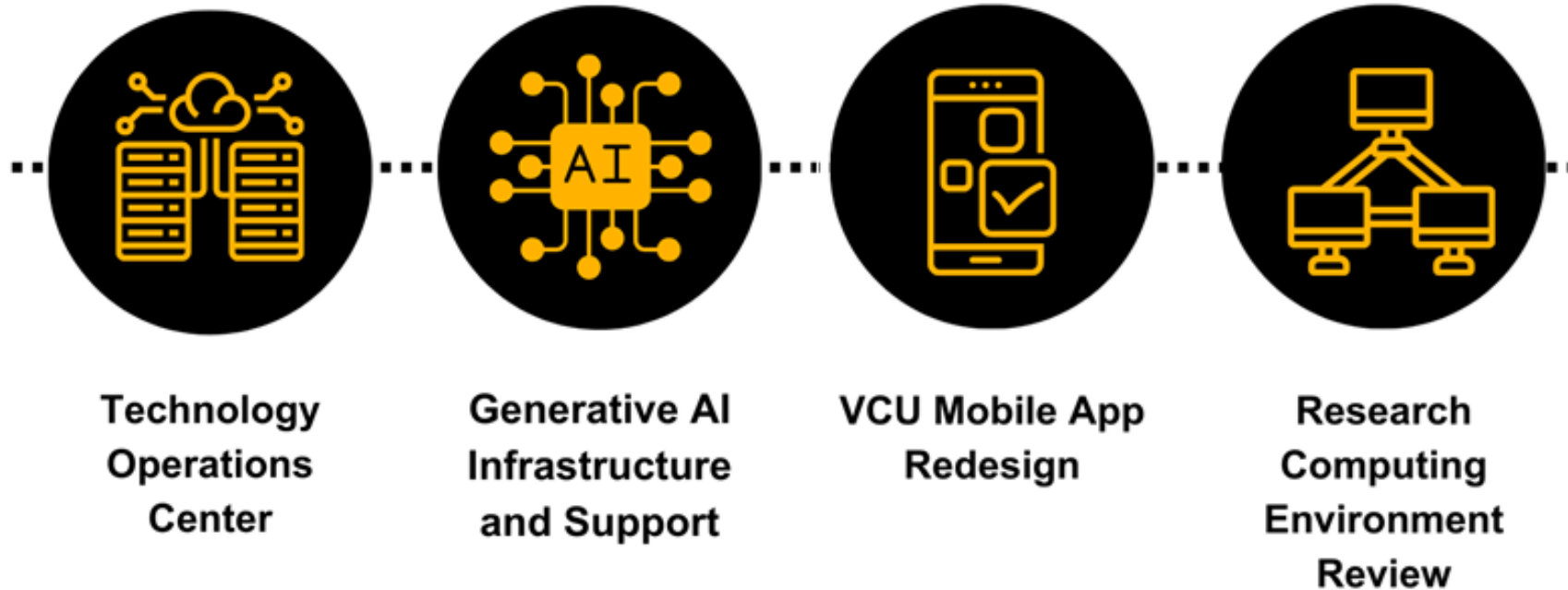


Data Breach Incident – VCUarts Qatar

- Threat actors were able to gain access to parts of the VCUarts Qatar IT environment resulting in the compromise of some infrastructure and the theft of data
- VCU's cyber liability insurance provider was immediately engaged to augment our internal team in investigating and responding
- Operational impact was relatively minor due to the time of year and the nature of the systems compromised
- Services have been restored and affected individuals have been notified and provided monitoring services as per Qatari law and other applicable laws/regulations
- This incident was confined to the VCUarts Qatar environment and no other areas of VCU were accessed
- The threat actors have been shut down by the FBI in cooperation with various international law enforcement agencies, reducing the likelihood of information exposure



Current and Upcoming Technology Priorities



CLOSED SESSION