

Committee Minutes

COMPLIANCE, AUDIT, AND RISK COMMITTEE

Solitude Room, The Inn at Virginia Tech

8:00 a.m.

November 5, 2017

Closed Session

Committee Members Present: Mr. Mehmood Kazmi (chair), Ms. Tish Long, Mr. Robert Mills Jr., Mr. Horacio Valeiras

Board Members Present: Mr. Chris Petersen, Mr. Dennis Treacy (rector)

VPI & SU Staff: Dr. Cyril Clarke, Mr. Brian Daniels, Mr. Corey Earles, Ms. Kay Heidbreder, Ms. Sharon Kurek, Ms. Kim O'Rourke, Dr. Timothy Sands, Mr. M. Dwight Shelton Jr.

1. **Motion to Reconvene in Closed Session.** Motion to begin closed session.
2. **Update on Fraud, Waste, and Abuse Cases.** The Committee received an update on outstanding fraud, waste, and abuse cases.
3. **Discussion with the Director of Internal Audit.** The Director of Internal Audit discussed audits of specific departments and units where individual employees were identified.

Open Session

Committee Members Present: Mr. Mehmood Kazmi (chair), Ms. Tish Long, Mr. Robert Mills Jr., Mr. Seyi Olusina (undergraduate student representative), Mr. Horacio Valeiras

Board Members Present: Ms. Greta Harris, Mr. C.T. Hill, Mr. Brett Netto (graduate student representative), Mr. Chris Petersen, Dr. Hans Robinson (faculty representative), Mr. Robert Sebek (staff representative), Mr. Dennis Treacy (rector)

VPI & SU Staff: Ms. Jennifer Altman, Mr. Bill Abplanalp, Mr. Bob Broyden, Mr. Mark Cartwright, Dr. Cyril Clarke, Ms. Shelia Collins, Mr. Al Cooper, Mr. Joe Crane, Mr. Brian

Daniels, Mr. Corey Earles, Dr. Lance Franklin, Dr. Michael Friedlander, Dr. Luisa Havens Gerardo, Ms. Kay Heidbreder, Mr. Rick Hinson, Mr. Trevor Hughes, Mr. Steve Johnston, Ms. Kina Kelly, Dr. Chris Kiwus, Ms. Sharon Kurek, Dr. Theresa Mayer, Ms. Robin McCoy, Ms. Sarah McCoy, Ms. Nancy Meacham, Dr. Scott Midkiff, Mr. Ken Miller, Dr. Sally Morton, Ms. April Myers, Dr. Kelly Oaks, Ms. Kim O'Rourke, Mr. Mark Owczarski, Dr. Scot Ransbottom, Dr. Timothy Sands, Ms. Savita Sharma, Mr. M. Dwight Shelton Jr., Ms. Kayla Smith, Mr. Jon Clark Teglas, Mr. Steve Vantine, Ms. Tracy Vosburgh, Mr. Paul West, Dr. Lisa Wilkes, Dr. Sherwood Wilson

Guest: Mr. Michael Reinholtz, Auditor of Public Accounts

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 welcomed committee members and guests and provided opening remarks.
3. **Consent Agenda:** The Committee approved and accepted the items listed on the Consent Agenda.
 - a. **Approval of Minutes of the September 10, 2017 Meeting:** The Committee reviewed and approved the minutes of the September 10, 2017 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 June 30, 2017, the university had 11 open recommendations. Ten audit comments have been issued during the first quarter of the fiscal year. As of September 30, 2017, the university has addressed nine comments, leaving 12 open recommendations in progress.
 - c. **University Internal Audit Status Report:** The committee reviewed University Internal Audit's Status Report. University Internal Audit has completed three percent of its audit plan in accordance with the fiscal year 2017-18 audit plan.
 - d. **Acceptance of Report Issued by University Internal Audit:** The following report was issued since the September 10, 2017 meeting. Where applicable, management developed action plans to effectively address the issues in the report with a reasonable implementation timeframe. As noted above,

University Internal Audit conducts follow-up on management's implementation of agreed upon improvements for previously issued audit recommendations.

- i. Virginia-Maryland College of Veterinary Medicine Compliance Review: The audit received a rating of significant improvements are needed. Audit recommendations were issued to management where opportunities for further improvement were noted in the areas of fiscal responsibility, wage payroll, leave reporting, P14 appointments, expenditures, and funds handling. Additionally, an observation for central administration was noted in the area of P-14A forms for Human Resources.
4. **Review and Acceptance of the Auditor of Public Accounts Financial Statement Audit and Management Letter for the June 30, 2017 Audit:** The Committee received a report from Mr. Reinholtz, Audit Director, Auditor of Public Accounts, on the status of the university's financial statement audit and management letter for the fiscal year ended June 30, 2017. The university has prepared its financial statements in accordance with generally accepted accounting principles and will carry an unmodified (clean) audit opinion. The auditors reported that there will be no written management letter comments.
5. **Review and Approval of Audit Charters:** The Committee reviewed and approved the Compliance, Audit, and Risk Committee Charter and the Charter for the Office of Audit, Risk, and Compliance in accordance with professional standards. After conducting a thorough review, the Office of Audit, Risk, and Compliance recommended modifications to the charters reflecting the reorganization of the Board of Visitors committee structure.
6. **Enterprise Risk Management Program:** The Committee received an overview of the proposed Enterprise Risk Management (ERM) framework and an update on the efforts at the university to establish an ERM program.
7. **University Compliance Program:** The Committee received a report on the university's efforts to establish a compliance oversight committee to coordinate best practices regarding risk assessment and monitoring activities, including the committee structure and charter.
8. **Title IX Update:** The Committee received an update on changes regarding Title IX guidance. Under Title IX of the Education Amendments of 1972 and its implementing regulations, an institution that receives federal funds must ensure

that no student suffers a deprivation of her or his access to educational opportunities on the basis of sex. On September 22, 2017, the U.S. Department of Education Office for Civil Rights (OCR) released new guidance in the form of a Dear Colleague Letter and questions-and-answer document (Q&A) on Campus Sexual Misconduct and withdrew the 2011 Dear Colleague Letter on Sexual Violence and related 2014 Q&A document. This guidance provides information about how OCR will assess a school's compliance with Title IX.

9. **Discussion of Future Topics.** The Committee discussed agenda items for future meetings.

Joint Open Session (with Building and Grounds Committee)

Committee Members Present: Mr. C.T. Hill, Mr. Mehmood Kazmi (chair), Ms. Tish Long, Mr. Robert Mills Jr., Mr. Mike Quillen (chair), Mr. Horacio Valeiras

Board Members Present: Ms. Greta Harris, Mr. Brett Netto (graduate student representative), Mr. Seyi Olusina (undergraduate student representative), Mr. Chris Petersen, Dr. Hans Robinson (faculty representative), Mr. Robert Sebek (staff representative), Mr. Dennis Treacy (rector)

VPI & SU Staff: Mr. Bill Abplanalp, Ms. Jennifer Altman, Ms. Kim Avis, Mr. Andrew Bertie, Mr. Bob Broyden, Ms. Lori Buchanan, Mr. Mark Cartwright, Dr. Cyril Clarke, Mr. Van Coble, Mr. Denny Cochrane, Mr. Al Cooper, Mr. Joe Crane, Mr. Brian Daniels, Mr. Corey Earles, Mr. Kevin Foust, Dr. Lance Franklin, Dr. Michael Friedlander, Dr. Ron Fricker, Dr. Luisa Havens Gerardo, Mr. Mark Gess, Dr. Rodd Hall, Ms. Kay Heidbreder, Ms. Mary Helmick, Mr. Rick Hinson, Mr. Steve Johnston, Ms. Kina Kelly, Dr. Chris Kiwus, Ms. Sharon Kurek, Dr. Theresa Mayer, Ms. Nancy Meacham, Ms. Robin McCoy, Ms. Sarah McCoy, Dr. Scott Midkiff, Mr. Grant Morris, Dr. Sally Morton, Mr. Michael Mulhare, Ms. April Myers, Dr. Kelly Oaks, Ms. Kim O'Rourke, Mr. Mark Owczarski, Dr. Patty Perillo, Dr. Scot Ransbottom, Dr. Timothy Sands, Ms. Savita Sharma, Mr. M. Dwight Shelton Jr., Ms. Karlee Siepierski, Mr. Jason Soileau, Ms. Kayla Smith, Dr. Ken Smith, Mr. Jon Clark Teglas, Mr. Steve Vantine, Ms. Tracy Vosburgh, Mr. Paul West, Dr. Lisa Wilkes, Dr. Sherwood Wilson

Guest: Mr. Steve Ross, Town of Blacksburg

1. **2016 Jeanne Clery Act Report on Campus Security and Fire Safety:** The Committees reviewed the annual campus security and fire safety report for Virginia

Tech that is compiled and published by the Virginia Tech Police Department. This annual report is required by the Higher Education Opportunity Act and the Jeanne Clery Disclosure of Campus Security Policy and Campus Crimes Statistics Act. The purpose of the report is to provide information about security on campus, to include: campus and community crime statistics, fire statistics and safety information, policy information, safety tips, resource phone numbers, and a brief overview of the many services the university provides.

