VCU

VIRGINIA COMMONWEALTH UNIVERSITY
BOARD OF VISITORS
AUDIT, INTEGRITY AND COMPLIANCE COMMITTEE MEETING
SEPTEMBER 14, 2023
12:00 p.m.
VCU School of Business
301 West Main Street – Third Floor – Room B3187
Richmond, VA

AGENDA

1. **CALL TO ORDER**   **Peter Farrell,** *Chair*

2. **ACTION ITEMS:**   **Peter Farrell**, *Chair*
   (1 MINUTE) 12:30 - 12:31

   a. Approval of Minutes May 11, 2023   **Karen Helderman**, *Executive Director,*
                                                  Audit and Compliance Services

   FOR INFORMATION:

3. **REPORT FROM EXECUTIVE DIRECTOR OF**   **Karen Helderman,** *Executive Director,*
   AUDIT AND COMPLIANCE SERVICES   *Audit and Compliance Services*
    (45 MINUTES) 12:31 - 1:46   **Suzanne Milton,** *Chief Ethics and*
                                               Compliance Officer

   a. Committee Dashboard Measures
   b. Budget, Staff Qualifications, Survey Results
   c. FY23 Annual Follow-up Report
   d. Internal Audit Reports
       i.   Parking Billing and Reserves
       ii.   Global Education ICCR
       iii. Graduate School ICCR
       iv.   Athletics – Name, Image and Likeness
       v.   Academic and Executive Administrator Contracts
   e. Integrity and Compliance Services Annual Report
   f. Handout: Audit Work Plan Status FY23 and FY24

4. **INFORMATION TECHNOLOGY UPDATE**   **Alex Henson,** *Chief Technology*
   (15 MINUTES) 1:46 – 2:01   *Officer*

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

   a. **Audit Reports for Discussion**   **Karen Helderman,** *Executive Director*
      (15 MINUTES) 2:01 – 2:16   *Audit and Compliance Service*
      i.   Research Computing Security
      ii. Axium System Review

   b. **University Counsel Litigation Update** **Jake Belue,** *Associate University Counsel*
      (10 MINUTES) 2:16 – 2:26

6. **RETURN TO OPEN SESSION AND**   **Peter Farrell,** *Chair*
   CERTIFICATION
   - Approval of Committee action on matters
     discussed in closed session, if necessary

7. **ADJOURNMENT**   **Peter Farrell,** *Chair*

AUDIT, INTEGRITY, AND COMPLIANCE COMMITTEE
DASHBOARD MEASURES

INFORMATION TECHNOLOGY GOVERNANCE - DATA INTEGRITY

DATA GOVERNANCE PROGRAM (development of program)

Program progressing successfully

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

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

The enterprise cloud-based data warehouse build continues to progress, with a pilot making Admissions data available planned to be substantially complete in mid-December. Data from other phases of the student lifecycle will be rolled into the data warehouse in January and February. The migration of the Banner system into the managed cloud environment that will be completed in early December allows for the availability of more real-time data to feed reports and dashboards, and the committee will continue to provide governance around what dashboards are published. The committee continues to work toward establishing a model for increased visibility and integration into the data community and is awaiting a new leader of Institutional Research and Decision Support to continue in guiding these efforts forward.
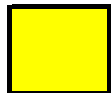
DATA SECURITY (number of security incidents / breaches)

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

Significant Security Incidents and Trends: While VCU has not experienced a security incident that led to any significant impact, three business partners of VCU were impacted by the global ransomware operation targeting the MOVEIt file transfer platform that occurred in the end of May, 2023. The security incident experienced by these vendors triggered breach notifications to a number of current and former employees and students. VCU is working to assist these vendors in providing affected individuals with notification and credit monitoring services when applicable.

Phishing and credential stuffing, where previously compromised passwords from other websites are reused at VCU, continue to be major threats to the institution. During the first half of 2023, VCU has worked with its Identity and Access System provider to implement additional controls to detect and prevent the use of known compromised passwords in the university environment.

In an attempt to raise awareness and validate our defenses, VCU engaged with the local Richmond FBI field office for a private briefing session to learn more about key cyber trends that may affect organizations. Specifically, the session covered modern threats related to Business Email Compromise (BEC) scams and how the university can effectively detect and defend against them. Key stakeholders from VCU police, IT, Treasury, Audit and Compliance, as well as Procurement attended the briefing.

Secured Research Environment: Collaborating with the VCU Health System, VCU is working with an external vendor to build a secured research environment that can provide researchers with virtual computers that can be used to work with high-sensitivity data. Named "Horizon," this platform is aimed to simplify access to high-sensitivity information for researchers and ensure a consistent security posture is applied to the computing environment used for sensitive research. The availability of this platform will help to facilitate the establishment of a data pipeline that can allow secured, streamlined, and managed access to sensitive human subject information for research purposes and allow the university to meet regulatory requirements from funding agencies and sponsors.

GLBA Compliance: The VCU Information Security Office is still working with the VCU Financial Aid office to complete tasks to align applicable information security controls to the requirements of GLBA. Additionally, the U.S. Department of Education (ED) issued new security requirements applicable to Federal Tax Information (FTI) received by colleges and universities as a part of the financial aid administration process. The VCU Information Security Office is working with the Financial Aid Office to address these requirements.

SASE development: VCU completed the rollout of its SASE solution to all university-managed endpoint computers in the Summer of 2023. Aside from providing a more

ERM PROGRAM

Status of ERM mitigation plans

Program progressing on schedule

Program not on schedule; ERM Committee to address.

Program significantly behind schedule; Executive Management attention required.

The ERM Steering Committee has voted three (3) risks previously out of tolerance back within tolerance. This decision will be reviewed by the Cabinet in September for approval and presented to the Board in December.

PLANNED AUDIT STATUS

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

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

Progressing as planned and within overall budget

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

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

The audit plan is progressing well; however we are short one university auditor position and plan to hold on filling the position to accomodate FY24 budget cuts. The audit team is assessing how the vacancy will affect our workplan schedule and will defer lower risk audits until later in the year. Investigations have been increasing and this work further affects our workplan schedule, but currently we are managing this work effectively.

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, verficiation, strategy implementation or resolution

Significant challenges to institutional compliance strategy or resolution encountered

Notes: **There are no known material compliance violations related to regulatory, legal or university policies. The Integrity and Compliance Office (ICO) is on track with a three-year workplan focused on improving effectiveness in six areas: Program Structure, Culture, Policies, Investigations/ Accountability, Training/Communication, Risk Assessment/Monitoring. Good progress documenting university compliance systems and setting up regular meetings of compliance leaders to drive integration, collaboration and issue spotting in ethics and compliance.**

Audit and Compliance Services

Staff Credentials

University Audit and Management Services
Integrity and Compliance Office

Name and Title	Hire Date	Education	Credentials/ Advanced Degrees	Years of Experience
Karen K. Helderman Executive Director	February 2019	BS, Accounting	CPA; CISA; PMP MBA	37 – Audit/Compliance
David M. Litton Director, Audit and Management Services, University and VCU Health	March 1994	BS, Accounting and Information Systems	CPA; CISA; CGFM; CGEIT; CRMA	23 – 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 5 – Internal Audit
Janet W. Lutton Interim Deputy Director, University Audit and Management Services	May 2001	BS, Business Administration	CIA, CFE	20 – Internal Audit 24 – Accounting
Michael A. Pointer IT Auditor	July 2019	BS, Liberal Arts	CompTIA Security+ Certification; JAMF Pro 200 Certification; ITIL Foundations Certification	6 – Technology 4 – Internal Audit
Tasha Foster Staff Auditor	August 2021	BS, Business Administration	MBA; MA	6 – Internal Audit 3 – Financial Services 8 – Higher Education
Courtney B. Rowe Internal Auditor	April 2022	BA, Political Science and Spanish; Post-Bacc. Certificate, Accounting	MPA; MBA	2 – Internal Audit 7 – Accounting/Compliance 15 – 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	12 – 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	14 – Higher Education 10 – Compliance
Donna Crawford Social Media Governance and Audit Quality	September 2019	BS, Business Administration/ Concentration in Information Systems	CISA	28 – Audit/Compliance
Kimberly McQuillen Compliance Training and Communications Specialist	February 2022	BA, Fine and Performing Arts	LPEC, MFA, Theatre Pedagogy	3 – Higher Education 8 – Public Education 5 – IT QA/Training 7 – Business
Sara Jones Program Manager, Analytics and Investigations	February 2022	BM, Music Education	MM, Music Education, CCEP	6 – Higher Education

Credentials:

CCEP	Certified Compliance and Ethics Professional	CISSP	Certified Information Systems Security Professional
CAMS	Certified Anti-Money Laundering Specialist		
CFE	Certified Fraud Examiner	CPA	Certified Public Accountant
CGEIT	Certified in the Governance of Enterprise IT	CRISC	Certified in Risk and Information Systems Control
CGFM	Certified Government Financial Manager	CRMA	Certification in Risk Management Assurance
CHC	Certified in Health Care Compliance	LPEC	Leadership Professional in Ethics and Compliance
CIA	Certified Internal Auditor	MBA	Masters of Business Administration
CISA	Certified Information Systems Auditor	MPA	Masters of Public Administration

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

ACUA	Association of College and University Auditors	CUAV	College and University Auditors of Virginia
		ECI	Ethics and Compliance Initiative
ACUPA	Association of College and University Policy Administrators	IIA	Institute of Internal Auditors
		OCEG	Open Compliance and Ethics Group
AGA	Association of Government Accountants	SCCE	Society of Corporate Compliance and Ethics

Annual Review of Audit Recommendations Outstanding

Draft Report
August 25, 2023

Audit and Compliance Services

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

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

Past Due Board Level Recommendation

Facilities Management IT Systems report – This report included a recommendation to "Enforce Central Works Pro Fire Alarm Server Security Baseline Compliance." The workstation running the university's fire alarm system had information security weaknesses that did not align with the IT Standards and Baselines. Facilities worked with the Information Security department to remediate the weaknesses and has an approved exception on file to continue running the workstation until Facilities transitions all fire alarms to a new cloud-based fire alarm monitoring system. Management expects to transition all fire alarms to the new system and decommission the workstation and old monitoring system by June 2024.

Past Due Management Level Recommendations

Non-Research Institutes and Centers memo – This memo included a recommendation to the Provost's Office to facilitate the establishment of a policy that governs non-research institutes and centers (ICs). The recommendation also encouraged collaboration with the Committee on Research-Related Institutes and Centers to evaluate the development of one policy that relates to both research and non-research ICs. The Provost's Office has reexamined the recommendations provided and is now in a position to proceed with strategy and implementation, in coordination with the Office of Integrity and Compliance, of a new policy specific to non-research institutes and centers. A committee of key stakeholders will be convened and a draft policy will be created and vetted per university guidelines. The Provost's Office expects to complete these corrective actions by May 31, 2024.

Facilities Management IT Systems report – This report included a recommendation to "Develop Operations Center Disaster Recovery Plan." Facilities had no backup location to continue operations in the event of an outage to their current Operations Center at 700 West Grace. Additionally, certain buildings do not have a backup power source, such as a generator, in the event of a power outage reducing Facilities' ability to view and monitor the building's smart devices. Since the report issuance, Facilities made technology upgrades so their Operations Center staff can access and view all monitoring points and alarms if an outage or evacuation occurs at their current Operations Center.   Facilities is also working with Technology Services to install emergency backup power for critical network equipment that supports smart devices. Facilities is moving their Operations Center to the Henry Parking Deck but the move is contingent on completing the fire alarm migration, which management expects to complete by June 2024.

