Board of Visitors
Audit, Integrity and Compliance Committee
12:30 p.m.
September 15, 2022
James Cabell Library
901 Park Avenue, Room 311, Richmond, Virginia

Minutes

COMMITTEE MEMBERS PRESENT
Mr. Peter Farrell, Vice Chair
Dr. Tonya Parris- Wilkins
Dr. Dale Jones
Mr. Anthony Bedell

OTHER BOARD MEMBERS PRESENT
H. Benson Dendy, III, Rector
Clifton Peay

COMMITTEE MEMBERS ABSENT
Dr. Shantaram Talegaonkar, Chair
Ms. Alexis Swann
Mr. Andrew Florance

OTHERS PRESENT
Mr. David Litton
Dr. Michael Rao, President
Mr. Jacob A. Belue
Staff from VCU

CALL TO ORDER

Mr. Peter Farrell, Vice Chair, called the meeting to order at 12:30 p.m.

APPROVAL OF MINUTES

Mr. Peter Farrell asked for a motion to approve the minutes of the May 12, 2022 meeting of the Audit, Integrity and Compliance Committee, as published. After motion duly made and seconded, the minutes of the May 12, 2022 Audit, Integrity, and Compliance Committee meeting were approved. A copy of the minutes can be found on the VCU website at the following webpage http://www.president.vcu.edu/board/minutes.html

Audit, Integrity and Compliance Committee Charter and Meeting Planner
David Litton presented the committee charter and meeting planner for approval as required annually. The charter and planner reflect the duties and responsibilities of the committee as required by the board bylaws and the planner provides the timeline for the presentation of required committee reports and materials.

Audit and Compliance Services Department Charter
David Litton presented the department charter for Audit and Compliance Services which outlines the responsibilities of the department.

Report from the Director of Audit and Compliance Services
David Litton presented the fiscal year 2022 annual follow-up report, which included one board level and three management level past due corrective action plans. The Director shared the results of four audit reports involving Unused Scholarships, External Academic Agreements, School of Pharmacy and Petty Cash. In addition, VCU's Chief Ethics and Compliance Officer, Suzanne Milton, presented an overview of the annual Integrity and Compliance Services report. That report noted a 19% increase in the number of reported concerns since last year. VCU's substantiation rate of these concerns is trending at 40% which is in line with our industry benchmark of 43%. That said, 11%of the individuals reporting concerns at VCU express a fear of retaliation and this is higher than our industry benchmark of 1.7%.

Information Technology Update
The Chief Technology Officer updated the committee on VCU's major enterprise IT risks and mitigations underway or planned to address these risks.

CLOSED SESSION

On motion made and seconded, the Audit, Integrity, and Compliance Committee of the Virginia Commonwealth University Board of Visitors convened into closed session under Section 2.2-3711 (A)(7) and (8), of the Virginia Freedom of Information Act for consultation with legal counsel pertaining to specific legal matters requiring legal advice by counsel and actual or probable litigation, where such consultation of briefing in open meeting would adversely affect the negotiating or litigating posture of the university, namely a survey of and status report on the university's positions in potential and current litigation in state and federal courts and other legal matters relating to pending investigations; and under Section 2.2-3711 (A)(19) for discussion of specific cybersecurity vulnerabilities and briefing by staff concerning actions taken to respond to such matters, specifically pertaining to human subjects research data and related IT processes.

RECONVENED SESSION

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

Virginia Commonwealth University
Board of Visitors
Audit, Integrity and Compliance Committee
September 15, 2022 Minutes

Resolution of Certification

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

Vote	**Ayes**	**Nays**
Mr. Peter Farrell, Vice Chair	X	
Dr. Tonya Parris-Wilkins	X	
Dr. Dale Jones	X	
Mr. Anthony Bedell	X	
Mr. H. Benson Dendy, III, Rector	X	

All members responding affirmatively, the motion was adopted.

ADJOURNMENT

There being no further business, Mr. Farrell, Vice Chair, adjourned the meeting at 1:46 p.m.

VIRGINIA COMMONWEALTH UNIVERSITY
BOARD OF VISITORS

AUDIT, INTEGRITY, AND COMPLIANCE COMMITTEE CHARTER

I. PURPOSE

The primary purpose of the Audit, Integrity, and Compliance Committee is to assist the Board of Visitors in fulfilling its fiduciary responsibilities related to oversight of:

- Soundness of the university's system of internal controls
- Integrity of the university's financial accounting and reporting practices
- Independence and performance of the internal and external audit functions
- Integrity of information technology infrastructure and data governance
- Effectiveness of the university's ethics and compliance program
- University's enterprise risk management program
- Legal matters

The function of the Audit, Integrity, and Compliance Committee is oversight. Audit and Compliance Services assists the Committee by providing the day to day audit, integrity and compliance operations of the University within the established authority under the governance of the Committee.