There being no further business, the meeting adjourned at 10:15 a.m.

Update of Responses to Open Internal Audit Comments

COMPLIANCE, AUDIT, AND RISK COMMITTEE

September 30, 2017

As part of the internal audit process, university management participates in the opening and closing conferences and receives copies of all Internal Audit final reports. The audited units are responsible for implementing action plans by the agreed upon implementation dates, and management is responsible for ongoing oversight and monitoring of progress to ensure solutions are implemented without unnecessary delays. Management supports units as necessary when assistance is needed to complete an action plan. As units progress toward completion of an action plan, Internal Audit performs a follow-up visit within two weeks after the target implementation date. Internal Audit is responsible for conducting independent follow up testing to verify mitigation of the risks identified in the recommendation and formally close the recommendation. As part of management's oversight and monitoring responsibility, this report is provided to update the Finance and Audit Committee on the status of outstanding recommendations. Management reviews and assesses recommendations with university-wide implications and shares the recommendations with responsible administrative departments for process improvements, additions or clarification of university policy, and inclusion in training programs and campus communications. Management continues to emphasize the prompt completion of action plans.

The report includes outstanding recommendations from Compliance Reviews and Audit Reports. Consistent with the report presented at the September Board meeting, the report of open recommendations includes three attachments:

- Attachment A summarizes each audit in order of final report date with extended and on-schedule open recommendations.
- Attachment B details all open medium and high priority recommendations for each audit in order of the original target completion date, and with an explanation for those having revised target dates or revised priority levels.
- Attachment C charts performance in implementing recommendations on schedule over the last seven years. The 100 percent on-schedule rate for fiscal year 2018 reflects closing 9 of 9 recommendations by the original target date.

The report presented at the September 11, 2017 meeting covered Internal Audit reports reviewed and accepted through June 30, 2017 and included eleven open medium and high priority recommendations. Activity for the quarter ended September 30, 2017 resulted in the following:

Open recommendations as of June 30, 2017	11
Add: Medium & High priority recommendations accepted September 11, 2017	10
Subtract: recommendations addressed since June 30, 2017	9
Remaining open recommendations as of September 30, 2017	<u>12</u>

While this report is prepared as of the end of the quarter, management continues to receive updates from Internal Audit regarding auditee progress on action plans. Through October 6, 2017 Internal Audit has closed one of the twelve outstanding medium and high priority recommendations for an adjusted total of eleven open recommendations. The remaining open recommendations are progressing as expected and are on track to meet their respective target due dates. Management continues to work conjointly with all units and provides assistance as needed to ensure action plans are completed timely.

ATTACHMENT A

Open Recommendations by Priority Level

COMPLIANCE, AUDIT, AND RISK COMMITTEE

September 30, 2017

Report Date	Audit Name	Audit Number	Total Recommendations						
			ISSUED	COMPLETED	OPEN				
					Extended		On-schedule		Total
					High	Medium	High	Medium	Open
19-Oct-16	IT Project Management	16-1288	1					1	1
01-Feb-17	University Scholarships and Financial Aid	17-1303	1					1	1
27-Apr-17	Geosciences	17-1322	2	1				1	1
23-Aug-17	Virginia Tech Carilion Research Institute	17-1343	1					1	1
23-Aug-17	Athletics NCAA - Recruiting	17-1355	1					1	1
23-Aug-17	University Policy Review	17-1323	1					1	1
24-Aug-17	IT: Printer and Networked Device Security	17-1333	1					1	1
25-Aug-17	IT: General Controls	17-1325	5				1	4	5
Totals:			13	1	0	0	1	11	12

ATTACHMENT B

Internal Audit Open Recommendations

COMPLIANCE, AUDIT, AND RISK COMMITTEE

September 30, 2017

Report Date	Item	Audit Number	Audit Name	Recommendation Name	Priority		Target Date		Follow Up Status	Status of Recommendations with Revised Priority / Target Dates
					Original	Revised	Original	Revised		
24-Aug-17	1	17-1333	IT: Printer and Networked Device Security	Unencrypted Transmission of PII	Medium		15-Oct-17		1	
25-Aug-17	2	17-1325	IT: General Controls - OIA	Security Awareness Training	Medium		31-Oct-17		1	
27-Apr-17	3	17-1322	Geosciences	Oversight of Lab Safety Training	Medium		01-Dec-17		1	
19-Oct-16	4	16-1288	IT Project Management	Visibility, Clarity, Implementation and Measurement of the Standard for IT Project Management	Medium		31-Dec-17		1	
25-Aug-17	5	17-1325	IT: General Controls - CLAHS	Security Awareness Training	Medium		31-Dec-17		1	
25-Aug-17	6	17-1325	IT: General Controls - OIA	End-User Device Security	Medium		31-Dec-17		1	
23-Aug-17	7	17-1343	Virginia Tech Carilion Research Institute	Payments to Human Behavior Study Participants	Medium		15-Feb-18		2	
23-Aug-17	8	17-1355	Athletics NCAA - Recruiting	Communication to Outside Entities	Medium		28-Feb-18		2	
01-Feb-17	9	17-1303	University Scholarships and Financial Aid	Awarding Not Based on Fund Criteria	Medium		01-Mar-18		2	
25-Aug-17	10	17-1325	IT: General Controls - VTCRI	End-User Device Security	Medium		01-Mar-18		2	
25-Aug-17	11	17-1325	IT: General Controls - VTCRI	Security Awareness Training	High		01-Mar-18		2	
23-Aug-17	12	17-1323	University Policy Review	Policy Governance Strategy	Medium		30-Jun-18		2	

Follow Up Status

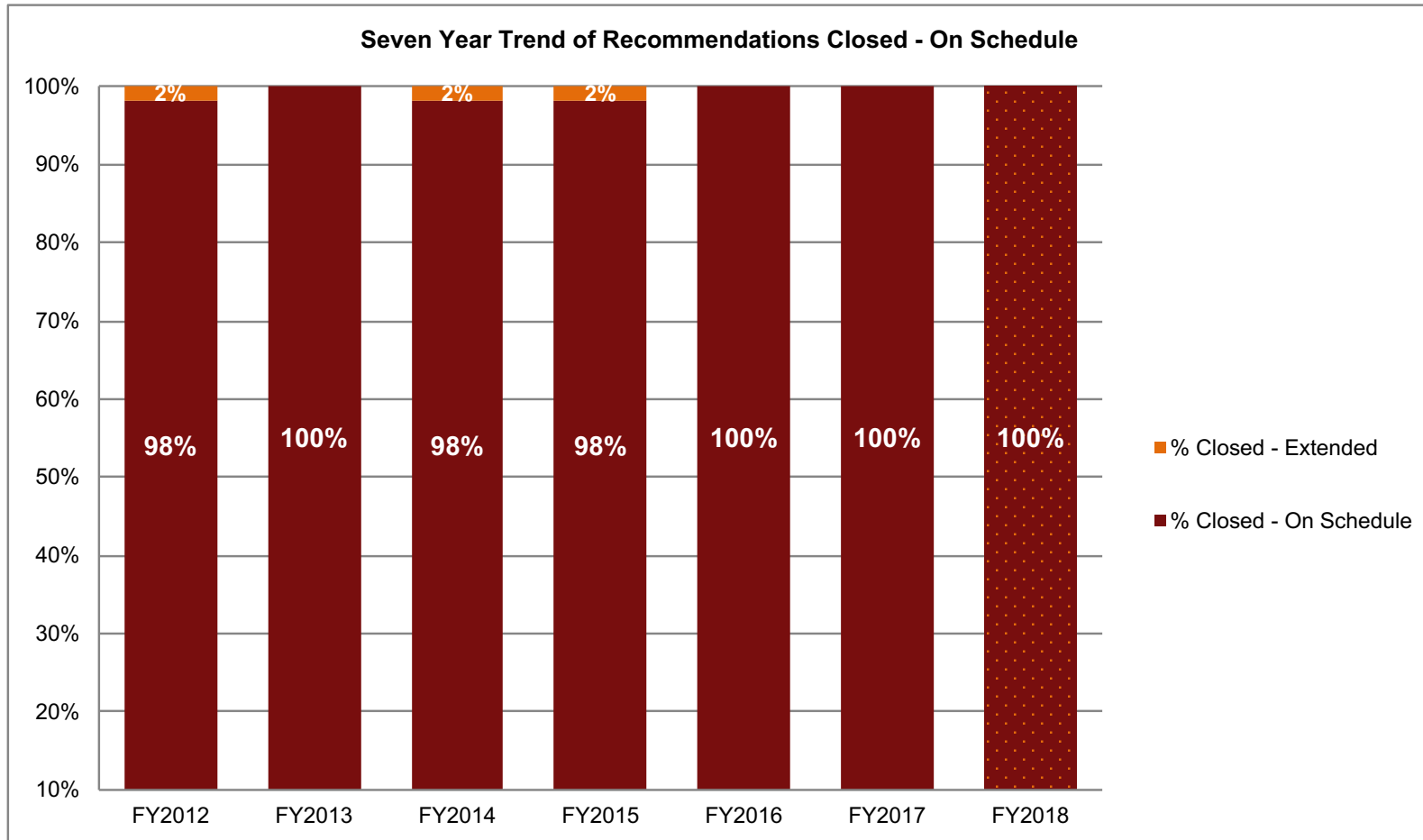
- 1 As of September 30, 2017, management confirmed during follow up discussions with Internal Audit that actions are occurring and the target date will be met. Internal Audit will conduct testing after the due date to confirm that the Management Action Plan is implemented in accordance with the recommendations.
- 2 Target date is beyond current calendar quarter. Management has follow-up discussions with the auditor to monitor progress, to assist with actions that may be needed to meet target dates, and to assess the feasibility of the target date.