Our review of audit recommendations outstanding occurs throughout the year but includes all recommendations with a due date on May 31, 2023 and prior.

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

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

Executive Director
Audit and Compliance Services

Audit and Management Services
VCU Past Due Audit Recommendations

Report Date	Audit	Board Level Recommendation	Target Date		
			Original	Revised	Revised Again
Jan 2020	Facilities Management IT Systems	Enforce Central Works Pro Fire Alarm Server Security Baseline Compliance	Dec 2020	Jan 2023	June 2024

Report Date	Audit	Management Level Recommendations	Target Date		
			Original	Revised	Revised Again
July 2019	Non-Research Institute and Centers	Facilitate Establishment of a Policy to Govern Non-Research ICs	Dec 2019	May 2023	May 2024
Jan 2020	Facilities Management IT Systems	Develop Operations Center Disaster Recovery Plan	Mar 2021	Jan 2023	June 2024

Parking Billing and Reserves
Final Report
May 15, 2023

Audit and Compliance Services

Overview

<u>Operations</u>

Parking and Transportation (Parking) is an auxiliary enterprise which requires financial self-support and compliance with the State Council of Higher Education for Virginia (SCHEV) regulations regarding reserve accumulations. Parking derives revenues from charges to several groups including VCU employees, students who purchase semester parking permits, special event parking, visitor parking and parking violation fines and late payment penalties. Parking operates 13 parking decks and 52 uncovered parking lots. Based on prior years' experience, Parking determines parking rates annually to finance labor, overhead, maintenance, reserves, and planned renovations or renewals. Parking manages its financial functions in conjunction with the Controller's office, which employs staff designated to develop budgets, analyze financial data and monitor performance monthly. The Controller's office works with Parking to maintain reserves in accordance with SCHEV guidelines to finance operations, the maintenance schedule, and renewal and replacement.

Parking has maintained a financial surplus in each of the past three consecutive fiscal years, and improved reserves for the period as well. The fiscal year 2023 budget projects revenues of $21.5M, expenditures of $18.1M, adding $3.4M to prior year reserves, resulting in total reserve accumulations of $8.5M. Parking does not have board approved projects, so does not accumulate reserves for renovation and construction. VCU's fiscal year 2023 projected reserve accumulation of $8.5 million falls within the SCHEV recommended reserves of $7.6 million - $10.4 million for an auxiliary without renovation or construction projects.

Employee and student permits comprise the majority (81%) of parking types. The chart below depicts the trend of average employee and student permits issued per fiscal year overlaid with total revenues from those permits:
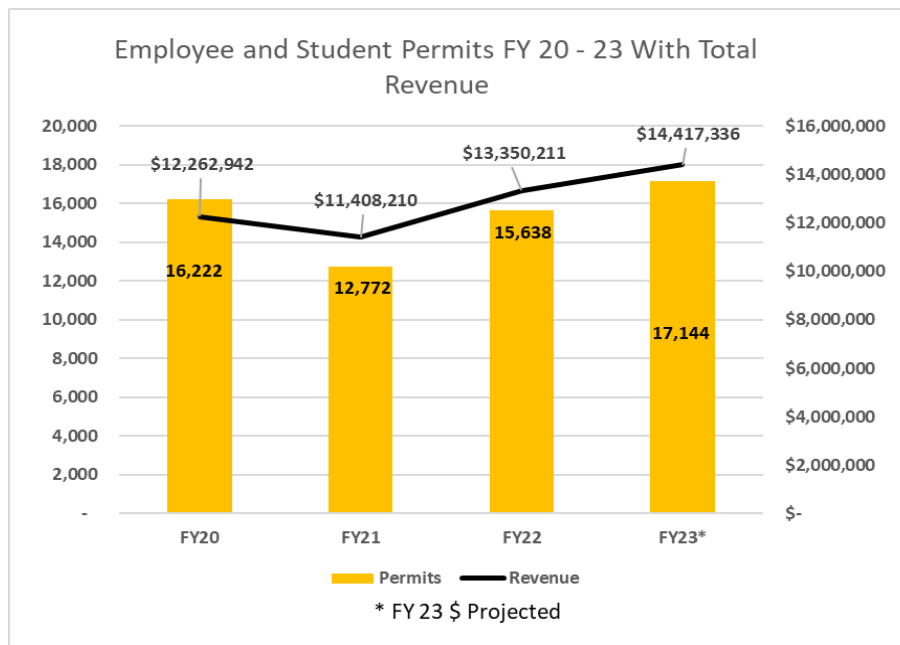

Source: Revenue – VCU Controller's Office; Permits – T2 Flex Parking Database

<u>Software Application</u>

Parking uses a software application from T-2 Systems to capture permit information, including new customers, changes to customer information, cancellations and payroll deducted payment information. The application, called Flex, provides reporting capabilities to allow key process owners to monitor activity and reconcile with Banner on a regular basis. It also reflects data around parking violations and associated payments.

<u>Parking Citations and Unpaid Fines</u>

Parking personnel issue citations for various violations such as parking in a prohibited space, exceeding time limits, failure to display a permit or unauthorized usage of permits. Depending on the type of violation, fines range from $20 to $300. Citations are not a major driver of revenue, but serve as a deterrent to dissuade continued parking offenses. Parking assesses late fees for fines unpaid within fifteen days of original issuance, in an amount double the original or base amount. During fiscal years 2020 – 2022 and 2023 (as of February 27, 2023), Parking Enforcement issued 21,658 citations in the amount of $720,797. Shown below is the trend of citations for the period noted (base amount only - no penalty for late fees):
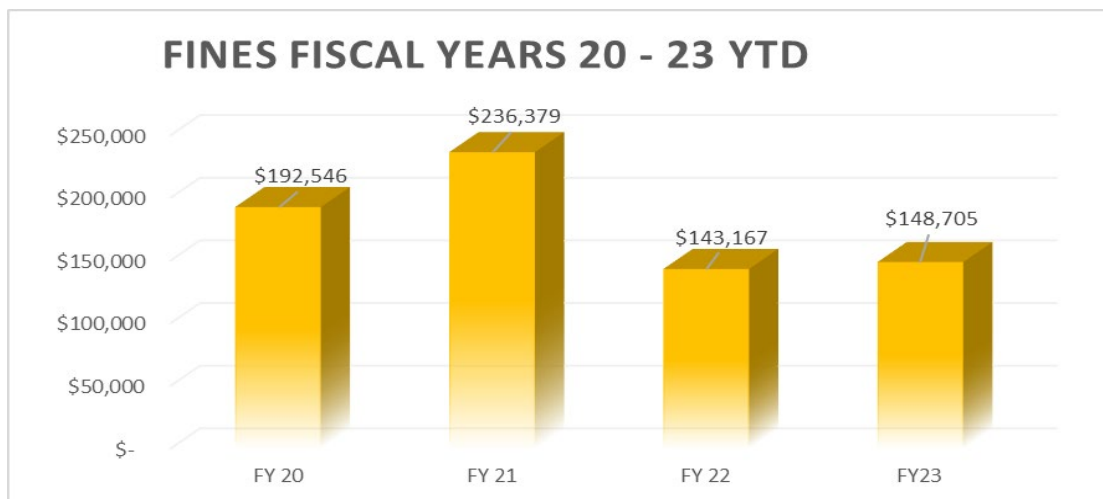
Source: T2 Flex Parking Database

For the same period, unpaid fines and penalties totaled $458,268, averaging $91,654 annually. Student unpaid fines and penalties represent six percent of the total, while faculty and staff make up sixteen percent of the total. The remaining fines and penalties, 78% of the total, originate from expired permits, those outside VCU, or origins not identified in the Flex system.

According to the Virginia Debt Collection Act (the Act), unpaid fines and penalties, such as late fees, are debts to be included in accounts receivable. The Act includes procedures for charging late payment fees not to exceed ten percent of the base fine, collection of accounts receivable and write-off of debts deemed uncollectible. It stipulates that institutions shall establish internal policies and procedures for collection of those receivables as well as reporting requirements. According to the Act, all state agencies and institutions shall take cost-effective actions to collect its debts. The Commonwealth Accounting Policies and Procedures (CAPP) Manual, established

by the State Comptroller, requires agencies and institutions to submit all receivables aged 30 - 60 days to the Virginia Department of Taxation's Set-Off Debt Program and only write them off after appropriate approval by a relevant agency such as the Office of the Attorney General's Debt Collection Division. Accounts written off remain in a state of indebtedness with a legal obligation to pay. The CAPP Manual also requires uncollectible receivable account information be retained until debts are collected or written-off.

Purpose

The objective of the audit was to determine whether Parking collects sufficient revenues to sustain operations as an auxiliary enterprise and maintains required reserves.

Scope and Audit Procedures

Our scope of Parking Billing and Reserves encompassed July 1, 2022 – February 27, 2023 (based on data fulfillment). The audit focused on the calculation of parking rates, determination and monitoring of reserves, deactivation of parking privileges upon separation from the university and collections of fines for parking violations.

Audit procedures included:
- Reviewing SCHEV's policies and procedures for Maintaining Auxiliary Enterprise Reserves, the Virginia Debt Collection Act, CAPP manual, the University's Tier Three Management Agreement and VCU Parking and Transportation's written guidelines
- Interviewing key process owners in Parking, Treasury and the Controller's Office
- Evaluating procedures for calculating and verifying parking rates and reserves
- Examining reserve monitoring practices
- Observing and evaluating parking permit deactivation procedures
- Examining processes for collecting fines and late payment fees for parking violations
- Analyzing data around the payment of parking violations

Summary of Major Business Issues and Management's Action Plans

Develop a Parking, Citations, and Enforcement Policy

Parking did not have a policy or adequate procedures in place for collection and disposition of citation fines and penalties that comply with the Virginia Debt Collection Act, Section 2.2-4800, or the CAPP manual. Specifically, Parking management:
- Made unpaid fines and penalties inactive in the Flex application when they became older than three years
- Overcharged late payment penalties by charging 100% of the base fine, exceeding the Act's allowable 10% (rates exceeding 10% may be permissible if the university had a policy reviewed by the Office of the Attorney General Debt Collection Division)
- Did not refer past due fines and penalties to the state's contracted collection vendor or the Virginia Department of Taxation's Set-Off Debt Program

- Did not explore the possibility of internal collection efforts such as payroll deduction
- Did not record unpaid fines and fees as a university receivable

For fiscal years 2020-2023 (as of 2/27/23), 33% of assessed fines (not including penalties) were unpaid totaling $236K in uncollected revenue. For this period, Parking's system automatically deemed $52K of unpaid citations (those more than 3 years past due) as uncollectible and inactivated them.

Parking personnel were unaware of the Virginia Debt Collection Act, and that Parking did not have the authority to inactivate and stop collection efforts on past due fines and penalties more than three years old. In addition, Parking was also unaware that they should turn over past due accounts receivables to the state contracted debt collection vendor or use the Commonwealth's free set-off debt program. The program recovers debts from individual state income tax refunds on behalf of state entities and may improve the collection of fines and penalties from citation holders outside of VCU.

In addition, Parking, under a previous director, established an automated task during the implementation of the Flex application to inactivate citations after three years. Once the data is inactive, Parking takes no additional collection action but the citation information is available for recall.