II. COMPOSITION AND INDEPENDENCE

The Audit, Integrity, and Compliance Committee will be comprised of three or more Visitors. Each member must be free from any financial, family or other material personal relationship that, in the opinion of the Board or Audit, Integrity, and Compliance Committee members, would impair their independence from management and the university.

III. MEETINGS

The Audit, Integrity, and Compliance Committee will meet at least four times annually. Additional meetings may occur more frequently as circumstances warrant. The Committee Chair should meet with the Executive Director of Audit and Compliance Services as necessary and at least prior to each Committee meeting to finalize the meeting agenda and review the issues to be discussed.

IV. RESPONSIBILITIES

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

A. **General:**

   1. Adopt a formal written charter that specifies the Committee's scope of responsibility. The charter should be reviewed annually and updated as necessary.
   2. Maintain minutes of meetings.
   3. Authorize investigations into any matters within the Audit, Integrity, and Compliance Committee's scope of responsibilities.
   4. Report Committee actions to the Board of Visitors with such recommendations as the Committee may deem appropriate.
   5. Consistent with state law, the Committee may meet in closed session (with or without members of senior management present, at the Committee's discretion) with the external auditors and/or the Executive Director of Audit and Compliance Services to discuss matters that the Committee or any of these groups believe should be discussed privately.
   6. Review and approve the Audit and Compliance Services budget and resource plan.
   7. Approve the Audit and Compliance Services charter. The charter should be reviewed annually and updated as necessary.

B. **Internal Controls:**

   1. Review and evaluate the university's processes for assessing significant risks and exposures.
   2. Make inquiries of management concerning the effectiveness of the university's system of internal controls.
   3. Review management's written responses to significant findings and recommendations of the auditors, including the timetable to correct the weaknesses in the internal control system.
   4. Advise management that they are expected to provide a timely analysis of significant financial reporting issues and practices.

C. **External Auditors/Financial Statements:**

   1. Meet with the external auditors and university management to review the scope of the external audit for the current year. The auditors should inform the Audit, Integrity, and Compliance Committee of any significant changes in the original audit plan.
   2. Discuss with the external auditors their processes for identifying and responding to key audit and internal control risks.
   3. Advise the external auditors that they are expected to provide a timely analysis of significant financial reporting issues and practices
   4. Review the coordination of internal and external audit procedures to promote an effective use of resources and ensure complete and efficient coverage of the university's risks.

5. Meet with the external auditors at the completion of the audit and make inquiries concerning the effectiveness of the university's system of internal controls. Consistent with state law, a portion of the meeting may be conducted in closed Session without members of university management present.

6. Determine whether the external auditors are satisfied with the disclosure and content of the financial statements, including the nature and extent of any significant changes in accounting principles.

D. **Internal Auditors:**

1. Review and approve the annual audit and management services work plan and any significant changes to the plan.

2. Require Audit and Compliance Services to perform annual reviews of the President's discretionary accounts and to issue a report thereon to the Committee.

3. Review annually the qualifications of the audit and management services staff and the level of staffing.

4. Assess the effectiveness of the internal audit function, including its independence and reporting relationships and conformance with The Institute of Internal Auditors' (IIA) Definition of Internal Auditing, Core Principles, the IIA Code of Ethics and the *International Standards for Professional Practice of Internal Auditing* by inquiring and reviewing the assessment results of the internal and external Quality Assurance and Improvement Program.

5. Review completed audit reports and progress reports on executing the approved work plan and inquire of any other matters that require audit resources.

6. Review annually the status of previously issued internal audit findings.

7. Inquire of the Executive Director of Audit and Compliance Services regarding any difficulties encountered in the course of his audits, including any restrictions on the scope of work or access to required information.

8. Review the performance of the Executive Director in consultation with the President and approve the Executive Director's annual salary compensation and bonus, if any.

9. Review and approve the appointment, replacement, reassignment, or dismissal of the Executive Director of Audit and Compliance Services.

E. **Data Integrity:**

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

2. Review the adequacy of the university's data management policies and procedures to ensure data security and data integrity in institutional reporting. This includes but is not limited to:
   - Authentication and authorization mechanisms in accessing university data
   - Data Governance structure and policies
   - Data security policies including data access roles and responsibilities

F. **University Ethics and Compliance Program:**

1. Review the annual compliance planned initiatives and any significant changes to the plan.
2. Review the qualifications of the compliance staff and the level of staffing.
3. Assess the effectiveness of the compliance program, including its independence and reporting relationships.
4. Review completed compliance reports and progress reports on the status of compliance and integrity related initiatives including process and plans in place to assess conflict of interest management (inclusive of institutional and individual conflicts).
5. Require the Integrity and Compliance Office to report on management's processes and procedures that provide assurance that the university's mission, values, codes of conduct, and universitywide policies are properly communicated to all employees.
6. Review results of compliance reviews to ensure system and controls are designed to reasonably ensure compliance with laws and regulations, university policies and the code of conduct.
7. Inquire of the Executive Director of Audit and Compliance Services whether there have been any restrictions on the scope of work or access to required information in conducting compliance and ethics reviews.

