



**Board of Visitors  
Audit, Integrity and Compliance Committee  
7:45 a.m.  
December 9, 2016  
James Cabell Library  
901 Park Avenue, Room 311, Richmond, Virginia**

**Minutes**

**COMMITTEE MEMBERS PRESENT**

Mr. Steve L. Worley, Chair  
Mr. Ronald McFarlane, Vice Chair  
Mr. H. Benson Dendy III  
Dr. Robert D. Holsworth  
Mr. Keith T. Parker  
Dr. Carol S. Shapiro

**COMMITTEE MEMBERS ABSENT**

Rev. Tyrone Nelson

**BOARD MEMBERS PRESENT**

Mr. John A. Luke, Rector

**OTHERS PRESENT**

Mr. William H. Cole  
Ms. Erin McClinton  
Dr. Michael Rao, President  
Ms. Michele Schumacher, Board Liaison  
Ms. Madelyn F. Wessel  
Staff from VCU and VCUHS

**CALL TO ORDER**

Mr. Steve L. Worley, Chair, called the meeting to order at 7:46 a.m.

**APPROVAL OF MINUTES**

Mr. Worley asked for a motion to approve the minutes of the September 15, 2016 meeting of the Audit, Integrity and Compliance Committee, as published. After motion duly made and seconded the Minutes of the September 15, 2016 Audit, Integrity, and Compliance Committee

meeting were approved. A copy of the minutes can be found at on the VCU website at the following webpage <http://www.president.vcu.edu/board/minutes.html>.

## **REPORTS AND RECOMMENDATIONS**

### **Report from Auditor of Public Accounts**

Ms. Karen Helderman, Audit Director, Office of the Auditor of Public Accounts (APA), Commonwealth of Virginia, provided a summary of the APA's audit of the University's fiscal year 2016 financial. Ms. Helderman noted that the University received an unmodified audit opinion of the 2016 financial statements.

### **Committee Dashboard Measures**

Mr. Bill Cole, Executive Director of Audit and Compliance Services, reviewed the Committee Dashboard Measures noting that all indicators are green except for Data Security and Compliance Oversight being yellow. A copy of the Dashboard is attached hereto as *Attachment A* and is made a part hereof.

### **Enterprise Risk Management**

Mr. Thomas Briggs, Assistant Vice President for Safety and Risk Management, updated the Committee on the work of the ERM Steering Committee, and specifically reviewed two previously identified risks: (1) Attract, Develop and Retain People (Faculty and Staff)"; and (2) "Health, Safety and Security: Office of Environmental, Health and Safety". He also noted that ERM Steering Committee has drafted a new charter that has been submitted to the President for approval and further that meetings are being scheduled with Risk Owners to review enterprise risks.

In addition, Chief of Police and Assistant Vice President for Public Safety, John A. Venuti, updated the Committee on the activities of the VCU Police Department through the use of a frequently asked question flyer, a copy of which is attached hereto as *Attachment B* and is made a part hereof.

### **Data Governance**

Ms. Kathleen Shaw, Vice Provost for Planning and Decision Support, and Mr. Alex Henson, Chief Information Officer, presented an update on the Data Information Management Council (DIMC) Phase III specifically noting the investment in new technology to enhance reporting capabilities and support data integrity; reviewed the work plan deliverables for fiscal year 2017; and reviewed the two dimensions to the DIMC ongoing initiatives that include (1) issue identification and resolution, and (2) integrated data mart and self-service reporting development.

### **Compliance Activities**

Ms. Jacqueline Kniska, University Integrity & Compliance Officer, provided an update on compliance activities which included a review of the annual compliance education noting the campus activities that had taken place during "Compliance Week (November 7-11, 2016)".

**Internal Quality Assessment**

Mr. Cole also provided a report on the Audit and Compliance Services Department’s Quality Assurance and Improvement Program. He noted that in accordance with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors, Audit and Compliance Services must develop and maintain a quality assurance and improvement program that includes both internal and external assessments and that the assessment results must be communicated to the Board in accordance with the Institute of Internal Auditors (IIA) mandates. A copy of the report is attached hereto as *Attachment C* and is made a part hereof.