ATTACHMENT C

Management Performance and Trends Regarding Internal Audit Recommendations

COMPLIANCE, AUDIT, AND RISK COMMITTEE

September 30, 2017



University Internal Audit Status Report
COMPLIANCE, AUDIT, AND RISK COMMITTEE

November 5, 2017

Audit Plan Update

Audits were performed in accordance with the fiscal year 2017-18 annual audit plan at a level consistent with the resources of University Internal Audit. One compliance review has been completed since the September board meeting.

The following six audit projects are underway: Research: Lab Safety, Chemistry, Research: Animal Care and Resources, Fire Safety Compliance, Biomedical Engineering and Mechanics, and the Vice President for Research and Innovation compliance review. Additionally, four advisory service projects, requested by management in the areas of Club Sports, Steger Center for International Scholarship, Virginia Tech Carilion School of Medicine, and the Marketing Study Abroad Program, are underway. One advisory service project, School of Plant and Environmental Sciences, has been cancelled.

So far in fiscal year 2017-18, University Internal Audit has completed three percent of its audit plan as depicted in Exhibit 1.

Exhibit 1
FY 2017-18 Completion of Audit Plan

Audits	
Total # of Audits Planned	34
Total # of Supplemental Audits	0
Total # of Carry Forwards	7
Total # of Planned Audits Canceled and/or Deferred	1
Total Audits in Plan as Amended	40
Total Audits Completed	1
Audits - Percentage Complete	3%
Audits - Percentage Complete or Underway	28%
Note: Includes Compliance Reviews and Advisory Services	

Acceptance of Report Issued by University Internal Audit

COMPLIANCE, AUDIT, AND RISK COMMITTEE

November 5, 2017

Background

This report provides a summary of audit ratings issued this period (of those included within the consent agenda), and the full rating system definitions. One compliance review has been completed during this reporting period. University Internal Audit has made a concerted effort to ensure progress on the annual audit plan.

Ratings Issued This Period

Virginia-Maryland College of Veterinary Medicine Compliance Review	Significant Improvements are Needed
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Summary of Audit Ratings

University Internal Audit's rating system has four tiers from which to assess the controls designed by management to reduce exposures to risk in the area being audited. The auditor can use professional judgment in constructing the exact wording of the assessment in order to capture varying degrees of deficiency or significance.

Definitions of each assessment option

Effective – The audit identified opportunities for improvement in the internal control structure, but business risks are adequately controlled in most cases.

Improvements are Recommended – The audit identified occasional or isolated business risks that were not adequately or consistently controlled.

Significant or Immediate Improvements are Needed – The audit identified several control weaknesses that have caused, or are likely to cause, material errors, omissions, or irregularities to go undetected. The weaknesses are of such magnitude that senior management should undertake immediate corrective actions to mitigate the associated business risk and possible damages to the organization.

Unreliable – The audit identified numerous significant business risks for which management has not designed or consistently applied controls prior to the audit. Persistent and pervasive control weaknesses have caused or could cause significant errors, omissions, or irregularities to go undetected. The weaknesses are of such magnitude that senior management must undertake immediate corrective actions to bring the situation under control and avoid (additional) damages to the organization.

RECOMMENDATION:

That the internal audit report listed above be accepted by the Compliance, Audit, and Risk Committee.

November 5, 2017

**Review and Acceptance of the Auditor of Public Accounts Financial Statement
Audit and Management Letter for the Fiscal Year Ending June 30, 2017**

COMPLIANCE, AUDIT, AND RISK COMMITTEE

November 5, 2017

The Committee will receive an update on the status of
the Auditor of Public Accounts financial statement audit
and Management Letter
for the fiscal year ended June 30, 2017.

**VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
COMPLIANCE, AUDIT, AND RISK COMMITTEE OF THE BOARD OF VISITORS**

COMPLIANCE, AUDIT, AND RISK CHARTER

I. PURPOSE

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

- The university's enterprise risk management program, as an essential part of a strong control environment, to ensure that risk appetite aligns with management's decisions and strategy,
- Adherence to this charter, including reviewing audits conducted by the Office of Audit, Risk, and Compliance and external bodies and providing guidance on auditing concerns to the full Board,
- The university's compliance with all federal, state, and local laws and executive orders; and policies promulgated by academic and athletic accrediting bodies, regulatory agencies, funding agencies, and the State Council of Higher Education for Virginia,
- The maintenance of effective systems of internal control, including the integrity of the university's financial accounting and reporting practices, and
- The performance of the university's internal and independent audit functions.

The function of the Committee is oversight. University management is responsible for the preparation, presentation, and integrity of the university's financial statements, fiscal plans, and other financial reporting. University management is also responsible for maintaining appropriate financial accounting and reporting policies, procedures, and controls designed to assure compliance with generally accepted accounting principles and applicable laws and regulations. The Office of Audit, Risk, and Compliance examines and evaluates the adequacy and effectiveness of the university's internal control systems. The university's external auditor, the state Auditor of Public Accounts, is responsible for planning and conducting the financial statement examination in accordance with generally accepted government auditing standards.

This document and the related meeting planner are intended to identify and document the Committee's oversight responsibilities in order that such sound practices will continue despite the turnover of Committee members. It also outlines the regularly scheduled review activities that will ensure that the university continues to have an independent and objective internal audit function and obtains the greatest possible benefit from its external audits.

II. MEETINGS

By statute the Board of Visitors, including the CAR Committee, must meet once a year, but traditionally holds four meetings a year. Additional meetings may occur more frequently as circumstances warrant. The Committee Chair should discuss the agenda with the

Executive Director of Audit, Risk, and Compliance prior to each Committee meeting to finalize the meeting agenda and review the items to be discussed.

III. RESPONSIBILITIES

In performing its audit oversight responsibilities, the CAR Committee shall:

A. General

1. Adopt a formal written charter that specifies the Committee's responsibilities and practices. The charter should be reviewed annually and updated as necessary.
2. Maintain minutes of meetings.
3. Authorize audits within the Committee's scope of responsibilities.
4. Report Committee actions to the Board of Visitors with such recommendations as the Committee may deem appropriate.
5. Meet in closed session, consistent with state law, (without members of senior management present, when appropriate) with the external auditors and/or the Executive Director of Audit, Risk, and Compliance to discuss matters that the Committee or the auditors believe should be discussed privately. The Executive Director of Audit, Risk, and Compliance shall have a regularly scheduled opportunity to meet privately with the Committee at each of its four annual meetings.

B. Risk Management and Internal Control

1. Review the university's enterprise risk management (ERM) efforts including the program structure and the processes for assessing significant risk exposures and the steps management has taken to monitor and control such exposures, as well as the university's risk assessment and risk management policies.
2. Consider the effectiveness of the university's internal control systems, including those over information technology and financial reporting.
3. Understand the scope of internal and external audit reviews of internal control, and obtain reports on significant potential issues and recommendations, together with management's responses.
4. Review management's written responses to significant potential issues and recommendations of the auditors, including the timetable to correct the identified weaknesses in the internal control system.
5. Advise management that they are expected to provide a timely analysis of significant reporting issues and practices.

C. External Auditors

1. Make inquiries of management and the independent auditors regarding the scope of the external audit for the current year.
2. As necessary, discuss with the external auditors their processes for identifying and responding to key audit and internal control risks.