G. **Enterprise Risk Management**

1. Provide oversight of the university's Enterprise Risk Management program.
2. Review the university's risk appetite.
3. Require periodic reporting on the overall program's design and effectiveness, including newly identified risks
4. Monitor progress of Risk Mitigation Plans and review policy and resource improvements as necessary.

H. **Legal:**

1. Consult as necessary with University Counsel regarding legal issues concerning the university.

Virginia Commonwealth University
Board of Visitors

Audit, Integrity and Compliance Committee Meeting Planner

A = Annually; Q = Quarterly; AN = As Necessary	Frequency			Planned Timing			
Q1, Q2, Q3, Q4 based on Fiscal Year (July – June)	**A**	**Q**	**AN**	**Q1**	**Q2**	**Q3**	**Q4**
				Sep	Dec	Mar	May
A. General							
1. Review and update Audit, Integrity, and Compliance Committee charter and meeting planner	X						X
2a. Approve minutes of previous meeting		X		X	X	X	X
2b. Maintain minutes of meetings		X		X	X	X	X
3. Authorize investigations into any matters within the Committee's scope of responsibilities			X				
4. Report Committee actions to the Board of Visitors with recommendations deemed appropriate		X		X	X	X	X
5. Consistent with state laws, meet in closed session with only the external auditors, Executive Director of Audit and Compliance Services, and named individuals.		X		X	X	X	X
6. Review and approve the Audit and Compliance Services budget and resource plan.	X			X			
7. Review and approve Audit and Compliance Services charter	X			X			
B. Internal Controls/Financial Statements							
1. Review and evaluate university's process for assessing significant risks and exposures	X			X			
2. Make inquiries of management concerning the effectiveness of the university's system of internal controls			X				
3. Review management's written responses to significant findings and recommendations of the auditors, including the timetable to correct the weaknesses in the internal control system			X				
4. Advise management that they are expected to provide a timely analysis of significant current financial reporting issues and practices			X				

A = Annually; Q = Quarterly; AN = As Necessary	Frequency			Planned Timing			
Q1, Q2, Q3, Q4 based on Fiscal Year (July – June)	**A**	**Q**	**AN**	**Q1**	**Q2**	**Q3**	**Q4**
				Sep	Dec	Mar	May
C. External Auditors							
1. Meet with external auditors and university management to review the scope of the external audit for the current year	X						X
2. Discuss with the external auditors their processes for identifying and responding to key audit and internal control risks	X						X
3. Advise the external auditors that they are expected to provide a timely analysis of significant financial reporting issues and practices	X						X
4. Review the coordination of internal and external audit procedures to promote an effective use of resources and ensure complete and efficient coverage of the university's risks			X				X
5. Meet with the external auditors at the completion of the audit and make inquiries concerning the effectiveness of the university's system of internal controls.	X				X		
6. Determine whether the external auditors are satisfied with the disclosure and content of the financial statements, including the nature and extent of any significant changes in accounting principles	X				X		
D. Internal Auditors							
1. Review and approve the annual audit and management services work plan and any significant changes to the plan	X						X
2. Require Audit and Compliance Services to perform annual reviews of the president's discretionary accounts and to issue a report thereon to the Committee	X				X		
3. Review the qualifications of the audit and management services staff, the adequacy of the staffing level	X			X			

A = Annually; Q = Quarterly; AN = As Necessary	Frequency			Planned Timing			
Q1, Q2, Q3, Q4 based on Fiscal Year (July – June)	**A**	**Q**	**AN**	**Q1**	**Q2**	**Q3**	**Q4**
				Sep	Dec	Mar	May
4. Assess the effectiveness of the internal audit function, including its independence and reporting relationships and conformance with the Definition of Internal Auditing, Core Principles, the IIA Code of Ethics and the *International Standards for Professional Practice of Internal Auditing* by inquiring and reviewing the assessment results of the internal and external Quality Assurance and Improvement Program	X				X		
5. Review completed audit reports and progress reports on executing the approved work plan and inquire of any other matters that require audit resources		X		X	X	X	X
6. Review annually the status of previously issued internal audit findings	X			X			
7. Inquire of the Executive Director of Audit and Compliance Services regarding any difficulties encountered in the course of his audits, including any restrictions on the scope of work or access to required information		X		X	X	X	X
8. Review the performance of the Executive Director in consultation with the President and approve the Executive Director's annual salary compensation and bonus, if any.	X			X			
9. Review and approve the appointment, replacement, reassignment, or dismissal of the Executive Director of Audit and Compliance Services			X				
E. Data Integrity							
1. Review the adequacy of the university's IT management methodology with regards to internal controls, including applications, systems, and infrastructure. This includes but is not limited to: • Physical and virtual security with regards to university servers and storage • Network security architecture and operations • Reliability and robustness of data center (servers and storage) and network infrastructure environments • Disaster recovery and business continuity infrastructure and associated processes and procedures			X	X		X	