**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 pursuant to Sections 2.2-3711 (A) (1) and 2.2-3711 (A) (7) of the Virginia Freedom of Information Act to discuss certain personnel matters involving the performance of identifiable employees or faculty of the University, and to discuss the evaluation of performance of departments or schools of the University where such evaluation will necessarily involve discussion of the performance of specific individuals, including Audit Reports of individually identified departments and/or schools, and to consult with legal counsel and receive briefings by staff members regarding legal matters and actual or probable litigation relating to the aforementioned Audit Reports where such consultation or briefing in open session would adversely affect the negotiating or litigating posture of the University.

**RECONVENED SESSION**

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

**Resolution of Certification**

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

| <b><u>Vote</u></b>               | <b><u>Ayes</u></b> | <b><u>Nays</u></b> |
|----------------------------------|--------------------|--------------------|
| Mr. Steve L. Worley, Chair       | X                  |                    |
| Mr. Ronald McFarlane, Vice Chair | X                  |                    |
| Mr. Ben Dendy                    | X                  |                    |
| Dr. Robert Holsworth             | X                  |                    |

|                       |   |
|-----------------------|---|
| Mr. Keith Parker      | X |
| Dr. Carol Shapiro     | X |
| Mr. John Luke, Rector | X |

All members responding affirmatively, the motion was adopted.

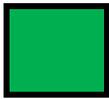
**ADJOURNMENT**

There being no further business Mr. Worley, Chair, adjourned the meeting at 9:11 a.m.

**Attachment A**  
**AUDIT, INTEGRITY, AND COMPLIANCE COMMITTEE**  
**DASHBOARD MEASURES**

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**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



**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



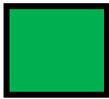
Significant breach requiring notification has occurred or conditions exist where significant barriers/challenges are likely to produce unacceptably high levels of risk

Notes: No major incidents or breaches have occurred since our last meeting.

Recently implemented countermeasures have helped to significantly reduce the usefulness of stolen credentials and improve the security posture of the University. Additional deployment of multi-factor authentication is underway, and a new web policy and associated procedures are in the process of being implemented along with an enhanced security architecture for applications provisioned in the University environment. In anticipation of continued growth in the adoption of encryption technologies on networks, additional endpoint security controls including defensive and forensics capabilities are being evaluated and implemented for high value assets. A risk based data management tool based on the VCU security framework is in the final stages of development and will be key in assisting VCU schools and departments in developing Data Management Plans for various distributed systems. New initiatives in the Information Security Office include:

- \* Implementation of a new architecture around the network and devices that are involved in credit card processing that are necessary to continue to ensure compliance to PCI (Payment Card Industry) Data Security
- Work to develop an infrastructure to aid in compliance to newly emerging standards on CUI (Controlled Unclassified Information) being issued by NIST (The National Institute of Standards & Technology). This is particularly important to maintaining eligibility to receive certain kinds of research grants.

**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.

**Notes:** The ERM Steering Committee (Committee) continued their review of the highest ranked Risk Mitigation and Management (RMM) Plans. AN ERM software module has been implemented. A risk management consultant to assist with the next assessment phase has begun planning the next risk cycle.

## 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

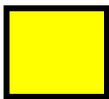


Some overload or barriers / challenges encountered that may require adjustment or reallocation of resources to resolve



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

## COMPLIANCE OVERSIGHT



### Compliance requirements compared to known material violations



No known noncompliance



Challenges encountered that have an impact on resolution or implementation



Significant compliance challenge encountered

**Notes:** Institutional infrastructure to ensure compliance with the multitude of federal and state laws and regulations as well as university policies and procedures still requires attention.

# Attachment B



# Frequently Asked Questions

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November 2016

## Is VCU safe?

Yes. In Spring 2016, 97% of students, faculty and staff surveyed reported feeling safe on VCU's campuses. VCU Police has 99 officers who patrol 24/7, 81 hospital security guards at VCU Health and more than 50 private security guards. Each residence hall has security staff checking ID's and hundreds of security cameras are installed to help police monitor major events and find suspects.

## When will I receive Alert messages?

Alert texts are issued when there is an active, ongoing threat to the VCU community. Email crime alerts (timely warnings) are issued when police determine that a crime, as defined by the federal Clery Act, has occurred on or near VCU's core campus geography. Public safety information, including select arrest information, is also posted to [alert.vcu.edu](http://alert.vcu.edu).