3. 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.
4. Meet with external auditors at the completion of the financial statements audit to receive and discuss the audit report(s), and determine whether 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.
5. Review the results and organizational response stemming from significant reviews by regulatory agencies or other external entities (non-financial statement audits).

D. Internal Auditors

1. Approve the charter for the Office of Audit, Risk, and Compliance. The charter should be reviewed annually and updated as necessary.
2. Review and approve the annual audit plan and any significant changes to the plan.
3. Review the effectiveness of the internal audit function, including staffing resources, financial budget, training, objectivity and reporting relationships.
4. Review completed audit reports and progress reports on executing the approved annual audit plan.
5. Review the results of the Office of Audit, Risk, and Compliance's Quality Assurance and Improvement Program (QAIP), including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the university.
6. Inquire of the Executive Director of Audit, Risk, and Compliance regarding any difficulties encountered in the course of the audits, including any restrictions on the scope of work or access to required information.
7. Review and concur in the appointment, replacement, reassignment, or dismissal of the Executive Director of Audit, Risk, and Compliance.
8. Evaluate the Executive Director of Audit, Risk, and Compliance's annual performance and make decisions regarding compensation.

E. Compliance, Ethics, and Business Conduct

1. Support leadership by promoting and supporting a university-wide culture of ethical and lawful conduct.
2. Require management to periodically report on procedures that provide assurance that the university's mission, values, and codes of conduct are properly communicated to all employees.
3. Review the programs and policies of the university designed by management to assure compliance with applicable laws and regulations and monitor the results of the compliance efforts.
4. Monitor the university's conflict of interest policies and related procedures.

The “CAR Agenda Meeting Planner” is an integral part of this document. If the Board of Visitors meets less frequently than anticipated, the Planner will be adjusted accordingly.

**Virginia Polytechnic Institute and State University
Compliance, Audit, and Risk Committee of the Board of Visitors
CAR Agenda 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
				Aug	Nov	Mar	Jun
A. General							
1. Review and update CAR Committee charter	X				X		
2. Approve and maintain minutes of previous meeting		X		X	X	X	X
3. Authorize audits 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. Meet in closed session with Executive Director of Audit, Risk, and Compliance, and with external auditors, as needed		X		X	X	X	X
B. Risk Management and Internal Control							
1. Review the university’s ERM efforts including the program structure, processes, risk assessment, and risk management policies		X		X	X	X	X
2. Consider the effectiveness of the university’s internal control systems			X				
3. Understand the scope of internal and external audit reviews of internal control, and obtain reports on significant potential issues and recommendations, together with management’s responses		X		X	X	X	X
4. Review management’s written responses to significant potential issues and recommendations of the auditors, including the timetable to correct identified weaknesses in the internal control system		X		X	X	X	X
5. Advise management that they are expected to provide a timely analysis of significant current reporting issues and practices	X				X		
C. External Auditors							
1. Make inquiries of management and the independent auditors regarding 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	X	
3. 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		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
				Aug	Nov	Mar	Jun
4. Meet with external auditors at the completion of the financial statements audit to receive and discuss the audit report(s)	X				X		
5. Review results of other significant reviews from regulatory agencies or other external entities			X				
D. Internal Auditors							
1. Review and approve the charter for the Office of Audit, Risk, and Compliance, if changes are needed	X				X		
2. Review the draft annual audit plan	X						X
3. Approve the annual audit plan	X			X			
4. Review the effectiveness of the internal audit function, including staffing resources, financial budget, training, objectivity, and reporting relationships	X			X			
5. Review the results of the QAIP, including internal and external assessments			X				
6. Review completed audit reports and progress reports on executing the approved annual audit plan		X		X	X	X	X
7. Inquire of the Executive Director of Audit, Risk, and Compliance regarding any difficulties encountered in the course of the audits, including any restrictions on the scope of work or access to required information		X		X	X	X	X
8. Review and concur in the appointment, replacement, reassignment, or dismissal of the Executive Director of Audit, Risk, and Compliance			X				
9. Evaluate the Executive Director of Audit, Risk, and Compliance's annual performance and make decisions regarding compensation	X			X			
E. Compliance, Ethics, and Business Conduct							
1. Convey commitment to ethical conduct through periodic receipt of management reports on how the university's mission, values, and codes of conduct are properly communicated to all employees			X				
2. Review the programs and policies of the university designed to assure and monitor compliance		X		X	X	X	X
3. Monitor the university's conflict of interest policies and related procedures		X		X	X	X	X

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY **FINANCE**
COMPLIANCE, AUDIT, AND AUDIT RISK COMMITTEE OF THE BOARD OF VISITORS

COMPLIANCE, AUDIT, AND RISK CHARTER

I. PURPOSE

The primary purpose of the **Finance**Compliance, Audit, and **Audit**Risk (CAR) Committee is to assist the Board of Visitors in fulfilling its fiduciary responsibilities related to oversight of:

- ~~• The integrity of the university's financial accounting and reporting practices,~~
- The university's enterprise risk management program, as an essential part of a strong control environment, to ensure that risk appetite aligns with management's decisions and strategy,
- Adherence to this charter, including reviewing audits conducted by the Office of Audit, Risk, and Compliance and external bodies and providing guidance on auditing concerns to the full Board,
- The university's compliance with ~~legal and~~ all federal, state, and local laws and executive orders; and policies promulgated by academic and athletic accrediting bodies, regulatory requirements agencies, funding agencies, and the State Council of Higher Education for Virginia,
- ~~• Fiscal planning and the execution of fiscal plans,~~
- The maintenance of ~~an~~ effective **systems**systems of internal ~~controls~~control, including the integrity of the university's financial accounting and reporting practices, and
- The performance of the university's internal and independent audit functions.

The function of the Committee is oversight. University management is responsible for the preparation, presentation, and integrity of the university's financial statements, fiscal plans, and other financial reporting. University management is also responsible for maintaining appropriate financial accounting and reporting policies, procedures, and controls designed to assure compliance with generally accepted accounting principles and applicable laws and regulations. The ~~Department~~Office of ~~Internal~~Audit, Risk, and Compliance examines and evaluates the adequacy and effectiveness of the university's ~~system of~~ internal **controls**control systems. The university's external auditor, the state Auditor of Public Accounts, is responsible for planning and conducting the financial statement examination in accordance with generally accepted government auditing standards.

~~The Committee is charged in the Bylaws of the Board of Visitors with separating its responsibilities for Finance and Audit, respectively, and with maintenance of a separate audit agenda and finance agenda for each meeting.~~ This document and the related meeting planner are intended to identify and document the Committee's ~~audit-specific~~ oversight responsibilities in order that such sound practices will continue despite the turnover of Committee members. It also outlines the regularly scheduled review activities that will ~~insure~~ensure that the university continues to have an independent and objective internal audit function and obtains the greatest possible benefit from its external audits.

II. ~~COMPOSITION AND INDEPENDENCE~~

~~The Finance and Audit Committee will be comprised of three or more Visitors. Each committee member will be financially literate and shall fully comply with the State and Local Government Conflict of Interests Act, Section 2.2-3100 of the Code of Virginia as amended.~~

III. ~~MEETINGS~~

By statute the Board of Visitors, including the ~~Finance and Audit~~CAR Committee, must meet once a year, but traditionally holds four meetings a year. Additional meetings may occur more frequently as circumstances warrant. The Committee Chair should discuss the ~~Audit~~ agenda with the ~~Executive~~ Director of ~~Internal~~Audit, ~~Risk~~, and ~~the university's Chief Financial Officer~~Compliance prior to each Committee meeting to finalize the meeting agenda and review the ~~issues~~items to be discussed.

IV~~III~~. RESPONSIBILITIES

In performing its audit oversight responsibilities, the ~~Finance and Audit~~CAR Committee shall:

A. General

1. Adopt a formal written charter that specifies the Committee's responsibilities and practices. The charter should be reviewed annually and updated as necessary.
2. Maintain minutes of meetings.
3. Authorize audits within the Committee's scope of responsibilities.
4. Report Committee actions to the Board of Visitors with such recommendations as the Committee may deem appropriate.
5. Meet in closed session, consistent with state law, (without members of senior management present, when appropriate) with the external auditors and/or the ~~Executive~~ Director of ~~Internal~~Audit, ~~Risk~~, and ~~Compliance~~ to discuss matters that the Committee or the auditors believe should be discussed privately. The ~~Executive~~ Director of ~~Internal~~Audit, ~~Risk~~, and ~~Compliance~~ shall have a regularly scheduled opportunity to meet privately with the Committee at each of its four annual meetings.

B. ~~Internal Controls, Risk Assessment, Management~~ and ~~Financial Reporting~~Internal Control

1. Review the university's enterprise risk management (ERM) efforts including the program structure and the processes for assessing significant risk exposures and the steps management has taken to monitor and control such exposures, as well as the university's risk assessment and risk management policies.