Parking should collaborate with Treasury Services and the Controller's Office to report unpaid parking fines and penalties as accounts receivable in VCU's financial statement and develop a policy and related procedures to comply with the Act and the CAPP Manual. Parking should incorporate their current guidelines within that policy and explore additional best practices used by other Virginia institutions, such as towing and booting vehicles. A comprehensive policy will strengthen collection efforts and ensure VCU's program is in compliance with the Act and CAPP manual requirements. In addition, Parking should reinstate the previous inactivated citations, reduce penalties so they are consistent with the Act, and take steps according to the Act to collect the past due accounts.

Management's Action Plan: *Concur*
We have disabled the auto-task that marks citations as uncollectible and reversed those citations to make them active again.
We will work with the Legal Counsel, the VCU Controller and the VCU Treasurer to develop a collections and debt disposition policy that will bring us into compliance with the Virginia Debt Collections Act, while keeping the administrative costs of administering the policy reasonable.

Responsibility: Executive Director of Parking & Transportation Services
Completion date: April 2024

Conclusion

In our opinion, based on the results of our audit, Parking collected sufficient revenues to sustain operations as an auxiliary enterprise and maintain required reserves. However, they did not have a policy and related procedures for collecting unpaid parking fines and penalties compliant with the Virginia Debt Collection Act.

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:

Josh Stone   Executive Director, Parking and Transportation
Richard Sliwoski   Associate Vice President, Facilities Management
Patricia Perkins   Associate Vice President for Finance
Meredith Weiss   Vice President for Administration
Karol Kain Gray   Senior Vice President and Chief Financial Officer

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

Executive Director
Audit and Compliance Services

Global Education Office

Internal Controls Compliance Review

Final Report
May 25, 2023

Audit and Compliance Services

To: Michael Rao
      President

From: Karen Helderman
      Executive Director, Audit and Compliance Services

Date: May 25, 2023

Subject: Internal Controls Compliance Review of the Global Education Office

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

cc. Jill Blondin, Associate Vice Provost for Global Initiatives

Internal Controls Compliance Assessment Dashboard

Audit name:	Global Education

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
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	🟩

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
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	🟨
	🟩

3. Journal Vouchers
    3.1. JVs were approved by the appropriate position depending on dollar amount
    3.2. Documentation to support JVs was maintained
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	🟩

4. Petty Cash
    4.1. Petty cash funds were secured according to the university Petty Cash policy
    4.2. Custodian was the only authorized person with access to funds
    4.3. Monthly and annual reconciliations were performed timely
    4.4. Annual Trainings were completed by the custodian, dean/department head or designee
	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
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	🟩
	
	🟩

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

9.2. Performance/progress reports were submitted to the sponsor timely where required	

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
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	🟩
	🟩
	🟩

11. ARMICS
    11.1. Yearly ARMICS documentation was completed and submitted by the due date set by the controller's office
    11.2. ARMICS testing was completed thoroughly and identified issues were addressed timely
    11.3. Supporting documentation for unit testing was readily available
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	🟪
	
	🟪

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**	● Overall control environment representative of good practice, well-designed, effective, and functioning properly. ● No improvement opportunities identified. Full Compliance.
■ **Verbal Finding**	● 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**	● Some key controls do not exist, or are not properly implemented, and there are improvement opportunities. ● Control environment is impaired. ● Finding and recommendation communicated to management and written corrective action required.
■ **Board Level Finding**	● 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. ● Immediate corrective action should be implemented. ● VP level involvement needed. ● Finding and recommendation communicated to the Board and written corrective action required.
N/A	● Function is not applicable to the reviewed department/division.

Graduate School
Internal Controls Compliance Review

Final Report
July 25, 2023

Audit and Compliance Services

To: Michael Rao
President

From: Karen Helderman
Executive Director, Audit and Compliance Services

Date: July 25, 2023

Subject: Internal Controls Compliance Review of the Graduate School

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

cc.   Manu Gupta, Interim dean
Melissa W. Tyler, Assistant dean of operations

Internal Controls Compliance Assessment Dashboard

Audit name:	The Graduate School

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
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	🟩

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
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	🟩

3. Journal Vouchers
    3.1. JVs were approved by the appropriate position depending on dollar amount
    3.2. Documentation to support JVs was maintained
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4. Petty Cash
    4.1. Petty cash funds were secured according to the university Petty Cash policy
    4.2. Custodian was the only authorized person with access to funds
    4.3. Monthly and annual reconciliations were performed timely
    4.4. Annual Trainings were completed by the custodian, dean/department head or designee
	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
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5.4. Controls were in place to prevent the splitting of orders to avoid procurement rules	☑ (green)
5.5. Supporting documentation was maintained electronically	☑ (green)
5.6. Purchase orders were closed timely in RealSource	☑ (green)
6. Travel	
6.1. Travel > $500 or air/rail was approved prior to traveling and reimbursements were processed through Chrome River	☑ (green)
6.2. Transportation (air and rail) was booked through Christopherson	☐ (yellow)
6.3. Travel was for allowable business purposes	☑ (green)
6.4. Hotel and meals were within the appropriate per diem range	☑ (green)
7. Purchase Cards (Pcards)	
7.1. Granted to the minimum necessary number of cardholders and provide the minimum necessary spending and transaction limits	☑ (green)
7.2. Applications were authorized by the cardholder's supervisor	☑ (green)
7.3. Only used by the cardholder and were not shared	☑ (green)
7.4. Individual cardholders were tasked with securing their Pcards	☑ (green)
Transactions were allocated to the appropriate expense account timely	☐ (pink)
7.5. Transactions were supported by receipts or valid invoices uploaded into the Pcard system	☒ (green)
7.6. Activity was monitored in BoA Works to ensure reviewers and approvers were timely reviewing and approving transactions	☑ (green)
7.7. Controls were in place to prevent Pcard holders from splitting transactions in to two or more transactions	☑ (green)
7.8. Sales taxes were excluded from Pcard purchases where appropriate	☑ (green)
7.9. Purchases were reconciled to receipts and to the cardholder's monthly statement	☑ (green)
7.10. Purchases had a valid business purpose and were allowable based on the Purchasing Card Program Procedures	☑ (green)
8. Record Management	
8.1. Records were destroyed according to VCU's Record Retention Policy	☐ (pink)
8.2. The unit identified a records custodian	☑ (green)
8.3. Records custodian attended records retention training	☑ (green)
8.4. The unit developed a records inventory	☐ (pink)
9. Grants	
9.1. Expenditures were in accordance with the grant agreement	N/A
9.2. Performance/progress reports were submitted to the sponsor timely where required	N/A

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
	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. ARMICS testing was completed thoroughly and identified issues were addressed timely
    11.3. Supporting documentation for unit testing was readily available
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	🟪
	
	🟪

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 t
he Professional Practice of Internal Auditing* and included an evaluation of internal controls and such procedures as we considered necessary in the circumstances.

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

Risk Classifications and Definitions

■ **Full Compliance**	● Overall control environment representative of good practice, well-designed, effective, and functioning properly. ● No improvement opportunities identified. Full Compliance.
■ **Verbal Finding**	● 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**	● Some key controls do not exist, or are not properly implemented, and there are improvement opportunities. ● Control environment is impaired. ● Finding and recommendation communicated to management and written corrective action required.
■ **Board Level Finding**	● 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. ● Immediate corrective action should be implemented. ● VP level involvement needed. ● Finding and recommendation communicated to the Board and written corrective action required.
N/A	● Function is not applicable to the reviewed department/division.

Athletics
Name, Image and Likeness

Final Report
July 7, 2023

Audit and Compliance Services

Overview

As of July 1, 2021, the NCAA Division 1 Board of Directors instituted an interim name, image and likeness (NIL) policy. This policy allows all NCAA Division 1, 2, and 3 student-athletes to be compensated for the use of their name, image and likeness (NIL), by outside entities such as businesses, for product or service endorsements. Several states followed suit and passed their own NIL laws, including Virginia which passed its NIL law on August 10, 2021. The NCAA Division 1 Board of Directors released additional guidance related to NIL to include new allegation and conclusion standards when potential violations occur. An October 2022 update states that when information available to enforcement staff indicates impermissible conduct occurred, the enforcement staff and Committee on Infractions which investigates allegations of NCAA rules violations, will presume a violation occurred unless the school clearly demonstrates that the behaviors in question were in line with existing NCAA rules and the interim policy. Guidance provided by the NCAA pertaining to NIL is subject to state laws or executive actions with the force of law in effect.

The NCAA requires member institutions to self-monitor their staff and student-athletes' compliance with NCAA rules as part of its shared governance structure. The Committee on Infractions can cite and sanction member institutions for failing to monitor its compliance with the interim NIL policy.

VCU's Athletics Compliance Office (Athletics) monitors student-athlete compliance with NIL regulations via INFLCR, software that student-athletes use to disclose NIL activity, and reviewing social media sites for any student-athlete NIL activity. They also provide NIL training to coaches, staff, student-athletes, and boosters/collectives using live training, handbooks, policies and procedures manual, town hall meetings, newsletters, emails, and information published on their websites.

Purpose

The objective of the audit was to determine whether Athletics had effective compliance processes in place that would ensure due diligence in compliance with name, image and likeness regulations.

Scope and Audit Procedures

Our scope of Athletics - Name, Image and Likeness encompassed academic year 2022-2023 and focused on an evaluation of Athletics' compliance program specific to NIL activities, based on the seven elements of the Federal Sentencing Guidelines:
- Oversight
- Policies
- Training
- Communication
- Monitoring
- Enforcement

- Corrective Action

Our audit procedures included:
- Discussions with the Athletics compliance officer regarding Athletics' compliance program specific to NIL
- Evaluation of how Athletics demonstrates their implementation of the elements of an effective compliance program
- Review of Athletics' organization chart
- Review and evaluation of Athletic NIL policies and procedures and student-athlete handbook
- Review and evaluation of training materials attendance rosters
- Review of a sample of communications to staff regarding updates to NIL regulations, available trainings and meetings
- Review of NCAA regulations and Virginia state law pertaining to NIL
- Inquiry and evaluation of Athletics NIL monitoring activities
- Inquiry regarding potential violations of NIL and associated corrective action plans
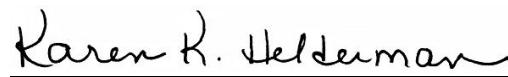
Conclusion

In our opinion, based on the results of our audit, Athletics had effective compliance processes in place that would ensure due diligence in compliance with name, image and likeness regulations.

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

Noah Strebler	Sr. Associate Athletic Director for Student-Athlete Services and NIL
Makonnen Afework	Deputy Director of Athletics
Edward McLaughlin	Vice President and Director of Athletics

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

Karen K. Helderman

Executive Director
Audit and Compliance Services

Academic and Executive Administrator Contracts

Final Report
August 10, 2023

Audit and Compliance Services

Overview

Academic administrators are faculty who also serve as senior academic officers of the university. They include such positions as provost, vice provosts, deans or associate deans, and may also include some department chairs. Academic administrator positions are for a specific term with responsibilities independent of faculty duties. Executive administrators on the other hand are senior officers of the university, the vice presidents or members of the president's cabinet and their direct reports.

Academic and executive administrators maintain a contractual employment relationship with the university through a Notice of Appointment which serves as their employment contract. Contracts stipulate compensation, rank, tenure status, conditions of appointment and contract renewal procedures. All academic administrator and executive appointments are made by authority of the President or the President's designee. Units develop contracts using standard templates for various categories, such as new hires or renewals for academic or executive administrators.