A = Annually; Q = Quarterly; AN = As Necessary	Frequency			Planned Timing			
	A	**Q**	**AN**	**Q1**	**Q2**	**Q3**	**Q4**
				Sep	Dec	Mar	May
2. Review the adequacy of the university's data management policies and procedures to ensure data security and data integrity in institutional reporting. This includes but is not limited to: • Authentication and authorization mechanisms in accessing university data • Data Governance structure and policies • Data security policies including data access roles and responsibilities			X		X		X
F. University Ethics and Compliance Program							
1. Review the annual compliance planned initiatives and any significant changes to the plan	X						X
2. Review the qualifications of the compliance staff and the level of staffing (utilization and effort focus)	X			X			
3. Assess the effectiveness of the compliance program, including its independence and reporting relationships	X			X			
4. Review completed compliance reports and progress reports on the status of compliance and integrity related activities including process and plans in place to assess conflict of interest management (inclusive of institutional and individual conflicts)		X		X	X	X	X
5. Require the Integrity and Compliance Office to report on management's processes and procedures that provide assurance that the university's mission, values, and codes of conduct and universitywide policies are properly communicated to all employees	X			X			X
6. Review results of compliance reviews to ensure system and controls are designed to reasonably ensure compliance with laws and regulations, university policies and the code of conduct			X	X	X	X	X
7. Inquire of the Executive Director of Audit and Compliance Services whether there have been any restrictions on the scope of work or access to required information in conducting compliance and ethics reviews		X		X	X	X	X
G. Enterprise Risk Management							
1. Provide oversight of the university's Enterprise Risk Management program		X		X	X	X	X
2. Review the university's risk appetite	X				X		

A = Annually; Q = Quarterly; AN = As Necessary	Frequency			Planned Timing			
	A	**Q**	**AN**	**Q1**	**Q2**	**Q3**	**Q4**
				Sep	Dec	Mar	May
3. Require periodic reporting on the overall program's design and effectiveness, including newly identified risks		X		X	X	X	X
4. Monitor progress of risk mitigation plans and review policy and resource improvements as necessary		X		X	X	X	X
H. Legal							
1. Consult as necessary with University Counsel regarding legal issues concerning the university		X		X	X	X	x

AUDIT AND COMPLIANCE SERVICES CHARTER

VIRGINIA COMMONWEALTH UNIVERSITY
and
VCU HEALTH SYSTEM

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

Scope of Work

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

- Risks are appropriately identified and managed

- Control processes are adequate and functioning as intended

- Significant, financial, managerial, and operating information is accurate, reliable, and timely

- An effective university compliance program is maintained to provide guidance and resources, in an oversight role, for all educational, research, and athletic compliance programs to optimize ethical and compliant behavior

- An effective health system compliance program is implemented to further the health system's mission, vision, and values by promoting a culture of compliance, and preventing, correcting, and investigating issues through education, monitoring, and enforcement

- An effective program of information technology (IT) management and security is maintained by management to ensure health system and university IT and data assets are properly secured, integrity protected, available as needed and kept confidential as required by applicable policies laws and regulations

- Employees' actions are in compliance with the respective codes of conduct, policies, standards, procedures, and applicable laws and regulations

- Resources are used efficiently and are adequately protected

- Program plans and objectives are achieved

- Significant legislative and regulatory issues impacting the university and health system are recognized and appropriately addressed

Opportunities for improving management controls, accountability, fiscal performance and compliance processes, and for protecting organizational reputation will be addressed with the appropriate level of management when identified.

Accountability

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

- Establish annual goals and objectives for the department, and report periodically on the status of those efforts.

- Execute the annual work plans and initiatives.

- Coordinate efforts with other control and monitoring functions (risk management, financial officers, campus police, university counsel and health system general counsel, external auditors, government reviewers, etc.).

- Report significant issues related to the department's scope of work, including potential improvements, and continue to provide information about those issues through resolution.

- Provide updates to the respective board committees, the university president, and the chief executive officer of the health system on the status of the work plans and initiatives, qualifications of staff, and sufficiency of department resources.