- ~~1.2.~~ Consider the effectiveness of the university's internal control systems, including those over information technology and financial reporting.
- ~~2.~~ ~~Review the university's processes for assessing significant business risk exposures and the steps management has taken to monitor and control such exposures, including the university's risk assessment and risk management policies.~~
3. Understand the scope of internal and external audit reviews of internal control, and obtain reports on significant potential issues and recommendations, together with management's responses.
- ~~4.~~ ~~Review the annual financial statements with management and the external auditors to 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.~~
- ~~5.4.~~ Review management's written responses to significant potential issues and recommendations of the auditors, including the timetable to correct the identified weaknesses in the internal control system.
- ~~6.5.~~ Advise management that they are expected to provide a timely analysis of significant ~~financial~~ reporting issues and practices.

C. External Auditors

1. Make inquiries of management and the independent auditors regarding the scope of the external audit for the current year.
2. As necessary, discuss with the external auditors their processes for identifying and responding to key audit and internal control risks.
3. 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.
- ~~4.~~ Meet with ~~the~~ external auditors at the completion of the financial statements audit to receive and discuss the audit report(s), and determine whether 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.
- ~~4.5.~~ Review the results and organizational response stemming from significant reviews by regulatory agencies or other external entities (non-financial statement audits).

D. Internal Auditors

1. Approve the ~~Internal~~ charter for the Office of Audit-Charter, Risk, and Compliance. The charter should be reviewed annually and updated as necessary.
2. Review and approve the annual audit plan and any significant changes to the plan.

3. Review the effectiveness of the internal audit function, including staffing resources, financial budget, training, objectivity and reporting relationships.
4. Review completed audit reports and progress reports on executing the approved annual audit plan.
5. [Review the results of the Office of Audit, Risk, and Compliance's Quality Assurance and Improvement Program \(QAIP\), including results of internal assessments \(both ongoing and periodic\) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the university.](#)
- ~~5.6.~~ Inquire of the [Executive](#) Director of ~~Internal~~-[Audit, Risk, and Compliance](#) regarding any difficulties encountered in the course of the audits, including any restrictions on the scope of work or access to required information.
- ~~6.7.~~ Review and concur in the appointment, replacement, reassignment, or dismissal of the [Executive](#) Director of ~~Internal~~-[Audit, Risk, and Compliance](#).
- ~~7.8.~~ Evaluate the [Executive](#) Director of ~~Internal Audit's~~[Audit, Risk, and Compliance's](#) annual performance and make decisions regarding compensation.

E. Compliance, Ethics, and Business Conduct

1. [Support leadership by promoting and supporting a university-wide culture of ethical and lawful conduct.](#)
- ~~1.2.~~ Require management to periodically report on procedures that provide assurance that the university's mission, values, and codes of conduct are properly communicated to all employees.
- ~~2.3.~~ ~~Periodically review~~[Review](#) the programs and policies of the university designed by management to assure compliance with applicable laws and regulations and monitor the results of the compliance efforts.
- ~~3.4.~~ Monitor the university's conflict of interest policies and related procedures.

The ~~attached~~ "[Audit](#)" [CAR](#) Agenda Meeting Planner" is an integral part of this document. If the Board of Visitors meets less frequently than anticipated, the Planner will be adjusted accordingly.

Virginia Polytechnic Institute and State University
~~Finance~~[Compliance, Audit,](#) and ~~Audit~~[Risk](#) Committee of the Board of Visitors
~~Audit~~[CAR](#) Agenda Meeting Planner

A=Annually; Q=Quarterly; AN=As Necessary Q1, Q2, Q3, Q4 based on Fiscal Year (July – June)	Frequency			Planned Timing			
	A	Q	AN	Q1	Q2	Q3	Q4
				Aug	Nov	Mar	Jun
A. General							

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
				Aug	Nov	Mar	Jun
1. Review and update F&A <u>CAR</u> Committee Audit Charter <u>charter</u>	X				X		
2. Approve and maintain minutes of previous meeting		X		X	X	X	X
3. Authorize audits 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. Meet in closed session with <u>Executive</u> Director of Internal Audit, <u>Risk, and Compliance</u> , and with external auditors, as needed		X		X	X	X	X
B. <u>Risk Management and Internal Controls/Risk Assessment/Fin-Reporting</u>Control							
1. <u>Review the university’s ERM efforts including the program structure, processes, risk assessment, and risk management policies</u>		<u>X</u>		<u>X</u>	<u>X</u>	<u>X</u>	<u>X</u>
4.2. Consider the effectiveness of the university’s internal control systems			X				
2. Review the university’s processes for assessing significant business risk exposures and the steps taken to monitor and control such exposures			X				
3. Understand the scope of internal and external audit reviews of internal control, and obtain reports on significant potential issues and recommendations, together with management’s responses		X		X	X	X	X
4. Review the annual financial statements with management and external auditors to 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		
5.4. Review management’s written responses to significant potential issues and recommendations of the auditors, including the timetable to correct identified weaknesses in the internal control system		X		X	X	X	X
6.5. Advise management that they are expected to provide a timely analysis of significant current financial reporting issues and practices	X				X		

A=Annually; Q=Quarterly; AN=As Necessary Q1, Q2, Q3, Q4 based on Fiscal Year (July—June)	Frequency			Planned Timing			
	A	Q	A N	Q1	Q2	Q3	Q4
				Aug	Nov	Mar	Jun
C. External Auditors							
1. Make inquiries of management and the independent auditors regarding 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	X	
3. 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		X	
4. Meet with the external auditors at the completion of the financial statements audit to receive and discuss the audit report(s)	X				X		
5. Review results of other significant reviews from regulatory agencies or other external entities			X				
D. Internal Auditors							
1. Review and approve Internal Audit the charter for the Office of Audit, Risk, and Compliance , if changes are needed	X				X		
2. Review the draft annual audit plan	X						X
3. Approve the annual audit plan	X			X			
4. Review the effectiveness of the internal audit function, including staffing resources, financial budget, training, objectivity, and reporting relationships	X			X			
5. Review the results of the QAIP, including internal and external assessments			X				
5.6. Review completed audit reports and progress reports on executing the approved annual audit plan		X		X	X	X	X
6.7. Inquire of the Executive Director of Internal Audit, Risk, and Compliance regarding any difficulties encountered in the course of the audits, including any restrictions on the scope of work or access to required information		X		X	X	X	X
7.8. Review and concur in the appointment, replacement, reassignment, or dismissal of the Executive Director of Internal Audit, Risk, and Compliance			X				
8.9. Evaluate the Executive Director of Internal Audit's Audit, Risk, and Compliance's annual performance and make decisions regarding compensation	X			X			

A=Annually; Q=Quarterly; AN=As Necessary Q1, Q2, Q3, Q4 based on Fiscal Year (July—June)	Frequency			Planned Timing			
	A	Q	AN	Q1	Q2	Q3	Q4
				Aug	Nov	Mar	Jun
E. Compliance, Ethics, and Business Conduct							
1. Require <u>Convey commitment to ethical conduct through periodic receipt of management to periodically report reports on procedures that provide assurance that</u> <u>how</u> the university's mission, values, and codes of conduct are properly communicated to all employees			X				
2. Review the programs and policies of the university designed to assure and monitor compliance		X	X	X	X	X	X
3. Monitor the university's conflict of interest policies and related procedures		X		X	X	X	X

Subject: Charter for the Office of Audit, Risk, and Compliance

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1. Purpose

This policy outlines the policies and procedures covering the Office of Audit, Risk, and Compliance (OARC) at Virginia Polytechnic Institute and State University and serves as a charter for the department.

2. Policy

It is the policy of the Compliance, Audit, and Risk Committee of the Board of Visitors and the management of Virginia Polytechnic Institute and State University to support the maintenance of an internal audit function to assist in the effective discharge of their fiduciary responsibilities in assessing the effectiveness internal control environment.

The Office of Audit, Risk and Compliance (OARC) performs independent internal audits, plans and oversees the university risk management process, and oversees the institutional compliance program. The OARC’s mission is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight as follows:

1. *Audit*: Provide independent, objective assurance and advisory activity designed to add value and improve university operations. It helps the university accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
2. *Risk Management*: Provide oversight of the enterprise risk management (ERM) program by creating and maintain the framework to effectively identify, assess, and manage risk.
3. *Compliance*: Provide oversight of the institutional compliance program and the distributed processes that support compliance across the university.

2.1 Scope of the Office of Audit, Risk, and Compliance

The scope of OARC work is to determine whether Virginia Tech’s risk management, internal controls, compliance activities and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Programs, plans, and strategic objectives are achieved.
- Risks are appropriately identified, managed, and considered in institutional decision making.
- Significant financial, managerial and operating information is accurate, reliable and timely.
- Compliance with policies, procedures, standards, laws, and regulations.
- Measures taken to foster continuous improvement in control processes.
- Resources are being acquired, managed, and protected in an economical, efficient, and effective manner.