As of October, 2022, the Office of the Provost reported 84 active academic administrator contracts and Human Resources reported 189 active executive administrator contracts. Terms and Conditions for academic and executive administrators, respectively, govern these contracts and stipulate that appointments are for a specified period, usually one year, subject to renewal terms.

Deans, unit heads and senior vice presidents are to utilize competitive market data in determining administrative supplements for faculty who assume temporary additional administrative duties. The Faculty Salary Administration Guidelines specify that administrative supplements for academic administrators end when corresponding responsibilities end and state a predetermined "return salary" when academic administrators return to previously held positions.

The Office of the Provost established a work group in March 2023 that includes a member from Health Sciences and Human Resources to standardize the contracting process and reduce identified risks including that academic administrator compensation was not managed consistently across academic units. The work group is updating Terms and Conditions that previously did not explicitly provide that administrative compensation is removed when duties are removed. The goal of the work group is to develop a standardized policy statement so that units observe consistency in contracting.

Purpose

The objective of the audit was to determine whether academic and executive administrator contracts reflect compensation appropriately approved and adjusted for changes in roles and responsibilities.

Scope and Audit Procedures

Our scope of Academic and Executive Administrator Contracts encompassed fiscal years 2022 and 2023, as a targeted review focused on current practices. The review concentrated on

contracts of academic and executive administrator positions.

Audit procedures included:

- Interviewing key process owners in the Office of the Provost, Human Resources, and VP for Health Sciences to understand academic and executive administrators contracting processes
- Reviewing VCU guidance on academic and executive administrator compensation to develop an understanding of the treatment of salaries
- Evaluating samples of academic and executive administrator contracts for compliance with VCU guidance and consistency of contract language
- Examining Terms and Conditions of Employment for academic and executive administrators for compensation and other requirements
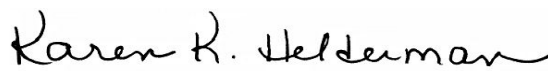
Conclusion

In our opinion, based on the results of our audit, current academic and executive administrator contracts reflect compensation appropriately approved and adjusted for changes in roles and responsibilities.

A detailed recommendation to develop a standardized policy statement and procedures for academic administrator contracts 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:

Jessica Hill	Executive Director, Faculty Human Resources
Angie Johnson	Executive Director, Human Resources, Health Sciences
Kathleen Blankenship	Director, Human Resources Service Delivery
William Nelson	Senior Vice Provost for Academic Administration and Operations
Jay Bonfili	Senior Associate Vice President for Health Sciences
Fotis Sotiropoulos	Provost and Senior Vice President for Academic Affairs
Marlon F. Levy	Interim Senior Vice President, VCU Health Sciences, Chief Executive Officer, VCU Health Systems

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

Karen K. Helderman

Executive Director
Audit and Compliance Services

VCU

Integrity and Compliance
Annual Report

FISCAL YEAR 2023

Contents

Introduction

Welcome to the fiscal year (FY) 2023 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 2023 activity and impact as well as relevant trends and focus for FY 2024. The objective of our program is to foster an organizational culture that encourages ethical conduct and a commitment to compliance with the law. We accomplish this, together with our compliance partners across the university, by engaging leaders and employees to support a speak-up culture through communications and training, by building effective policies, by assessing and mitigating risks, and by executing best-in-class reporting and investigative processes. We seek to create an environment characterized by robust employee reporting, no fear of retaliation, reduced misconduct, and a commitment to integrity in every transaction.

Program Structure and Resources

The ethics and compliance program at VCU continues to implement best practices to refresh and sharpen program effectiveness in line with its three-year workplan. In FY 2023, we created a smaller Compliance Steering Committee (CSC) to enhance communication and collaboration among the largest compliance partners at VCU. Meeting quarterly, the CSC led the way to the submission of one-page compliance program summaries in twenty key compliance areas to facilitate improvement and identification of compliance gaps or opportunities. From these summaries, the ICO identified three areas of focus for improvement: training/communication, monitoring and auditing, and risk assessment and is leading efforts to deliver improvements in support of compliance partners. The larger Compliance Advisory Committee continues to meet twice a year to facilitate sharing of CSC actions/learnings, enforcement trends and briefings by VCU Government Relations. In FY 2024, we plan to assemble into one reference document an integrated summary of VCU's ethics and compliance program and system including improvements and areas of future focus.

Three-Year Workplan Areas of Focus

- Program Structure
- Culture
- Policies
- Investigations and Accountability
- Training and Communications
- Risk Assessment and Monitoring

Highlights: Compliance Partners

The ICO functions in partnership with compliance leaders and teams across the university. Here are a few examples of best practices, accomplishments, and ongoing efforts by VCU compliance partners to close program gaps in compliance at VCU.

- **Technology Services** managed a very significant migration of VCU's Enterprise Resource Planning (ERP) system to the Cloud for the university with few glitches. They continue to lead VCU in achieving

compliance with the Gramm-Leach-Bliley Act (GLBA) to ensure the privacy and security of sensitive financial aid data. VCU is nearly complete in fulfilling its obligations under GLBA after a multi-year effort. Additional efforts were put forth in meeting new U.S. Department of Education requirements on federal tax information protection. In collaboration with other units, Technology Services is working on the establishment of a secured research computing environment for researchers who are working with sensitive information. Technology Services also continues to provide guidance for students and employees to avoid the latest phishing schemes through various media and communication tools.

- **Equity and Access Services**, which now reports to the Office of the President, issued their first Annual Report detailing compliance priorities and outcomes in each of their four areas of focus: Title IX, ADA & Access Services, Equal Opportunity and Affirmative Action, and Protection of Minors. Because continuous improvement is a shared goal within EAS, surveys are now administered to partners or stakeholders in order to monitor and improve quality, human-centered outreach and support services. EAS also hired their first ever Chief Accessibility Officer who will lead accessibility initiatives for VCU's physical and digital spaces. These advancements will widen the depth and breadth of support that EAS is able to provide the VCU community in key areas of compliance, support services, data collection, recommendations for best practices, advocacy and more.
- **Human Resources** continued its progress in updating policies and worked together with the ICO to ensure performance management tools appropriately referenced integrity and compliance as considerations in relevant competencies in the annual review process. HR is also leading a group focused on clearly delineating mandatory compliance training and ensuring timely completion of that training each semester by relevant employees.
- In **Athletics**, a Compliance Coordinator position was created (and is currently in the process of being filled) to help assist with the unit's compliance efforts. This will allow the other members of the unit to more heavily focus on major trend areas like Name, Image and Likeness (NIL) and other governance issues that have become federally prominent. The Athletics Compliance Office has made great strides over the past year to keep up with the ever-changing NIL landscape. NIL oversight is going well with the implementation of systems and tools to support VCU athletes in the NIL space and ensure compliance and awareness for all parties.
- The **Office of the Vice-President for Research and Innovation** made significant progress this year across several areas:

  Research Administration

  Strengthened the role of senior leadership in alignment with expertise in federal sponsor areas of emerging interest/emphasis in research compliance. This new role serves in partnership with the AVP for Regulatory Affairs with a centralized research compliance tracking process and a research compliance governance structure.

  Regulatory Affairs

  New senior leadership with subject-matter expertise appointed to oversee the clinical research regulatory affairs program, the human research protection program and the animal care and use program. This new role serves in partnership with the AVP for Research Administration with a centralized research compliance tracking process and a research compliance governance structure.

  - **Clinical Research Regulatory Affairs:**
    - New dedicated subject matter expert hired to lead the clinical research regulatory affairs program, including areas of shared regulatory risk identification and delegation or management
    - Evaluated all clinical trials for compliance with FDAAA 801 and 42 Code of Federal Regulations (CFR) 11, commonly referred to as ClinicalTrials.gov registration and results reporting. Identified compliance improvement areas with planned completion in September 2023 and ongoing compliance monitoring by December 2023.

- o Evaluated all clinical trials for compliance with Department of Health and Human Services (DHHS) 45 CFR 46.116(h). An internal process was deployed and is now integrated with the clinical research regulatory affairs workflows, automating compliance. Compliance with DHHS 45 CFR 46.116(h) is now at 100% and supported by a quality management protocol.
  - o Completed full implementation of the Veeva SiteVault and eTMF systems (cloud-based life sciences software for research and clinical trials), in FY 2023 supporting US Food and Drug Administration 21 CFR Part 11 compliance, moving VCU from a paper-based standard to 100% compliance for electronic access to applicable regulatory records and significantly reducing administrative and regulatory burden.
- **Animal Care and Use Program, including Animal Research Facility and Husbandry:**
  - o No significant findings resulting from the United States Department of Agriculture, Animal, Plant and Health Inspection Service (USDA APHIS).
  - o No significant findings resulting from accrediting body site visit inspection.
  - o Renewed accreditation of the VCU Animal Care and Use Program, resulting in continuous accreditation for over 50 years.
- **Human Research Protection Program (HRPP):**
  - o New standard operating procedures, checklists, resources, and management practices adopted by the HRPP, aligning the program with national standards of practice.
  - o New, streamlined submission system reducing administrative burden on research teams and the HRPP with the initial submission process reduced from approximately 8 hours to 1 hour.
  - o New post-approval monitoring program initiated which will be supported by Veeva, enabling remote monitoring of clinical trials by December 2023.
  - o New organizational model designed to ensure improved standards of quality management, including an ongoing program for evaluating the quality, efficiency, and compliance of processes and procedures dedicated to the HRPP.
- **IT Systems and Data Management and Security**
  - o Initiated a 5-year plan to upgrade the VCU Research Administration Management Systems supporting VCU's research compliance infrastructure.
  - o Re-evaluated the approach to post-approval monitoring for data management and security plans to ensure adequate surveillance of related risk.
  - o Calibrated VCU's research information systems approach, resulting in a new enterprise-wide strategy.
- **Safety and Risk Management** reported the following achievements:
  Fire Safety
  - Fire Safety Emergency Action Plans now include tornado procedures and are shared amongst our peers in Emergency Management via RedCap and VEOCI dashboards.
  - Onboarding the new children's inpatient tower and VCU STEM building at 817 Franklin Street with Safety and Risk Management's support to many aspects like acceptance testing, fire safety plan development, hazard identification, etc.
  Employee Health
  - Worked with IT to import all employees into our electronic medical record to allow for Health Insurance Portability and Accountability Act compliant, proactive, push communication, transitioning decades of paper charts into electronic medical records. Worked with VCU Health to improve cost tracking and reimbursement.

Environmental Health and Safety

- The VCU Safety team swept the Campus Safety, Health, and Environmental Management Association 2023 innovation awards:
  - Resource Enhancement for our collaboration with the Health System on our "Pharmaceutical Hazardous Waste Program."
  - Safety Culture for a Large School for our "Lab Safety Video Series," which is a collaboration with the VCU Center for Health Disparities.
  - Process Improvement for a Large School for our RedCap respiratory medical evaluation program, which Theresa Conti, RN and Elise Nicewick, RN developed to support VCU and the Health System.
- Radiation Safety inspection covering activities authorized under VCU radioactive materials license 760-215-1 was conducted by the Virginia Department of Health's office of radiological protection (ORH) (May 20, 24, 26 and June 2 and 3, 2022). ORH determined one non-cited violation of regulatory requirement and identified three recommendations. Corrective action was implemented, including removal of the irradiator, and therefore no response was required.