Independence and Objectivity

All work will be conducted in an objective and independent manner. Staff will maintain an impartial attitude in selecting and evaluating information and in reporting results. Independence in fact and appearance enables unbiased judgments that are essential to the proper conduct of the department's scope of work.

To provide an appropriate reporting structure to support independence, the Executive Director shall report to the Audit, Integrity, and Compliance Committee of the Board of Visitors and to the Audit and Compliance Committee of the Board of Directors. The Executive Director shall report administratively to the university's President.

Responsibility

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

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

- Developing and executing annual and long-range risk-based work plans and initiatives. The plans and initiatives will be submitted to management for review and comment and to the respective board committee for approval. The department recognizes that one of the primary benefits of these programs is the ability to respond to issues that arise during the normal course of business. Accordingly, the annual plans shall include time for management requests and special projects.

- Participating in an advisory capacity in the planning, development, implementation, or change of significant compliance and control processes or systems. The Executive Director shall ensure that the level of participation in these projects does not affect the department's responsibility for future evaluation of evaluating these processes or systems nor compromise its independence.

- Conducting or assisting in the investigation of any suspected fraudulent activities, misconduct, or non-compliance issues, and notifying management and the respective board committees of the results.

- Issuing periodic reports to management and the respective board committees summarizing the results of the department's activities.

- Considering the scope of work of the external auditors, as appropriate, to provide optimal audit coverage to the university and health system at a reasonable overall cost.

- Reporting at least annually to the Board of Visitors, Board of Directors, and senior management on the department's purpose, authority, responsibility, and performance relative to its plans and initiatives, and on its conformance to standards and best practices. Reporting should also include significant risk exposures and control issues, corporate governance issues, serious misconduct or non-compliance, and other matters needed or requested by the Board and senior management.

Authority

The department and its staff are authorized to:

- Have unrestricted access to all activities, records, property, and personnel. Receive cooperation from all university and health system personnel and affiliates.

- Have full access to the respective board committee.

- Allocate departmental resources, set audit and review frequencies, determine scopes of work, and apply the techniques necessary to accomplish objectives.

- Obtain the necessary assistance of personnel in departments when performing work plans and initiatives, as well as that of other specialists.

The department and its staff are not authorized to:

- Perform operational duties in interim status, or otherwise, unless authorized in advance by the respective board committee.

- Initiate or approve accounting transactions external to the department.

Standards of Practice

The department will conduct its scope of work in accordance with requirements and best practices as established by relevant authoritative and objective sources from industry and government.

For internal audit functions, this includes both mandatory and recommended guidance from the Institute of Internal Auditors International Professional Practices Framework. The mandatory guidance requires our department to conform with the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, Code of Ethics, and *International Standards for the Professional Practice of Internal Auditing (Standards).* Internal auditing is an independent, objective assurance, and consulting activity designed to add value and improve an organization's operations. Our department will help the university and health system accomplish its objectives by bringing a systematic, disciplined, and risk-based approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

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

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

Quality Assurance and Improvement Program

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

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

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

Board of Visitors
Audit, Integrity and Compliance Committee

September 15, 2022

ACTION ITEMS

APPROVAL OF MINUTES

- Audit, Integrity and Compliance Committee Meeting held on May 12, 2022

- Motion to approve the Minutes

Audit & Compliance Committee Charter and Meeting Planner

- Committee annually reviews and approves its Charter

- Meeting Planner details committee responsibilities to satisfy IIA and Department of Justice best practices

- No changes recommended to the Committee Charter or Meeting Planner

Audit & Compliance Services Department Charter

- Charter is the Board's authorization and charge document that empowers VCU's internal audit and ethics and compliance programs

- Annual review and Board approval is required

- No updates needed at this time

FOR INFORMATION

Committee Dashboard Measures

🟢 Data Governance Program

🟡 Data Security

🟡 ERM Mitigation Plans

🟢 Planned Audits

🟢 Planned Special Projects

🟢 Ethics and Compliance Program Oversight

ACS Departmental Update

- ## Staffing and Credentials

  - ✓ Well Qualified

- ## Department Expenses

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

- ## Audit Survey Results

  - ✓ Overall rating of 3.61/4.0; improvement from 3.4 in FY21

Status of FY22 Follow-up Report Corrective Action

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

Unused Scholarships

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

- Conclusion
  - Scholarship utilization was not monitored, reported and optimized
  - Procedures were not established to fully utilize available scholarship funds

- Two Board Level Findings
  - Strengthen Policy Statements for Clarity and Designate Process Ownership
  - Evaluate and Improve Usage of the Blackbaud Award Management System

Academic Related External and Clinical Affiliation Agreements

- Audit Scope
  - Polices and Procedures exist and training is provided
  - Agreements contain appropriate language and clauses
  - Agreements were executed by the appropriate individuals