2.2 Independence and Objectivity

Independence is essential to enable the internal audit function to accomplish its purpose. Accordingly, the Executive Director of Audit, Risk, and Compliance reports functionally to the committee and also serves in a staff role to the committee. For day-to-day operations, the Executive Director of Audit, Risk, and Compliance reports administratively to the President. These reporting relationships allow for direct and unrestricted access to the President and the Compliance, Audit, and Risk Committee of the Board of Visitors.

All work will be conducted in an objective and independent manner. Staff will maintain an impartial attitude in selecting and evaluating evidence 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. OARC staff have the responsibility to maintain high standards of conduct, professionalism, independence, and character to carry on proper and meaningful internal auditing within the university.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that would normally be audited. Therefore, internal audit review and appraisal procedures do not in any way substitute for the responsibilities assigned to other persons in the organization.

2.3 Authority

OARC has unrestricted access to all university departments, records, reports, activities, property, and personnel that they deem necessary to discharge their audit responsibilities. OARC will exercise discretion in the review of records to assure the necessary confidentiality of matters that come to its attention.

OARC will allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports. OARC will also obtain assistance for specialized services from within or outside the university in order to complete engagements.

2.4 Auditing Standards

The internal audit function will conduct its activities in accordance with the Institute of Internal Auditors' International Professional Practices Framework including the Core Principles for the Professional Practice of Internal Auditing, Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing*, and the Definition of Internal Auditing. Generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants and government auditing standards issued by the United States Government Accountability Office will be referenced as appropriate.

2.5 Systems Planning and Development

OARC will be consulted by management during the planning, development, and modification of major financial or operating systems and procedures (manual and automated) to ensure that:

- Reasonable and adequate internal controls exist.
- Systems or procedural documentation is complete and appropriate.
- An adequate audit trail exists.

OARC's participation will be designed to: a) help assure that information assets are safeguarded and appropriate procedures are complied with, and b) aid management efficiency by avoiding costly systems or procedural changes at later dates.

2.6 Responsibilities of the Executive Director of Audit, Risk, and Compliance

The Executive Director of Audit, Risk, and Compliance has primary responsibility for the proper maintenance and management of OARC to ensure that the work fulfills the purposes and responsibilities established in this policy statement. The Executive Director of Audit, Risk, and Compliance is specifically charged with the following responsibilities:

- Coordinating all auditing activities to provide a central source of information for management and the Compliance, Audit, and Risk Committee of the Board of Visitors regarding all audit activities and to provide comprehensive, cost-effective audit coverage for the university.
- Facilitating the university's efforts regarding enterprise risk management (ERM) on behalf of senior management and the Compliance, Audit, and Risk Committee of the Board of Visitors.
- Coordinating the university's Institutional Compliance Program to be a resource and serve as a catalyst for the achievement of university best practices in compliance-related subject matter areas.
- Establishing written policies and procedures for OARC and directing its technical and administrative functions.
- Developing, submitting for approval, and executing comprehensive risk-based annual audit plans to carry out departmental responsibilities.
- Maintaining a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter, and provide information on the sufficiency of department resources.
- Recommending improvements in controls designed to increase efficiency, safeguard university resources, and ensure compliance with government laws and regulations.
- Issuing an annual summary report of activities to the Compliance, Audit, and Risk Committee of the Board of Visitors.
- Appraising the adequacy of the action taken by management to correct significant reported internal control weaknesses and deficient conditions and reporting this information at least quarterly to the responsible Vice Presidents and the university's Chief Financial Officer, or their designees.
- Establishing and maintaining a Quality Assurance and Improvement Program to evaluate the operations of the department, including periodic internal self-assessments and external peer reviews at least once every five years by qualified persons who are independent of the university. Results of such reviews will be presented to senior management and the Board of Visitors.
- Communicating directly with the Compliance, Audit, and Risk Committee of the Board of Visitors any matters considered to warrant its attention as appropriate, including trends and emerging issues that could impact the university.
- Performing sufficient tests and examinations to determine and report to management, the Compliance, Audit, and Risk Committee of the Board of Visitors, and the appropriate authorities the extent of any fraud, waste, and abuse detected by audit or otherwise and to identify the weaknesses in control procedures that may have allowed the fraudulent activity to occur. The investigation of the specific event with the objective or recovery and/or prosecution is the responsibility of the appropriate police departments and Commonwealth's Attorney based on jurisdiction.

2.7 Audit Reports

OARC will issue audit reports and/or memorandums in all audit activities performed. The format and style of the report will be determined by the Executive Director of Audit, Risk, and Compliance, depending upon the nature and

conditions surrounding the audit. Communications must include the engagement's objectives and scope as well as applicable conclusions, recommendations, and action plans. The formulation of overall opinions requires consideration of the engagement results and their significance. All reports on engagements scheduled in the annual audit plan will be issued to the members of the Compliance, Audit, and Risk Committee of the Board of Visitors, the President, appropriate senior management, and other appropriate personnel as deemed necessary by the Executive Director of Audit, Risk, and Compliance. In addition, reports approved at open meetings of the committee shall be made available to the public in accordance with state statutes. In certain circumstances, the Executive Director of Audit, Risk, and Compliance may decide, with the approval of the Chair of the Compliance, Audit, and Risk Committee of the Board of Visitors, to restrict the issuance of an audit report to certain members of management and/or the committee.

2.8 Responsibility for Corrective Action

Senior management to whom the audited department, activity, or agency reports organizationally is responsible for the issuance of a written response to recommendations made or deficient conditions reported by the internal audit function. The responses should be submitted to the Executive Director of Audit, Risk, and Compliance for inclusion in the issued audit report. The committee will receive quarterly status updates of all recommendations in the process of being implemented.

2.9 Coordination with External Auditing Agencies

The Executive Director of Audit, Risk, and Compliance will coordinate the department's audit efforts with those of the Auditor of Public Accounts or other external auditing agencies by participating in the planning and definition of the scope of proposed audits so the work of all auditing groups is complementary, and their combined efforts provide comprehensive, cost-effective audit coverage for the university. Duplication of work will be avoided as much as possible.

2.10 Special Projects

The Executive Director of Audit, Risk, and Compliance is empowered to conduct special audit projects, reviews, advisory services, or investigations at the request of the President, Vice Presidents or their designee, and the Compliance, Audit, and Risk Committee of the Board of Visitors to assist management in meeting its objectives, promoting economy and efficiency in the administration of, or preventing and detecting fraud, waste, and abuse in its programs and operations, examples of which may include facilitation, training, and advisory services.

3. Procedures

Principal guidance and direction on how the OARC accomplishes its mission and responsibilities is provided to the audit staff through an office procedures manual. The manual is designed to promote adherence to the International Professional Practice Framework developed by the Institute of Internal Auditors. The manual also provides a resource to external parties such as the Compliance, Audit, and Risk Committee of the Board of Visitors, senior management, external auditors, and quality assurance parties.

4. Definitions

Abuse

Excessive or improper use of a thing or policy, or employment of something in a manner contrary to the natural or legal rules for its use. Intentional destruction, diversion, manipulation, misapplication, mistreatment, or misuse of Commonwealth resources. Extravagant or excessive use as to abuse one's position or authority. Abuse can occur in financial or nonfinancial settings.

Add Value

The internal audit function adds value to the organization (and its stakeholders) when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management, and control processes.

Advisory Services

Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility.

Assurance

An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples may include financial, performance, compliance, system security, and due diligence engagements.

Charter

The charter is a formal document that defines the OARC's purpose, authority, and responsibility. The charter establishes the office's position within the organization; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Code of Ethics

The Code of Ethics of The Institute of Internal Auditors are principles relevant to the profession and practice of internal auditing, and rules of conduct that describe behavior expected of internal auditors. The purpose of the Code of Ethics is to promote an ethical culture in the global profession of internal auditing.

Compliance

Adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements.

Conflict of Interest

Any relationship that is, or appears to be, not in the best interest of the organization. A conflict of interest would prejudice an individual's ability to perform his or her duties and responsibilities objectively.

Control

Any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

Control Environment

The attitude and actions of the board and management regarding the importance of control within the organization. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control (e.g. integrity and ethical values; management's philosophy and operating style; organizational structure; and the assignment of authority and responsibility).

Control Processes

The policies, procedures (both manual and automated), and activities that are part of a control framework, designed and operated to ensure that risks are contained within the level that an organization is willing to accept.

Executive Director of Audit, Risk, and Compliance

The individual that serves as the chief audit executive and is responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the IIA's Definition of Internal Auditing, the Core Principles, the Code of Ethics, and the *Standards*.