Culture and Data Analysis
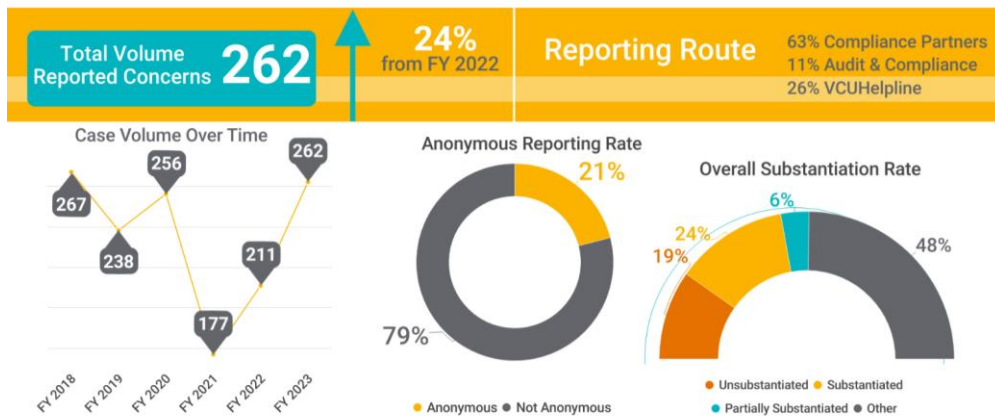
The ICO continues to monitor university wide reported concerns and responses to misconduct through Convercent, an online data management system. Convercent also contains the VCUHelpline, a third-party reporting tool with an anonymous reporting option. In addition to reports that come directly to Audit and Compliance 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 returned to pre-pandemic levels in FY 2023, with 262 total reports. 63% of those reports came to partnering offices, and 37% came directly to ACS as an independent reporting option. This represents an increase in reports made directly to ACS in previous years, as well as an increase in reports made directly to the Helpline. In FY 2023, the ICO team made significant 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 advisor[1]. When issues are reported and substantiated by effective investigations, appropriate consequences and remediation can follow to prevent future issues.

The overall full and partial substantiation rate for the total case volume was 30%, with 48% of closed cases resolving as "Substantiation Undetermined," or "Other." The vast majority of the cases in the "Other" category (91%) 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 Employee Relations. However, the top five substantiated issue types were Ethics Violation, Employee Relations, Health or Safety/Security Concerns, Regulatory-Research, and Waste, Misuse, or Theft of Resources.

Data Benchmarking

VCU's case volume per 100 employees exceeded both the internal and external benchmark in FY 2023. Our anonymous reporting rate (the rate of those reporting without giving their name) continues to remain below the NAVEX benchmark and remained below the 3-year internal benchmark for the second year in a row. This confirms that our employees tend to trust our system as almost 80% of those reporting identify themselves.

Top Five Substantiated Issues

- 62% **Ethics Violations** — 53 closed/33 substantiated
- 69% **Employee Relations** — 36 closed/25 substantiated
- 90% **Health or Safety/Security Concerns** — 10 closed/9 substantiated
- 57% **Regulatory - Research** — 14 closed/8 substantiated
- 71% **Waste, Misuse, or Theft of Resources** — 7 closed/5 substantiated

Commented [KH1]: Spell out

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[1] NAVEX Global, Inc., 2023 Hotline Incident Management Benchmark Report

VCU's 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 58%, exceeding the NAVEX benchmark. VCU's rate of retaliation reporting fell this year to 7%, down from 11% last year but is still significantly higher than the external benchmark. Only one retaliation report was substantiated in FY 2023. The ICO is engaged in multiple proactive strategies to encourage a speak-up culture and educate employees about retaliation. For example, the ICO facilitated a Psychological Safety workshop to leaders from several units, with more planned in FY 2024. 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	1.47	56%	41%	0.96%	HR, Diversity, and Workplace Respect
VCU Internal Benchmark	1.95	23%	45%	7%	Ethics Violation
Current Fiscal Year	2.45	21%	30%	7%	Ethics Violation

Upcoming: New 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 has measured employee perceptions and outcomes on diversity, inclusion, and engagement via "indexes" to focus progress.

In the past year, ICO prepared to create, with Institutional Research and Decision Support (IRDS), an Integrity Index based on selected elements of the existing Culture and Climate Survey. Due to organizational changes in IRDS, the Culture and Climate Survey was not administered in 2023. ICO will instead contract for an externally hosted culture survey focused on integrity that will be deployed in the winter or spring of FY 2024. The survey will provide baseline data for improvement and robust benchmarking to compare VCU with similar institutions.

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2 Measuring the Impact of Ethics and Compliance Programs, Global Business Ethics Survey 2018, pages 13-14 (Ethics and Compliance Initiative 2018)
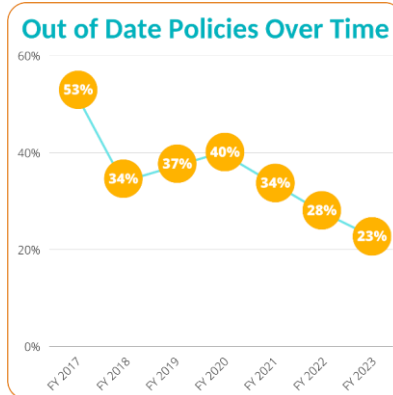
ICO will work with departments and units to understand their results and take actions to improve and sustain a culture of integrity and openness over time.

In the meantime, in recognition of the risk identified last year regarding the need for leadership development emphasizing the role of leaders in building a speak up culture, ICO this year developed and delivered a workshop on Psychological Safety to various units (School of Nursing, Facilities Management, Audit and Compliance Services) that has been well-received and will be expanded and delivered more broadly in FY 2024. 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 continue in FY 2024 to partner with Human Resources and others to create relevant, engaging training to sustain a culture of integrity and openness, including planned workshops for leaders and staff on civility in the workplace and building individual skill and capacity to speak up effectively.

Policy Program Update

161 TOTAL POLICIES

13 New or Substantially Revised

20 Minor Revisions Made

37 Past Due or Under Review

7 Retired

Building on the successes of last year, the Policy Program continued to support policy owners across campus in both the development and revision of policies. Significant policy accomplishments this year included: implementing a comprehensive conflict of interest and commitment policy, creating a new policy concerning communicating with government officials, updating of several important Global Education policies, and finalizing the Student Code of Conduct. We also were able to take a significant and much needed look at active policies which were either no longer necessary, focused too heavily on procedure, or conflicted with other policies. This resulted in a record number of policy retirements, including a policy that was almost 40 years old. We were also able to retire an outdated Rules and Procedures policy which conflicted with existing, more up to date policies governing student conduct, employment discrimination, and faculty governance. Currently, 23% of all policies remain out of date, which is the lowest percentage in the past seven fiscal years. This result is in part due to the implementation of the DocTract policy management solution and reinforces our commitment to robust and collaborative outreach to our university partners. This result is also in

Out of Date Policies Over Time

| Fiscal Year	Out of Date
FY 2017	53%
FY 2018	34%
FY 2019	37%
FY 2020	40%
FY 2021	34%
FY 2022	28%
FY 2023	23%

part due to a complete review of policies owned by Global Education, a unit of the Office of the Provost. This review resulted in a number of out of date policies being retired and/or updated. In addition, we have been working diligently with Faculty Affairs in the Office of the Provost to update and/or retire out of dates policies. Work remains to be done but progress is being made.

Regulatory Reporting Monitoring

This year we sought to better understand how our compliance partners do their work within their units.

In addition to seeking one-page summaries of our compliance programs, we met with our partners to discuss possible improvements and sought their guidance on improving the current process for attesting to state and federal compliance requirements. Our goal is to implement an improved attestation process in FY 2024 and to complete an updated summary of our ethics and compliance program and systems university wide by January 2024.

Investigations and Accountability
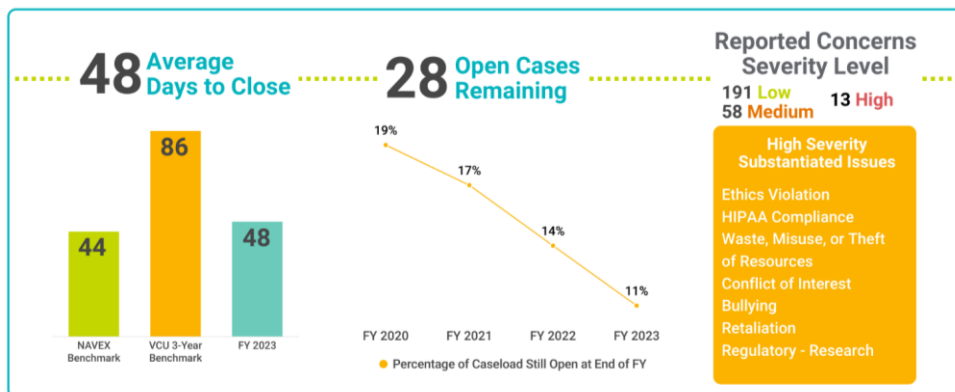
The ICO conducted approximately 19 independent reviews or investigations in FY 2023 and participated in approximately 12 collaborative investigations with partner offices. Metrics reflecting investigative quality improved in FY 2023, with a shorter average case closure time of 48 days and fewer cases open at the end of the fiscal year than in the prior three years. The ICO also supported efforts to standardize and improve investigative practices throughout the university by providing investigative guidelines and training to more than 60 VCU employees who engage or assist in workplace investigations.

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 2023, the top sanction was Verbal Counseling, followed closely by Required Training. There were four terminations related to misconduct represented in our data in FY 2023, and six resignations, most of which took place in lieu of termination or another sanction.
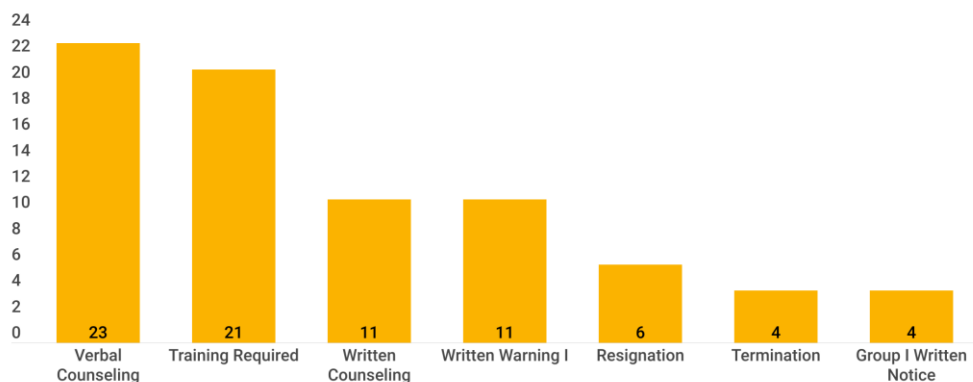
41% of substantiated concerns in FY 2023 were about a VCU employee who manages other people, and 19% of substantiated concerns involved a subject with a senior leadership title such as "Chair," "Assistant Dean," or "Director." Of the reports about a leader, almost half of them came directly to the ICO through our Helpline, email, or telephone. Cases dealing with a senior leader as the subject had a higher substantiation rate (49% fully or partially substantiated) than the overall case volume, and 44% of those cases came from a reporter who identified themselves as a direct report or within the subject's chain of command. Speaking up about misconduct observed from 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 the *Ethics and Compliance at VCU* annual training for FY 2022 in March of 2022 after a Covid-related delay. In an effort to realign training delivery with overall training strategy, we also launched the FY 2023 annual training in October of 2022. Our goals for the FY 2023 training included not only a refresh of employees' awareness and understanding of the Code of Conduct, but also an increase in learner engagement with a related goal of an increase in completion rate. To accomplish this, we departed from the previous format and moved to a more user-friendly application called Articulate Rise, which allows learners to scroll through (rather than click through) the content. We also added interactivity, creating two scenarios where learners could practice applying what they learned by selecting responses to assist fictional employees with making decisions about conflicts of interest. (Fig. 1) Finally, we produced several videos for the training. In one, we heard what ethics and integrity