- Conclusion
  - Policies and Procedures were sufficient and effective
  - Agreements contain appropriate language
  - Agreements were executed by appropriate individuals

- No Audit Findings

- School of Pharmacy Internal Control Compliance Review
  - Selected financial & administrative internal control processes followed
  - No Priority Level (Red) Findings

- Petty Cash Review
  - Sampled petty cash funds verifying they were administered according to Policy
  - 11 of 56 petty cash funds reviewed
  - No Board Level findings

Integrity and Compliance Annual Report

FISCAL YEAR 2022

Annual Report Highlights

Three-Year Workplan Areas of Focus

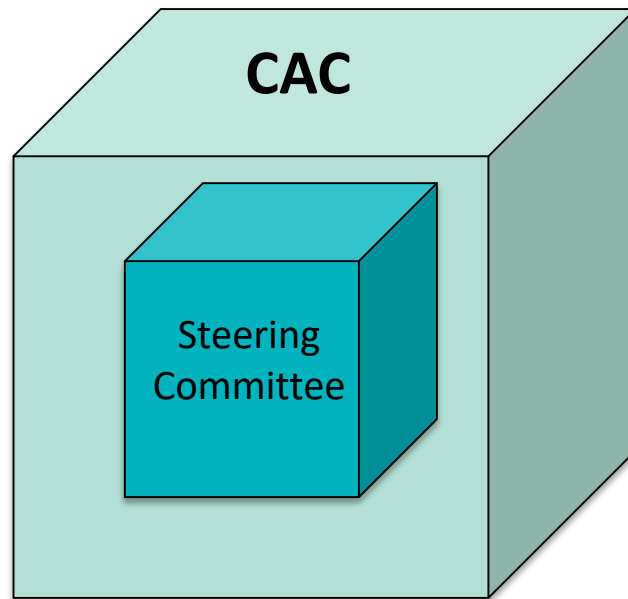- Program Structure
- Culture
- Policies
- Investigations and Accountability
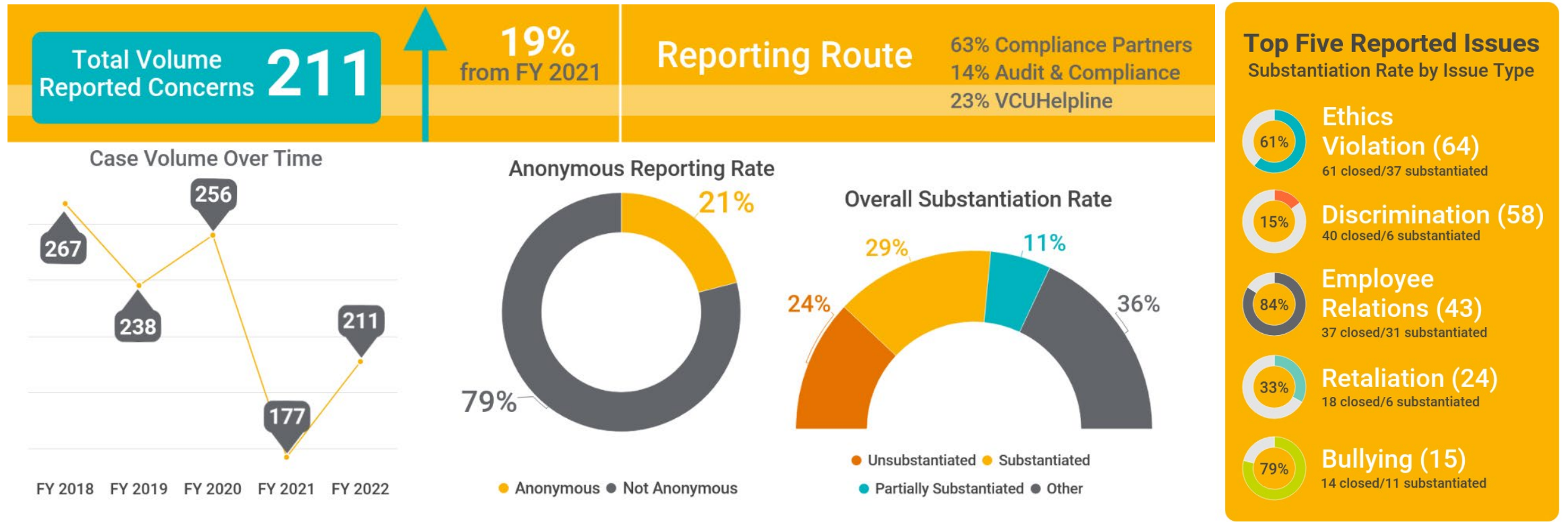- Training and Communications
- Risk Assessment and Monitoring