Engagement

A specific internal audit assignment, task, or review activity, such as an internal audit, control self-assessment review, fraud examination, or consultancy. An engagement may include multiple tasks or activities designed to accomplish a specific set of related objectives.

Enterprise Risk Management

A process applied in strategy-setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risk to be within the entity's risk tolerance, and support the achievement of entity objectives.

Fraud

The intentional deception perpetrated by an individual or individuals, or an organization or organizations, either internal or external to the university, which could result in a tangible or intangible benefit to themselves, others, or the Commonwealth or could cause detriment to others or the Commonwealth. Fraud includes a false representation of a matter of fact, whether by words or by conduct, by false or misleading statements, or by concealment of that which should have been disclosed, which deceives and is intended to deceive.

Governance

The combination of processes and structures implemented by the board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives. The governance process includes: promoting appropriate ethics and values within the organization; ensuring effective organizational performance management and accountability; communicating risk and control information to appropriate areas of the organization; and coordinating the activities of and communicating information among the board, external and internal auditors, and management.

Independence

The freedom from conditions that threaten the ability of the internal audit function to carry out internal audit responsibilities in an unbiased manner.

Internal Audit Function

The department, division, team of advisors, or other practitioner(s) that provides independent, objective assurance and advisory services designed to add value and improve an organization's operations.

International Professional Practices Framework

The conceptual framework that organizes the authoritative guidance promulgated by the Institute of Internal Auditors. Authoritative guidance is comprised of two categories – (1) mandatory and (2) strongly recommended.

Objectivity

An unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others.

Risk

The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

Risk Management

A process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the organization's objectives.

Scope

A statement that specifies the focus, extent, and boundary of a particular audit. The scope can be specified by defining the physical location of the audit, the organizational units that will be examined, the processes and activities that will be included, and the time period that will be covered.

Significance

The relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance, and impact. Professional judgment assists internal auditors when evaluating the significance of matters within the context of the relevant objectives.

Standards

A professional pronouncement that delineates the requirements for performing a broad range of internal audit activities, and for evaluating internal audit performance.

Waste

The intentional or unintentional, thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of Commonwealth resources to the detriment or potential detriment of the Commonwealth. Waste also includes incurring unnecessary costs due to inefficient or ineffective practices, systems, or controls.

5. References

Section 2.1-155.3 of the *Code of Virginia*, enacted in 1984.

State Fraud, Waste, and Abuse Hotline Policies and Procedures Manual, Office of the State Inspector General, Commonwealth of Virginia, 2014 edition.

The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing (Standards)*, and the Definition of Internal Auditing, revised in 2016 and effective 2017.

6. Approval and Revisions

- Revision 0
Approved February 9, 1989, by the Director of Internal Audit, David C. Goodyear.
- Revision 1
Annual review. Section 2.8 - changed so that reports "approved" by the Finance and Audit Committee of the Board of Visitors shall be available to the public.
Approved March 29, 1990, by the Director of Internal Audit, David C. Goodyear.

- **Revision 2**
Changes were made to eliminate minor discrepancies between the audit manual and the policy statement as presented to the Board of Visitors.

Approved November 3, 1995, by the Director of Internal Audit, David C. Goodyear.
- **Annual review, November 5, 1998, by Office of the Executive Vice President. No revisions.**
- **Revision 3**
Policy updated to reflect review by the Finance and Audit Committee of the Board of Visitors. Policy serves as a charter for the Internal Audit Department.

Approved March 29, 2004 by the Executive Vice President and Chief Operating Officer, Minnis E. Ridenour.

Approved March 29, 2004 by the Finance and Audit Committee of the Board of Visitors.
- **Revision 4**
Policy updated to reflect review by the Finance and Audit Committee of the Board of Visitors, in conjunction with the Internal Audit Department's quality assurance review.

Approved March 14, 2005 by the Executive Vice President and Chief Operating Officer, James A. Hyatt.

Approved March 14, 2005 by the Finance and Audit Committee of the Board of Visitors.
- **Revision 5**
April 1, 2008: Updates to position titles and/or responsibilities due to university reorganization.
- **Revision 6**
Policy title changed from "Internal Audit Department" to "Internal Audit Charter."

Section 2.2 revised to reflect change in Director of Internal Audit reporting relationship.

Sections 2.5 and 2.7 revised to clarify the role of Internal Audit and the standards under which it conducts its activities.

Section 2.9 revised to clarify the process for senior management areas submitting corrective action plans.

Approved November 7, 2011 by the university President, Charles W. Steger.

Approved November 7, 2011 by the Finance and Audit Committee of the Board of Visitors.
- **Revision 7**
Full technical review correcting grammatical, punctuation, word usage, sentence structure, and minor content and/or format inconsistencies. The charter was also revised to incorporate the concept of objectivity, and to include applicable procedures and definitions.

Policy title changed from "Internal Audit Charter" to "Charter for the University's Internal Audit Function."

Approved November 9, 2015 by the Finance and Audit Committee of the Board of Visitors and President, Timothy D. Sands.

- Revision 8
Revised to address the reorganization of the Board of Visitors' committee structure and additional responsibilities with regard to risk management and compliance. Additional revisions were made to reflect revised guidance from the Institute of Internal Auditors.

Approved November 5, 2017 by the Compliance, Audit, and Risk Committee of the Board of Visitors and President, Timothy D. Sands.

Subject: Charter for the ~~University's Internal~~ Office of Audit-Function, Risk, and Compliance

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1. Purpose

This policy outlines the policies and procedures covering ~~University Internal~~ the Office of Audit, Risk, and Compliance (OARC) at Virginia Polytechnic Institute and State University and serves as a charter for the department.

2. Policy

It is the policy of the ~~Finance~~ Compliance, Audit, and AuditRisk Committee of the Board of Visitors and the management of Virginia Polytechnic Institute and State University to support the maintenance of an internal audit function to assist in the effective discharge of their fiduciary responsibilities in assessing the effectiveness internal control environment.

The ~~Finance and~~ Office of Audit ~~Committee of the Board of Visitors~~, Risk and Compliance (OARC) performs independent internal audits, plans and oversees the university risk management ~~adopt~~ process, and oversees the following definition of internal auditing (from the Institute of Internal Auditors' International Professional Practices Framework) as the purpose of the internal audit function: Internal auditing institutional compliance program. The OARC's mission is ~~an~~ to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight as follows:

1. Audit: Provide independent, objective assurance and advisory activity designed to add value and improve ~~an~~ organization's university operations. It helps ~~an organization~~ the university accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
2. Risk Management: Provide oversight of the enterprise risk management (ERM) program by creating and maintain the framework to effectively identify, assess, and manage risk.
3. Compliance: Provide oversight of the institutional compliance program and the distributed processes that support compliance across the university.

2.1 Scope of ~~Internal~~ the Office of Audit ~~Activities, Risk, and Compliance~~

~~The internal audit function will provide assurance engagements encompassing reviews of all university operations and activities to appraise:~~

~~The accuracy, reliability, and timeliness of significant~~ The scope of OARC work is to determine whether Virginia Tech's risk management, internal controls, compliance activities and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Programs, plans, and strategic objectives are achieved.
- Risks are appropriately identified, managed, and considered in institutional decision making.
- Significant financial, managerial, and operating information ~~and the adequacy of the internal controls employed over the compilation and reporting of such information~~ is accurate, reliable and timely.
- Compliance with policies, procedures, standards, laws, and regulations.
- ~~Whether risks are appropriately identified and managed.~~
- ~~Measures taken to safeguard assets, including tests of existence and ownership.~~
- ~~The adequacy, propriety, and cost-effectiveness of accounting, financial, and other controls throughout the university, as well as compliance therewith.~~
- Measures taken to foster continuous improvement in control processes.
- ~~Whether university resources~~ Resources are being acquired, managed, and protected in an economical, efficient, and effective manner.
- ~~The achievement of programs, plans, and objectives.~~

2.2 ~~Organizational Structure~~

~~The Finance and Audit Committee of the Board of Visitors has the responsibility to oversee and evaluate the internal audit function of the university. Accordingly, the Director of Internal Audit reports functionally to the committee and also serves in a staff role to the committee. For day-to-day operations, the Director of Internal Audit reports administratively to the President.~~

2.3 ~~2.2~~ Independence and Objectivity

Independence is essential to enable the internal audit function to accomplish its purpose. Accordingly, the Executive Director of Internal Audit ~~has~~, Risk, and Compliance reports functionally to the committee and also serves in a staff role to the committee. For day-to-day operations, the Executive Director of Audit, Risk, and Compliance reports

~~administratively to the President. These reporting relationships allow for~~ direct and unrestricted access to the President and the ~~Finance~~Compliance, Audit, and Audit Risk Committee of the Board of Visitors. ~~The internal audit function shall be functionally independent of all university operations.~~

~~The Director of Internal Audit or members of the department must have an impartial, unbiased attitude and avoid any conflict of interest. Members of the internal audit function shall not be assigned to operating duties except for temporary assignments as requested by the President and the university's Chief Financial Officer and approved by the Finance and Audit Committee of the Board of Visitors. In addition, members of the internal audit function will not develop and install procedures, prepare records, make management decisions, or engage in any other activity which could be reasonably construed to compromise their independence. The Director of Internal Audit or members of the department shall not be assigned any additional supervisory or oversight responsibilities which could be reasonably construed to compromise their independence. All work will be conducted in an objective and independent manner. Staff will maintain an impartial attitude in selecting and evaluating evidence 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. OARC staff have the responsibility to maintain high standards of conduct, professionalism, independence, and character to carry on proper and meaningful internal auditing within the university.~~

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that would normally be audited. Therefore, internal audit review and appraisal procedures do not in any way substitute for the responsibilities assigned to other persons in the organization.