mean to our students (Fig. 2), followed by a greeting from our Chief Ethics and Compliance Officer linking our conduct to student expectations. In another, we called upon leadership to share their testimonials about speak-up culture and working with the ICO. In a third video we featured faculty and staff explaining how they bring ethical values to their jobs each day. Topics for the FY 2023 training included the Duty to Report Policy, Conflict of Interest or Commitment, Giving and Receiving Gifts, and Civility in the Workplace. These were followed by a review of the Code of Conduct.
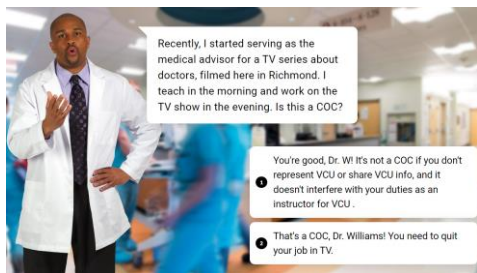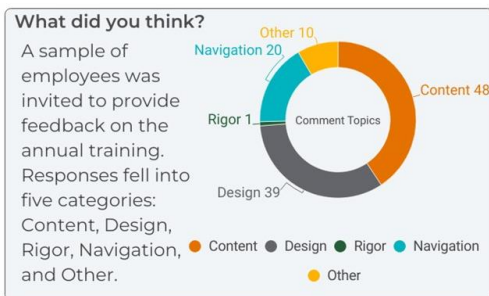

Fig. 1

Fig. 2

In a post-training survey completed by 150 of the 500 employees invited to participate, comments fell into five categories. When asked how we could improve the training employees had the most to say about content and design. Comments about content included requests for more scenarios about ethical dilemmas that fall within that grey area where there is no obvious "right" or "wrong" decision. They also revealed a desire for training in handling misconduct among leadership. Comments about design ranged from kudos for the fresh approach, the interactivity, and the videos, to opportunities for shorter training (eliminate the videos), a test-out option, and more rigor. While we hope to incorporate many of these suggestions with the next training release, we feel we are headed in the right direction in effectively engaging employees.

Year over year completion rates for the annual training trended up for FY 2023, with 95% of employees completing their training compared to FY 2022 during which only 74.3% of employees and 82.28% of managers completed their training. (In FY 2022, there were two versions, one for managers and one for employees. In FY 2023, we delivered one version to all employees). While we feel good about the number of employees who eventually completed their E&C training, much effort was required to contact employees and managers repeatedly to inch toward 100% compliance. To address this issue, we are partnering with Human Resources to

improve awareness and tracking of required training across the university for FY 2024.

8,351	2	1	12
Employees who completed the Ethics and Compliance Annual Training for FY23	Email blasts *8,653* *recipients ea.* *65.71%* *avg. open rate*	New workshop created *5* *conducted* *2* *upcoming*	Compliance Case Studies posted to ICO blog *2653* *page views*
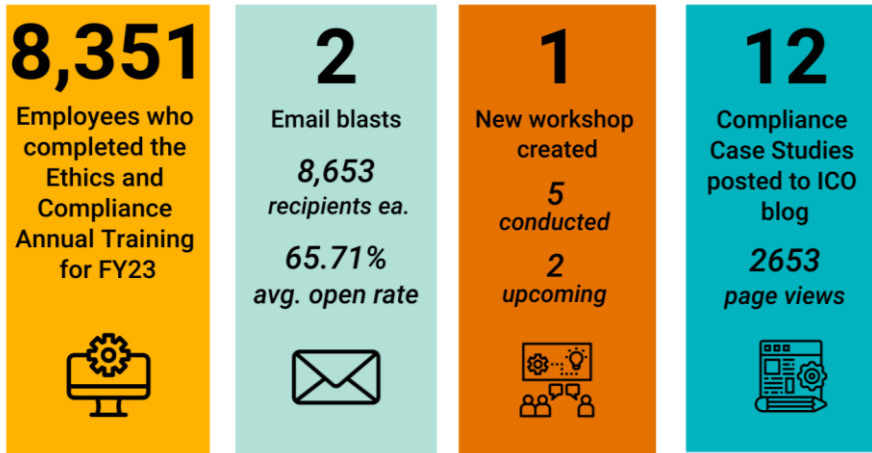
Ongoing Education Efforts

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

- Created a new workshop on Psychological Safety and conducted it for the School of Nursing, Audit and Compliance Services leadership, the Facilities Management Division, Parking and Transportation, and VCU Police. As of this writing, two additional units have invited us to conduct this workshop for them.

- Continued to publish the quarterly policy newsletter *Policy Points* which highlights new and revised policies from the previous quarter.

- 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. Recent *Compliance Corner* posts addressed a variety of issues, from what happens to culture when employees don't speak up to finding your voice to speak up to power. Recent *Compliance Case Study* posts followed one employee who misused university resources and another whose leadership skills were undermined by his own misconduct. New blog posts are announced via TelegRAM and subscriber email, and links to the compliance blog can be found on the ICO's landing page.

- Sent periodic email blasts to university faculty and staff, each one a campaign with focused messaging, driven by data and current trends.

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. Working with International Affairs Security Workgroup to create a microlearning module on foreign influence.

- Participated in a workgroup to coordinate required training across units for twice-annual releases through Human Resources.

- Sponsored tables at university events like the Tech Fair and the Benefits Fair to promote the VCU Helpline and socialize the new Conflict of Interest/Commitment Policy.

Risk Assessment and Monitoring

Conflicts of Interest & Commitment

During Fiscal Year 2023, the ICO completed Phase Two 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. Under an interim COI&C policy, four schools began a pilot reporting program within Convercent: School of Nursing, School of Pharmacy, School of the Arts, and School of Education. Faculty and other employees in Positions of Trust within these units reported potential conflicts via ad hoc Outside Professional Activity (OPA) reporting and via an annual questionnaire sent out in December 2022. The pilot program resulted in 455 submitted disclosures from these four locations, with a clearance rate of 67% and an average of 61 days open. Most disclosures (90%) were in the Outside Professional Activities category, including activities such as consulting or speaking at conferences. 70% of targeted employees completed the questionnaire, which prompted disclosures in multiple categories including Outside Professional Activities, External Financial Interests, Personal Family Relationships, and Gifts/Services Given or Received.

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 is currently working to build the administrative infrastructure to launch the use of Convercent within all academic units for faculty OPA reporting in Fall 2023, and the annual questionnaire will go out to all employees in Positions of Trust in December 2023.

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 have been working to empower managers to own this process through job aids, training, and communication. An area of improvement for FY 2024 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.

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, 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.

Enterprise Risk Management (ERM)

The Integrity and Compliance Office is a nonvoting member of the Enterprise Risk Management Steering Committee that restarted this year after being interrupted by the pandemic.   This was a productive year for ERM during which several out of tolerance risks were reviewed and mitigation plans updated and discussed. As effective and integrated risk assessment and mitigation remains a foundational feature of effective ethics and compliance programs that regulators and enforcement authorities expect, ICO will continue to ensure that its perspective on risks to the university, based on its monitoring activity including review of investigations of reported concerns, reviews of COI disclosures, and engagement with compliance partners, is integrated into the ERM process and reflected in the Committee's reporting to the Cabinet and the Board of Visitors. ICO will also continue to advocate for an ERM process that is fluid and continuously updated to account for emerging risks and changing conditions, especially in highly regulated areas such as research, EAS/Title IX, and athletics. Finally, ICO has prioritized working with compliance partners to ensure that each compliance area has adequate documentation of its policies, processes, training, and monitoring to support identification of risks and remediation of gaps, and that those risks are included or considered in the ERM process.

Ethical Leadership and Sustaining a Speak-Up Culture

As noted above in our report of our investigative data for FY 2023, 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 employees seek work environments with leaders they respect, VCU must continue to emphasize integrity and commitment to inclusivity as indispensable qualifications for succeeding as a leader at VCU.   The ICO looks forward to delivering the integrity survey in the second half of FY 2024 to support a better understanding of the state of VCU's culture of integrity, and the ICO will continue today to partner with offices around the university to offer education, facilitation, and coaching on what it means to be an ethical leader.

Audit and Management Services
Status of Fiscal Year 2022-2023 Audit Work Plan
<u>August 22, 2023</u>

Area	Status
<u>Risk-based Audits/Other Reviews</u>	
Faculty Initiated Grade Change Process	Completed
Government Relations Internal Controls Review	Completed
Massey Cancer Center Internal Controls Review	Completed
Budget Process – Part 2	Completed
University College Internal Controls Review	Completed
Export Controls - Research	Completed
School of Nursing Internal Controls Review	Completed
Data Integrity – VCU Website	Completed
Parking and Billing Analysis	Completed
Google Workspace	Completed
Graduate School Internal Controls Review	Completed
Student-athlete Name, Image & Likeness; Compliance Review	Completed
Research Computing/High Performance Computing Security Review	Completed
School of Dentistry Axium System Review	Completed
Academic and Executive Administrator Contracts	Completed
Records Management	In Progress
ERM RMM Plan Evaluation	In Progress
School of Pharmacy IT Review	In Progress
Software Asset Inventory	Not Started
Tableau Security	Not Started
SCHEV Reporting	Postponed to FY 24
Blackbaud CRM	Postponed*

Audit and Management Services
Status of Fiscal Year 2022-2023 Audit Work Plan
<u>August 22, 2023</u>

Annual Engagements and Activities	
President's Discretionary Fund and Travel Activity Review – FY23	Completed
VCU Police Department – Unannounced Property Inspection – FY23 Part 1	Completed
Audit Risk Assessment – FY24	Completed
VCU Police Department – Unannounced Property Inspection – FY23 Part 2	Completed
Annual Review of Audit Recommendations Outstanding – FY23	Completed

Special Project	Status
Continuing Projects	
State Employees Fraud, Waste, and Abuse Hotline	In Progress – 1; Closed – 2
Other Projects	
Facilities Division – Surplus Vehicles	Completed

Management requested to postpone the audit until FY25 due to delays in implementing the system.

