Committee Minutes

COMPLIANCE, AUDIT, AND RISK COMMITTEE
The Inn at Virginia Tech, Latham Ballroom
4:30 p.m.

August 24, 2020

Closed Session

Committee Members: Anna James, Letitia Long (Chair), Sharon Brickhouse Martin, Chris Petersen

Other Board Members: Edward Baine, Shelley Butler Barlow, Carrie Chenery, Greta Harris, Melissa Byrne Nelson, Horacio Valeiras (Rector), Preston White

VPI & SU Faculty and Staff: Charity Boyette, Cyril Clarke, Ryan Hamilton, Kay Heidbreder, Justin Noble, Kim O’Rourke, Dwayne Pinkney, Timothy Sands

Compliance, Audit, and Risk Closed Session

1. Motion for Closed Session: Motion to begin closed session.

2. Internal Audit Reports: The following confidential internal audit reports were issued by the Office of Audit, Risk, and Compliance (OARC) since the May 21, 2020 meeting. Where applicable, management developed action plans to effectively address the issues in the report with a reasonable implementation timeframe. OARC conducts follow-up on management’s implementation of agreed upon improvements for previously issued audit recommendations.

   a. Physical Security: The audit received a rating of improvements are recommended. Audit recommendations were issued to management where opportunities for further improvements were noted in the area of facilities contractor key authorization. A low-priority recommendation of a less significant nature was noted regarding access to server rooms.

   b. IT: Windows Server Security: The audit indicated that management has designed controls that are effective at reducing the departmental Windows server security’s exposure to business risks, but the controls are not consistently applied. Improvements are recommended to achieve a fully
effective system of internal controls. An audit recommendation was issued to management where opportunities to provide additional guidance to the decentralized users on the application of security standards. Additionally, recommendations were issued directly to departments for identified noncompliance with university security standards. During the discussion, the Committee Chair noted a request for a briefing by the university's Information Technology Security Officer at a future meeting.

3. **Update on Fraud, Waste, and Abuse Cases:** The Committee received an update on outstanding fraud, waste, and abuse cases.

4. **Discussion with the Executive Director of Audit, Risk, and Compliance:** As the Executive Director of Audit, Risk, and Compliance was not in attendance, the Committee dispensed with this agenda item.

**Open Session**

**Committee Members:** Anna James, Letitia Long (Chair), Sharon Brickhouse Martin, Chris Petersen

**Other Board Members:** Edward Baine, Shelley Butler Barlow, Carrie Chenery, Greta Harris, Melissa Byrne Nelson, Horacio Valeiras (Rector), Preston White

**Representatives to the Board:** Eric Kaufman

**VPI & SU Faculty and Staff:** Charity Boyette, Al Cooper, Corey Earles, Ryan Hamilton, Kay Heidbreder, Justin Noble, Kim O’Rourke, Dwayne Pinkney, Timothy Sands

1. **Motion to Reconvene in Open Session:** Motion to begin open session.

2. **Welcome and Introductory Remarks:** The chair of the Compliance, Audit, and Risk Committee provided opening remarks.

3. **Consent Agenda:** The Committee considered and approved the items listed on the Consent Agenda.

   a. **Minutes for the May 21, 2020 Meeting:** The Committee reviewed and approved the minutes of the May 21, 2020 meeting.
b. **Update of Responses to Open Internal Audit Comments:** The Committee reviewed the university’s update of responses to all previously issued internal audit reports. As of March 31, 2020, the university had nine open recommendations. Five audit comments were issued during the fourth quarter of the fiscal year. As of June 30, 2020, the university has addressed six comments, leaving eight open recommendations in progress.

c. **Audit Plan Status Report:** The Committee reviewed the Audit Plan Status Report. The Office of Audit, Risk, and Compliance (OARC) had completed 88 percent of its audit plan in accordance with the fiscal year 2019-20 annual audit plan.

d. **Internal Audit Reports:** The following internal audit reports were issued by OARC since the May 21, 2020 meeting. Where applicable, management developed action plans to effectively address the issues in the report with a reasonable implementation timeframe. As noted above, OARC conducts follow-up on management’s implementation of agreed upon improvements for previously issued audit recommendations.

i. **Center for International Research, Education, and Development:** Due to extenuating circumstances related to COVID-19, the engagement focused on the effectiveness and appropriateness of policies, procedures, and processes. The limited testing prevented OARC from expressing an overall opinion. However, no issues were noted warranting management’s attention.

ii. **Facilities: Site and Infrastructure Development:** The audit received a rating of effective. A low-priority recommendation of a less significant nature was noted in relation to post-construction stormwater management facility inspection follow-up.

iii. **Research: Human Research Protection Program:** The audit received a rating of improvements are recommended. Audit recommendations were issued to management where opportunities for further improvement were noted in the protocol monitoring selection process. In addition, a low-priority recommendation of a less significant nature was noted regarding Protocol Management System reporting.

iv. **Undergraduate Admissions:** The audit received a rating of effective. A low-priority recommendation of a less significant nature was noted regarding the recording of admission fees and expenses.
v. Virginia Tech Transportation Institute: The audit received a rating of improvements are recommended. Audit recommendations were issued to management were opportunities for further improvement were noted regarding enhancement of database access control and authentication, software support, audit log review, and data restoration testing.

e. Status Update on the Audit of the University’s Financial Statements: This report provided the current status of the audit of the university’s financial statements for fiscal year 2019-20.

4. Discussion of Future Topics: The Committee discussed topics to be covered in future committee meetings.

There being no further business, the meeting adjourned at 5:14 p.m.