Program Structure and Resources

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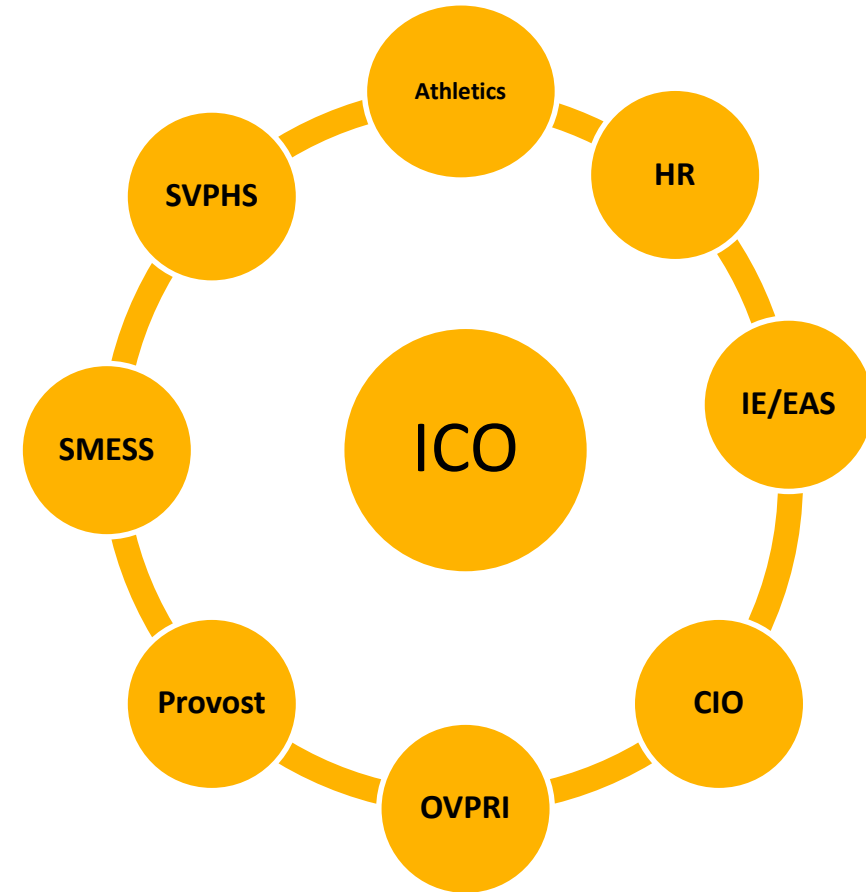
Culture and Data Analysis