Audit and Management Services
Status of Fiscal Year 2023-2024 Audit Work Plan
<u>August 22, 2023</u>

Area	Status
<u>Carryovers</u>	
Prior Year Work Plan: Academic and Executive Administrator Contracts (replaced SCHEV Reporting)	Completed
Prior Year Work Plan: Records Management	In Progress
Prior Year Work Plan: ERM RMM Plan Evaluation	In Progress
Prior Year School of Pharmacy IT Review	In Progress
<u>Current Year Risk-based Audits and Assessments</u>	
President's Office ICCR	In Progress
SCHEV Reporting	In Progress
Ancillary Systems Integrity	In Progress
Service Contract Management	In Progress
Massey Cancer Center IT Review	In Progress
Human Resources – Compensation	Not Started
Facilities Management – Deferred Maintenance	Not Started
Online Distance Learning	Not Started
VCU Card Office	Not Started
Telecommunications	Not Started
Procurement Office ICCR	Not Started
College of Health Professions ICCR	Not Started
Qatar Campus ICCR	Not Started
Centers and Institutes Technical Review	Not Started
Canvas IT Security Review	Not Started
Pyramed (Student Health) System Review	Not Started
Sunapsis (VISA Management) System Review	Not Started
<u>Annual Engagements and Activities</u>	
Audit Risk Assessment – FY24	Not Started
President's FY 23 Discretionary Fund and Travel Activity Review	In Progress
VCU Police Department – Unannounced Property Inspection – FY24 Part 1	Not Started

Audit and Management Services
Status of Fiscal Year 2023-2024 Audit Work Plan
<u>August 22, 2023</u>

VCU Police Department – Unannounced Property Inspection – FY24 Part 2	Not Started
Annual Review of Audit Recommendations Outstanding – FY24	Not Started

Special Project	Status
<u>Continuing Projects</u>	
State Employees Fraud, Waste, and Abuse Hotline	In Progress – 0; Closed – 0
University Compliance Helpline Investigations	In Progress – 1; Closed – 4
<u>Other Projects</u>	
Facilities Management and Accounts Payable Project	In Progress

Board of Visitors
Audit, Integrity and Compliance Committee

September 14, 2023

ACTION ITEMS

APPROVAL OF MINUTES

- Audit, Integrity and Compliance Committee Meeting held on May 11, 2023

- Motion to approve the Minutes

FOR INFORMATION

Committee Dashboard Measures

- 🟢 Data Governance Program

- 🟡 Data Security

- 🟡 ERM Mitigation Plans

- 🟢 Planned Audits

- 🟢 Planned Special Projects

- 🟢 Ethics and Compliance Program Oversight

ACS Departmental Update

- ## Staffing and Credentials

  - ✓ Well Qualified

- ## Department Expenses

  - ✓ Department expenses higher than prior year due to 5% pay increase but still within authorized budget

- ## Audit Survey Results

  - ✓ Overall rating of 3.62/4.0; consistent with rating of 3.61 in FY22

Status of FY23 Follow-up Report

Board Level Finding	First Revised Date	Current Due Date
Enforce Central Works Pro Fire Alarm Server Security Baseline Compliance *(Jan 2020)*	Jan 2023	June 2024

Management Level Findings	First Revised Date	Current Due Date
Facilitate Establishment of Policy to Govern Non-Research Institutes and Centers *(Jan 2020)*	May 2023	May 2024
Develop Operations Center Disaster Recovery Plan *(Jan 2020)*	Jan 2023	June 2024

Parking Billing and Reserves

Audit Scope:

- Accurate calculation of parking rates

- Timely deactivation of parking privileges upon separation from the university

- Collections of fines for parking violations

- Method of determination and monitoring of reserves

Conclusion:

Parking collected sufficient revenues to sustain operations as an auxiliary enterprise and maintain required reserves, however, parking did not have a policy and related procedures for collecting unpaid fines and penalties compliant with the Virginia Debt Collection Act

One Board Level Finding

- Develop a Parking, Citations, and Enforcement Policy

Audit Scope:

Reviewed selected controls and compliance areas

- reconciliations
- purchases
- Pcards
- fixed asset management

No Board level findings

Athletics-Name, Image and Likeness

Audit Scope:

We focused on an evaluation of Athletics' compliance program specific to NIL activities, based on the elements of an effective compliance program:
- Oversight
- Policies
- Training
- Communication
- Monitoring
- Enforcement
- Corrective Action

Conclusion:

Athletics had effective compliance processes in place that would ensure due diligence in compliance with name, image and likeness regulations

No Board level findings

Academic and Executive Administrator Contracts

Audit Scope:

Our review encompassed fiscal years 2022 and 2023, focusing on current practices of developing and issuing employment contracts for academic and executive administrator contracts.

Conclusion:

Current academic and executive administrator contracts reflect compensation appropriately approved and adjusted for changes in roles and responsibilities

No Board level findings

Integrity and Compliance Annual Report

FISCAL YEAR 2023

Annual Report Highlights

Program Structure and Resources

Compliance Steering Committee meets quarterly:

- **Focused on compliance program documentation (one-pagers), improvements in training/communication, monitoring/auditing and risk assessment**

- **Forum for information sharing, collaboration and issue-spotting (compliance gaps)**

- **Larger Compliance Advisory Committee meets twice annually, usually including a government relations briefing**
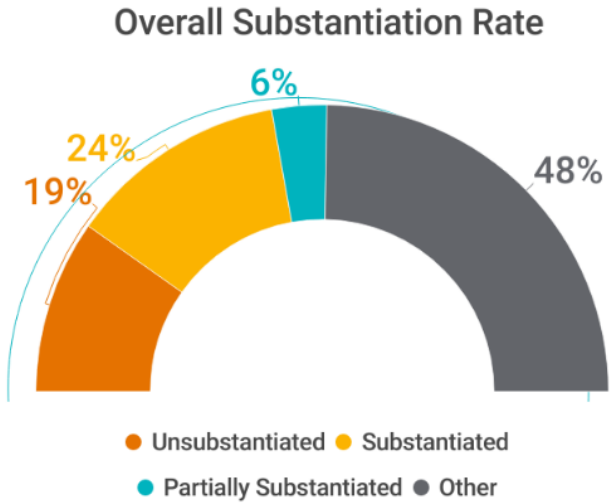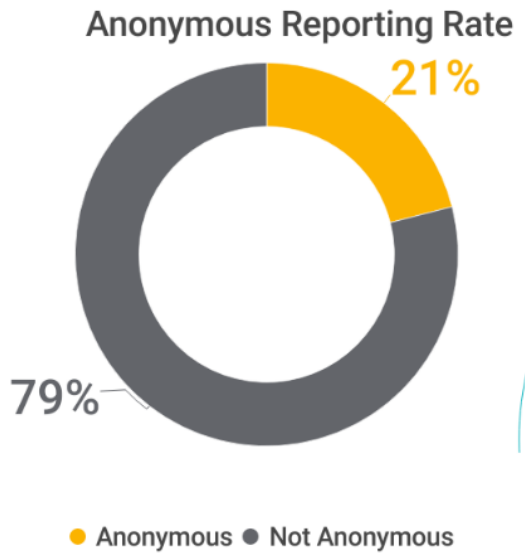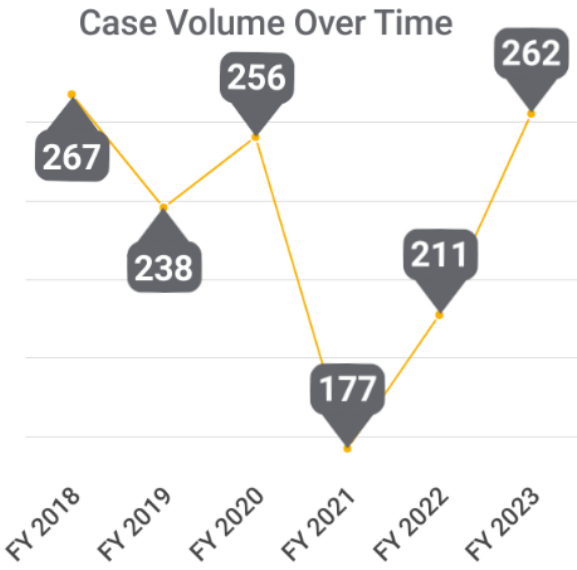
Culture and Data Analysis

Report volumes are trending up to pre-pandemic levels; retaliation allegations, anonymous reports trending down

Total Volume Reported Concerns **262**

24% from FY 2022

Reporting Route
63% Compliance Partners
11% Audit & Compliance
26% VCUHelpline

Case Volume Over Time

267 — FY 2018
238 — FY 2019
256 — FY 2020
177 — FY 2021
211 — FY 2022
262 — FY 2023

Anonymous Reporting Rate

21%
79%

● Anonymous ● Not Anonymous

Overall Substantiation Rate

6%
24%
19%
48%

● Unsubstantiated ● Substantiated
● Partially Substantiated ● Other

Top Five Substantiated Issues

Ethics Violations — 62%
33 substantiated/53 closed

Employee Relations — 69%
25 substantiated/36 closed

Health or Safety/ Security Concerns — 90%
9 substantiated/10 closed

Regulatory - Research — 57%
8 substantiated/14 closed

Waste, Misuse, or Theft of Resources — 71%
5 substantiated/7 closed

Culture and Data Analysis

Adjusted substantiation rate (excluding cases not investigated) rises to 58%, favorable to benchmarks and SPLY. Anonymous rate remains better than internal benchmark and significantly better than external rate.

	Cases per 100 Employees	Anonymous Reporting Rate	Substantiation Rate	Concerns of Retaliation	Most Common Issue Type
NAVEX Benchmark	1.47	56%	41%	0.96%	HR, Diversity, and Workplace Respect
VCU Internal Benchmark	1.95	23%	45%	7%	Ethics Violation
Current Fiscal Year	2.45	21%	30% raw / 58% adj'd	7%	Ethics Violation

Culture: New Integrity Survey FY 2024

➤ Due to organizational changes in Institutional Research and Decision Support (IRDS) and Institutional Equity, Effectiveness and Success (IEES), VCU's Culture and Climate Survey was not fielded in FY 2023, so the planned Integrity Index was not delivered.

➤ Instead, the Integrity and Compliance Office (ICO) is contracting for a third-party hosted integrity survey to be fielded in FY 2024 to provide baseline and benchmarked data on the culture of integrity at VCU.

➤ ICO will report this data to departments and partner with them to understand their results and make progress in sustaining a culture of integrity and openness.

Measuring Culture

When leaders demonstrate a commitment to ethics, workplace integrity improves significantly.*

Legend:
- 🟨 Top management perceived to have WEAK ethical commitment
- 🟩 Top management perceived to have STRONG ethical commitment

Category	WEAK	STRONG
Pressure to Compromise Standards	30%	3%
Observed Misconduct	84%	23%
Reported Misconduct	54%	80%
Experienced Retaliation	42%	10%
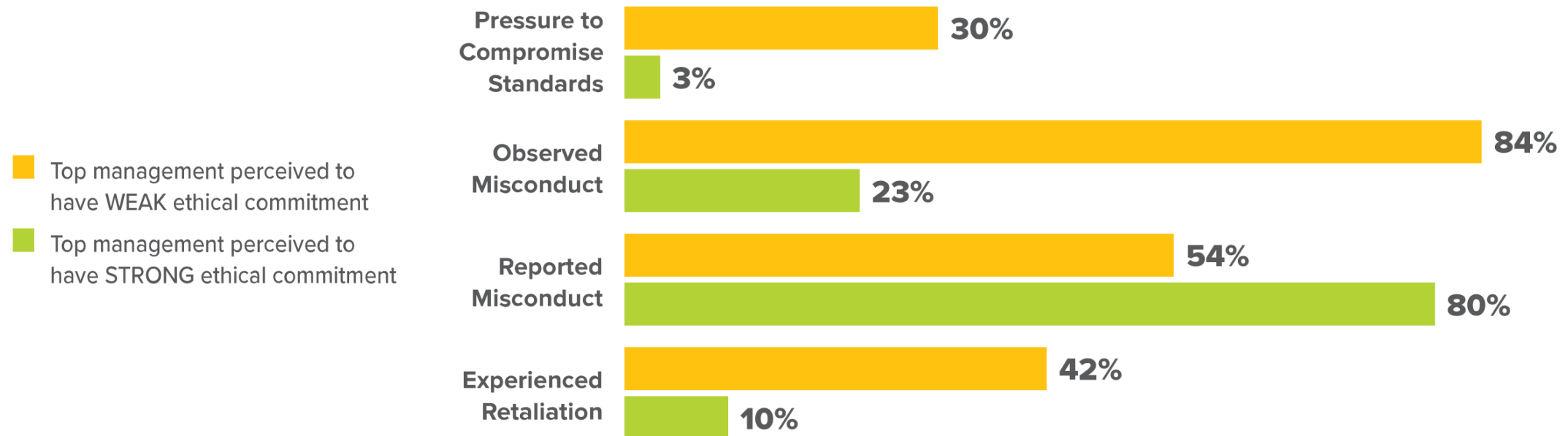
*Ethics and Compliance Initiative (ECI), July, 2023 Fellows Meeting, taken from 2023 Global Business Ethics Survey, (forthcoming, fall 2023).