## What is VCUPD doing about sexual assault?

Since 2010, VCUPD has adopted a survivor-centered approach to sexual assault investigations. Sexual assaults are treated as traumatic events; survivors are provided the support and wellness resources they need. In fall 2016, VCU Police launched the You Have Options program to let survivors decide how much information they provide to police, including the option to remain anonymous.

## Who does VCUPD collaborate with?

VCU Police has strong working relationships with the Richmond Police Department, Virginia State Police and other law enforcement agencies. VCUPD has a dedicated external relations officer who serves as a liaison with the neighborhoods surrounding the Monroe Park Campus. The department routinely works with groups of students and staff and is open to all collaborative efforts.

## Why is VCU in the news for crime?

VCU is mandated by the federal Clery Act to issue timely warnings on criminal incidents. In addition to students, faculty and staff members receiving alerts, members of the local media are also registered for alerts and review [alert.vcu.edu](http://alert.vcu.edu) for public safety updates. VCUPD works with the media to provide accurate, useful information to the public, without jeopardizing investigations.

## Where can I get more information about police operations and outreach?

Safety information, daily incident logs and other resources are maintained on [police.vcu.edu](http://police.vcu.edu). Alert information and public safety advisories are posted on [alert.vcu.edu](http://alert.vcu.edu). VCU Police also utilizes social media to connect with the community on Facebook, YouTube, Twitter and Instagram (@VCUPD).

# **Audit and Compliance Services**

## **Quality Assurance and Improvement Program**

### **December 2016 Update**

Audit and Compliance Services (ACS) is responsible for providing internal audit services to both the Virginia Commonwealth University (VCU) and VCU Health System. The department has identified the International Professional Practices Framework (IPPF) as its conceptual framework. The IPPF represents authoritative guidance by the Institute of Internal Auditors (IIA) and mandates conformance with the following elements.

- Core Principles for the Professional Practice of Internal Auditing
- Definition of Internal Auditing
- Code of Ethics
- *International Standards for the Professional Practice of Internal Auditing (Standards)*

ACS maintains a quality assurance and improvement program to provide continual evaluation of conformance with the IPPF, to assess the efficiency and effectiveness of the internal audit activity, and to identify opportunities for improvement. This evaluation is done through internal and external assessments.

Internal assessments of the ACS' internal audits are conducted through ongoing monitoring by the audit management team as part of their supervisory review and through periodic self-assessments by the Special Projects and Quality Assessment Manager. A summary of the most recent periodic self-assessment review is provided below.

An external quality assessment (QA) report (dated October 2014) was issued by ACUA members (Association of College and University Auditors) and presented to the board in December 2014. The highest rating of generally conforms was received. As stipulated by the *Standards*, the next external assessment is due in five years or 2019. All areas identified in the 2014 external QA report have been addressed to-date except for recording the university information technology final annual risk assessment documentation in the audit workpaper format; this one risk assessment's support data was lost during the implementation of the audit workpaper software.

#### **Internal Periodic Self-Assessment Results Performed by Special Projects and Quality Assessment Manager**

The most recent periodic internal audit assessment of the work papers was performed by Anne Sorensen and was communicated directly to the Executive Director as recommended by the IIA Practice Advisory. Overall, the work paper assessment was rated as "generally conforms," the highest assessment scale rating listed in the IIA *Quality Assessment Manual*. The most notable opportunities for improvement are identified below; however, none of these areas were deemed to represent situations or deficiencies that would have a significant negative impact on the internal audit activity's effectiveness or overall conformance with the *Standards*.

- Increase sampling knowledge
- Refine workpaper documentation and review process in the new audit workpaper system
- Consistently record consulting service engagements in workpaper format
- Finalize workpapers in the automated audit system that will be retired
- Standardize use of recording internal metric data

In addition to the work paper review, Anne Sorensen has participated in departmental meetings and trainings, observed the implementation of various best practices, confirmed the implementation of progress with the external quality assessment recommendations, and reviewed board and other office support documentation. Based on such exposure during fiscal year 2016 to date, the following statements can be made.

- ACS is effectively achieving the IIA Core Principles.
- ACS is considered to be in conformance with the definition of Internal Auditing.
- The internal auditors of ACS are in conformance with the IIA Code of Ethics.

This assessment did not identify any significant areas of nonconformance with the IPPF.