Report volumes are trending up, including allegations of retaliation

Total Volume Reported Concerns 211

19% from FY 2021

Reporting Route
63% Compliance Partners
14% Audit & Compliance
23% VCUHelpline

Top Five Reported Issues
Substantiation Rate by Issue Type

61% **Ethics Violation (64)**
61 closed/37 substantiated

15% **Discrimination (58)**
40 closed/6 substantiated

84% **Employee Relations (43)**
37 closed/31 substantiated

33% **Retaliation (24)**
18 closed/6 substantiated

79% **Bullying (15)**
14 closed/11 substantiated

Case Volume Over Time

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

Anonymous Reporting Rate

21%
79%

● Anonymous ● Not Anonymous

Overall Substantiation Rate

29%
11%
24%
36%

● Unsubstantiated ● Substantiated
● Partially Substantiated ● Other

VCU

Culture and Data Analysis

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

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

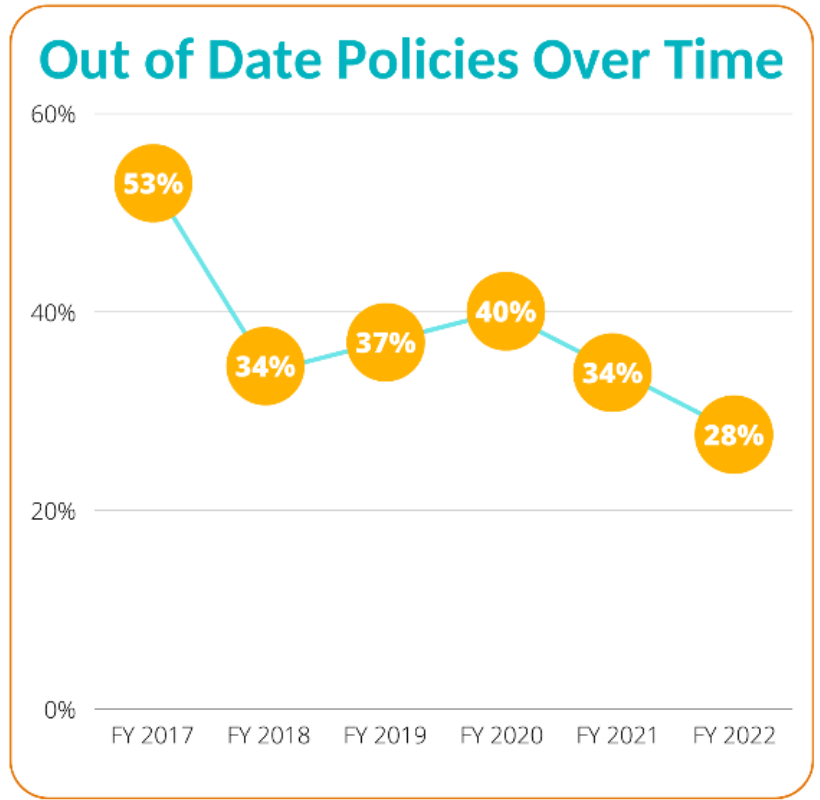**VCU**

Culture: Adding An Integrity Index

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

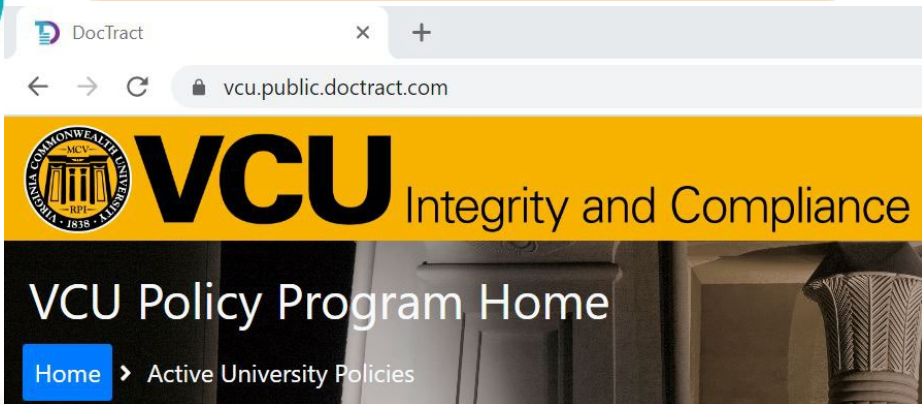| Questions	2019 Mean	2021 Mean
I can share my ideas or express concerns without fear of repercussions.	3.60	3.55
Everyone in my unit, regardless of background, is encouraged to share their ideas openly.	3.75	3.82
Conflict or disagreements are handled productively in my unit.	3.44	3.49
Arbitrary action,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

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

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

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Policy Program Update

163
TOTAL POLICIES

22
Minor Revisions Made

46
Past Due or Under Review

46
New or Substantially Revised

1
Retired

16
Governance Phase Completed

Out of Date Policies Over Time

53% — FY 2017
34% — FY 2018
37% — FY 2019
40% — FY 2020
34% — FY 2021
28% — FY 2022

New: DocTract Policy Management System

DocTract   ×   +

vcu.public.doctract.com

VCU Integrity and Compliance

VCU Policy Program Home

Home › Active University Policies

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Investigations and Accountability

60 Average Days to Close

29 Open Cases Remaining

Reported Concerns Severity Level

143 Low   2 Critical
58 Medium   8 High

102 — VCU 3-Year Benchmark
60 — FY 2022
23 — NAVEX Benchmark

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

● Percentage of Caseload Still Open at End of FY

Critical/High Primary Issue Types

Employee Relations
Discrimination
Ethics Violation
Safety & Security Concerns
Bullying
Harassment

Training and Communications

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

Employees: 0.30%, 6.40%, 0.40%, 18.60%, 74.30%

Managers: 0.50%, 6.61%, 0.10%, 10.51%, 82.28%

Legend: Completed | Past Due | Registered/Not Started | In Progress | Exempt

Risk Assessment and Monitoring

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

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

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

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

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Questions?

Thank you

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IT Risk Management Update

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

Major Enterprise IT Risks

Extended systems or connectivity outage

Theft or improper exposure of data

Inaccurate or Insufficient Analytics

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Risk Mitigation: IT Infrastructure

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

Cloud Strategy and Service Migrations

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

Technology Operations Center

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

Network Upgrades & Expansion

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

IT Infrastructure Management

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

Risk Mitigation: Data Security

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

Implement New Security Architecture

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

Expand Multi Factor Authentication

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

Renewed Focus on Secure Data Use for Research

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

IT Governance and Data Governance

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

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Risk Mitigation: Analytics

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

Continued Investment in Analytics capabilities

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

Build Cloud-based Data Warehouse Capability

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

Enhanced Policy & Process Infrastructure

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

Questions?

OPEN SESSION