Policy Program Update

161
TOTAL POLICIES

13
New or Substantially Revised

20
Minor Revisions Made

37
Past Due or Under Review

7
Retired

Out of Date Policies Over Time

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
	53%	34%	37%	40%	34%	28%	23%
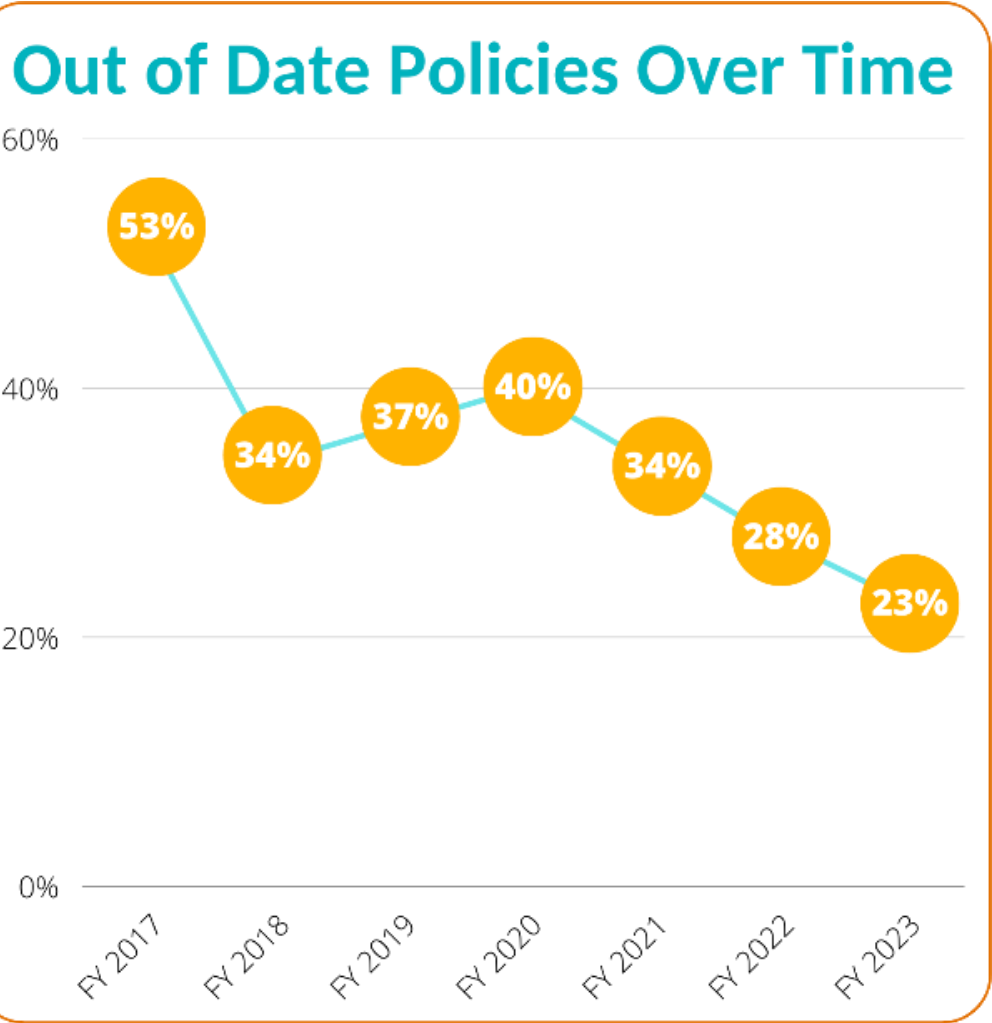
Investigations and Accountability

Sanctions

Sanction	Count
Verbal Counseling	23
Training Required	21
Written Counseling	11
Written Warning I	11
Resignation	6
Termination	4
Group I Written Notice	4

48 Average Days to Close

NAVEX Benchmark	VCU 3-Year Benchmark	FY 2023
44	86	48

28 Open Cases Remaining

Percentage of Caseload Still Open at End of FY

FY 2020	FY 2021	FY 2022	FY 2023
19%	17%	14%	11%

Reported Concerns Severity Level

191 Low   13 High
58 Medium

High Severity Substantiated Issues

Ethics Violation
HIPAA Compliance
Waste, Misuse, or Theft of Resources
Conflict of Interest
Bullying
Retaliation
Regulatory - Research

Training and Communications

- Launched two university-wide required trainings (to catch up from pandemic delay)

- Increased employee engagement by adding interactive scenarios (Fig. 1), videos featuring students (Fig. 2), faculty, staff and our CECO to the FY 2023 training

- Created/facilitated new workshop for leadership on Psychological Safety; recently debuted a team version, for managers and employees

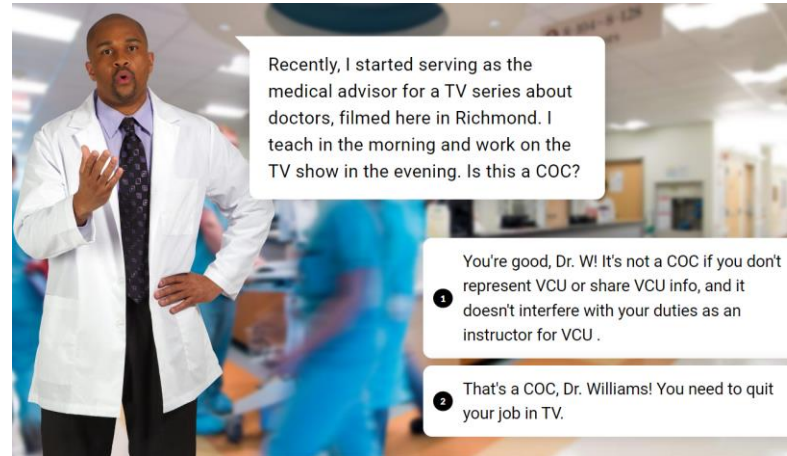- Continued monthly blog, featuring E&C trends and case studies

Fig. 1

Fig. 2

8,351
Employees who completed the Ethics and Compliance Annual Training for FY23

2
Email blasts
8,653
recipients ea.
65.71%
avg. open rate

1
New workshop created
5
conducted
2
upcoming

12
Compliance Case Studies posted to ICO blog
2653
page views

Risk Assessment and Monitoring

COI&C

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

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

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

Speak-up Culture & Leadership

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

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

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

IT Risk Management Update

Board of Visitors Meeting
Audit, Integrity and Compliance Committee
Alex Henson, Chief Information Officer
September 14, 2023

Enterprise Risk Classified Out of Tolerance

IT System Availability and Data Security

Extended systems or connectivity outage

**Theft or improper exposure of data**

Sub-Risks and Drivers

Unplanned outage of Ellucian Banner ERP System (Finance, HR, Student)

- Run on-premise in one data center with limited fail-over capability
- Vulnerable to power and weather conditions
- Time to restore in the event of disaster increased impact/severity associated with risk
- *Risk drastically reduced through Ellucian Cloud migration*

Data exposure or theft through Ransomware, Malware, or other attack vector focused on end-users

- Decentralized device management
- Controls like Multi-factor authentication (MFA) and the Virtual Private Network (VPN) did not cover the whole enterprise
- *Risk reduced by implementing SASE/Zscaler zero-trust architecture and leveraging centralized endpoint management*

Risk Tolerance

Impact

Likelihood

12/22

9/23
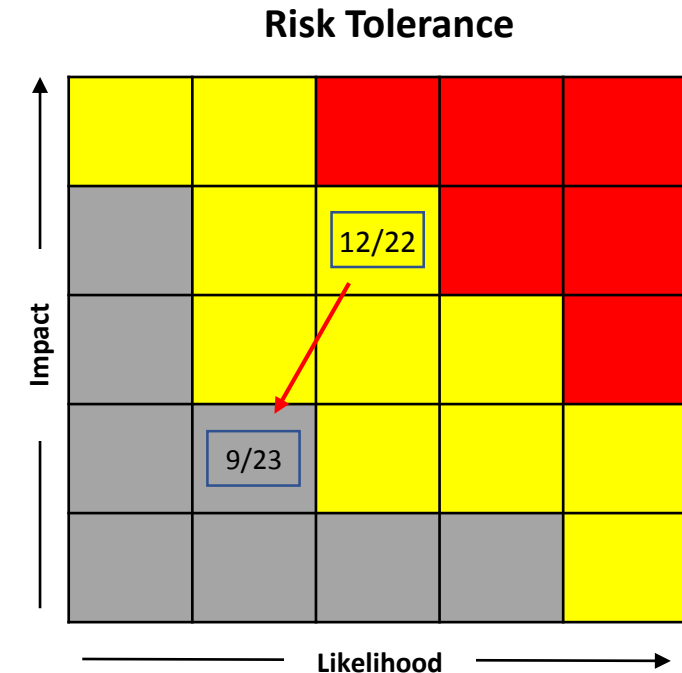
Risk Mitigation: IT Infrastructure

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

Cloud Strategy and Service Migrations

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

Technology Operations Center

- TOC Construction in progress for go-live of new data center in early 2024
- Redundant power and generator
- Robust back-up and recovery leveraging in-house and cloud resources

Network Upgrades & Expansion

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

IT Infrastructure Management

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

Risk Mitigation: Data Security

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

Implement New Security Architecture

- Phase 1 of Secure Access Server Edge (SASE) deployment complete with zScaler fully implemented
- Upgrading VPN and ultimately replacing with cloud-based service

Expand Multi Factor Authentication

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

Renewed Focus on Secure Data Use for Research

- Implementing new Horizon system for researchers accessing clinical data
- Strengthening Honest Broker program for researchers to use data protected by HIPAA
- Enhanced support for PIs

IT Governance and Data Governance

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

Emerging Risks & Challenges

Increasing reliance on Third-Parties
- Reliant on contractual provisions, security assessments, and audit reports
- Proliferation of cloud-based services requires increased scrutiny and governance

Increased sophistication of global ransomware organizations and other threat actors
- "Long game" targeted social engineering has become profitable
- Credential stuffing and other threats have increased
- Education and training even more critical

Increasing Compliance Requirements
- New GLBA and Department of Education requirements – particularly around Financial Aid and other Controlled Unclassified Information (CUI)
- Latest version of PCI-DSS (Payment Card Industry – Data Security Standards) is more stringent

Questions?

CLOSED SESSION