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

Rev. Tyrone Nelson

Mr. John A. Luke, Rector

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

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

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/committeeminutes.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.

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 B 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.

<table>
<thead>
<tr>
<th>Vote</th>
<th>Ayes</th>
<th>Nays</th>
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<tr>
<td>Mr. Steve L. Worley, Chair</td>
<td>X</td>
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<td>Mr. Ronald McFarlane, Vice Chair</td>
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<td>Mr. Ben Dendy</td>
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<td>Dr. Robert Holsworth</td>
<td>X</td>
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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

DASHBOARD MEASURES
**PRESENTATION TITLE:** Audit, Integrity, and Compliance Committee Dashboard Measures

**Presenter Name and Title:** Bill Cole, Executive Director

**Responsible University Division:** Audit and Compliance Services

**BOV Committee:** Audit, Integrity, and Compliance Committee

**Quest Theme(s) and Goal(s) to be Addressed:**

<table>
<thead>
<tr>
<th><strong>Key Presentation Messages</strong></th>
<th>1. The committee’s dashboard measures primarily utilize the following signal light rating method:</th>
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<tr>
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<td>Green = No Significant Matters/Delays, Yellow = Known Matters/Delays requiring increased management action/resources or senior management monitoring, and Red = Significant challenges/issues encountered resulting in delays, budget overages, or institutional risk</td>
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<td>2. This Committee’s currently rated measures are:</td>
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<td>Data Governance Program Status, rated Green</td>
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<td></td>
<td>Data Security, rated Yellow</td>
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<td>ERM Implementation Time Line; rated Green</td>
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<td>Planned Audits; rated Green</td>
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<td>Special Projects; rated Green</td>
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<tr>
<td></td>
<td>Compliance Oversight; rated Yellow</td>
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</table>

**Governance Implications**

Appropriate resources and business practices are in place to address these dashboard measures.

**Governance Discussion Questions**

Do the “yellow” measures require any special attention by the committee?

**Next Steps for Management (Responsible Division Head; Timeframe for Action)**

Take appropriate measures to address Dashboard measures that show need for improvement.

**Next Steps for Governance (Responsible Board Member; Timeframe for Action)**

Continue to monitor the Dashboard measures provided at each Audit, Integrity, and Compliance Committee meeting.
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

OVERVIEW OF INTERNAL QUALITY ASSESSMENT
**PRESENTATION TITLE:** Overview of Internal Quality Assessment

**Presenter Name and Title:** Bill Cole, Executive Director

**Responsible University Division:** Audit and Compliance Services  
**BOV Committee:** Audit, Integrity, and Compliance Committee

**Quest Theme(s) and Goal(s) to be Addressed:**

| Key Presentation Messages | 1. The International Professional Practices Framework (IPPF) by the Institute of Internal Auditors (IIA) mandates conformance with:  
• 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)*  
2. In accordance with the IPPF, Audit and Compliance Services must develop and maintain a quality assurance and improvement program (program).  
3. This program includes both internal and external assessments.  
• Internal assessments must be both ongoing and periodic.  
• External assessments must be conducted at least once every five years.  
4. Assessment results must be communicated to senior management and the board to be in conformance with *IIA Standards.* |

| Governance Implications | Provides an evaluation of the internal audit activity’s conformance with the IPPF and assesses efficiency, effectiveness, and improvement opportunities. |

| Governance Discussion Questions | 1. How does Audit and Compliance Services perform internal assessments?  
2. Have the internal assessments indicated any areas of nonconformance or improvement opportunities? |

| Next Steps for Management (Responsible Division Head; Timeframe for Action) | Continued support in:  
• hiring qualified staff for the internal audit function;  
• providing continuing education to the staff; and  
• maintaining, updating, and/or purchasing (as necessary) automation tools that can be used in performing the work. |

| Next Steps for Governance (Responsible Board Member; Timeframe for Action) | Support continued conformance with the IPPF and the allocation of resources. |
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 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.