2.42.3 Authority

~~The internal audit function~~OARC has unrestricted access to all university departments, records, reports, activities, property, and personnel that they deem necessary to discharge their audit responsibilities. ~~The internal audit function~~OARC will exercise discretion in the review of records to assure the necessary confidentiality of matters that come to its attention.

OARC will allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports. OARC will also obtain assistance for specialized services from within or outside the university in order to complete engagements.

2.52.4 Auditing Standards

The internal audit function will conduct its activities in accordance with the Institute of Internal ~~Auditors~~Auditors' International Professional Practices Framework including the Core Principles for the Professional Practice of Internal Auditing, Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and ~~Code of Ethics~~the Definition of Internal Auditing. Generally accepted auditing standards promulgated by the American Institute of Certified Public Accountants and government auditing standards issued by the United States Government Accountability Office will be referenced as appropriate.

~~Members of the internal audit function have the responsibility to maintain high standards of conduct, professionalism, independence, and character to carry on proper and meaningful internal auditing within the university. In addition, the internal audit function's activities and conduct shall be consistent with the policies of the university.~~

2.62.5 Systems Planning and Development

~~The internal audit function~~OARC will be consulted by management during the planning, development, and modification of major financial or operating systems and procedures (manual and automated) to ensure that:

- Reasonable and adequate internal controls exist.
- Systems or procedural documentation is complete and appropriate.
- An adequate audit trail exists.

~~The internal audit function's~~ OARC's participation will be designed to: a) help assure that information assets are safeguarded and appropriate procedures are complied with, and b) aid management efficiency by avoiding costly systems or procedural changes at later dates.

2.72.6 Responsibilities of the Executive Director of Internal-Audit, Risk, and Compliance

The Executive Director of ~~Internal-Audit, Risk, and Compliance~~ has primary responsibility for the proper maintenance and management of ~~the internal audit function~~ OARC to ensure that the ~~audit~~-work fulfills the purposes and responsibilities established in this policy statement.

The Executive Director of ~~Internal-Audit, Risk, and Compliance~~ is specifically charged with the following responsibilities:

- Coordinating all auditing activities to provide a central source of information for management and the ~~Finance~~ Compliance, Audit, and Audit Risk Committee of the Board of Visitors regarding all audit activities and to provide comprehensive, cost-effective audit coverage for the university.
- ~~Going beyond accounting and financial records when necessary during audit activities to obtain a thorough understanding of the activities under audit.~~
- Facilitating the university's efforts regarding enterprise risk management (ERM) on behalf of senior management and the Compliance, Audit, and Risk Committee of the Board of Visitors.
- Coordinating the university's Institutional Compliance Program to be a resource and serve as a catalyst for the achievement of university best practices in compliance-related subject matter areas.
- Establishing written policies and procedures for ~~the internal audit function~~ OARC and directing its technical and administrative functions.
- Developing, submitting for approval, and executing comprehensive risk-based annual ~~and long range~~-audit plans to carry out departmental responsibilities.
- Maintaining a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter, and provide information on the sufficiency of department resources.
- ~~Documenting appropriately the results of all audits, reviews, and evaluations performed.~~
- Recommending improvements in controls designed to increase efficiency, safeguard university resources, and ensure compliance with government laws and regulations.
- Issuing an annual summary report of ~~audit~~-activities to the ~~Finance and~~ Compliance, Audit, and Risk Committee of the Board of Visitors.
- Appraising the adequacy of the action taken by management to correct significant reported internal control weaknesses and deficient conditions and reporting this information at least quarterly to the responsible Vice Presidents and the university's Chief Financial Officer, or their designees.
- Establishing and maintaining a ~~quality assurance review program~~ Quality Assurance and Improvement Program to evaluate the operations of the department, including periodic internal self-assessments and external peer reviews at least once every five years by qualified persons who are independent of the university. Results of such reviews will be presented to senior management and the Board of Visitors.
- Communicating directly with the ~~Finance~~ Compliance, Audit, and Audit Risk Committee of the Board of Visitors any matters considered to warrant its attention as appropriate, including trends and emerging issues that could impact the university.

- Performing sufficient tests and examinations to determine and report to management, the ~~Finance and Compliance, Audit, and Risk~~ Committee of the Board of Visitors, and the appropriate authorities the extent of any fraud, waste, and abuse detected by audit or otherwise and to identify the weaknesses in control procedures that may have allowed the fraudulent activity to occur. The investigation of the specific event with the objective or recovery and/or prosecution is the responsibility of the appropriate police departments and Commonwealth's Attorney based on jurisdiction.

2.82.7 Audit Reports

The ~~internal audit function~~OARC will issue audit reports and/or memorandums in all audit activities performed. The format and style of the report will be determined by the ~~Executive~~ Director of ~~Internal-Audit, Risk, and Compliance~~, depending upon the nature and conditions surrounding the audit. Communications must include the engagement's objectives and scope as well as applicable conclusions, recommendations, and action plans. The formulation of overall opinions requires consideration of the engagement results and their significance. All reports on engagements scheduled in the annual audit plan will be issued to the members of the ~~Finance Compliance, Audit, and Audit Risk~~ Committee of the Board of Visitors, the President, appropriate senior management, and other appropriate personnel as deemed necessary by the ~~Executive~~ Director of ~~Internal-Audit, Risk, and Compliance~~. In addition, reports approved at open meetings of the committee shall be made available to the public in accordance with state statutes. In certain circumstances, the ~~Executive~~ Director of ~~Internal-Audit, Risk, and Compliance~~ may decide, with the approval of the Chair of the ~~Finance and Compliance, Audit, and Risk~~ Committee of the Board of Visitors, to restrict the issuance of an audit report to certain members of management and/or the committee.

2.92.8 Responsibility for Corrective Action

Senior management to whom the audited department, activity, or agency reports organizationally is responsible for the issuance of a written response to recommendations made or deficient conditions reported by the internal audit function. The responses should be submitted to the ~~Executive~~ Director of ~~Internal-Audit, Risk, and Compliance~~ for inclusion in the issued audit report. The committee will receive quarterly status updates of all recommendations in the process of being implemented.

2.102.9 Coordination with External Auditing Agencies

The ~~Executive~~ Director of ~~Internal-Audit, Risk, and Compliance~~ will coordinate the department's audit efforts with those of the Auditor of Public Accounts or other external auditing agencies by participating in the planning and definition of the scope of proposed audits so the work of all auditing groups is complementary, and their combined efforts provide comprehensive, cost-effective audit coverage for the university. Duplication of work will be avoided as much as possible.

2.112.10 Special Projects

The ~~Executive~~ Director of ~~Internal-Audit, Risk, and Compliance~~ is empowered to conduct special audit projects, reviews, advisory services, or investigations at the request of the President, Vice Presidents or their designee, and the ~~Finance Compliance, Audit, and Audit Risk~~ Committee of the Board of Visitors to assist management in meeting its objectives, promoting economy and efficiency in the administration of, or preventing and detecting fraud, waste, and abuse in its programs and operations, examples of which may include facilitation, training, and advisory services.

3. Procedures

Principal guidance and direction on how the ~~internal audit function~~OARC accomplishes its mission and responsibilities is provided to the audit staff through ~~the Virginia Tech Internal Audit Manual (Manual)-an office procedures manual~~. The ~~Manual~~manual is designed to promote adherence to the International Professional Practice Framework developed by the Institute of Internal Auditors. The ~~Manual~~manual also provides a resource to external

parties such as the ~~Finance~~Compliance, Audit, and ~~Audit~~Risk Committee of the Board of Visitors, senior management, external auditors, and quality assurance parties.

4. Definitions

Abuse

Excessive or improper use of a thing or policy, or employment of something in a manner contrary to the natural or legal rules for its use. Intentional destruction, diversion, manipulation, misapplication, mistreatment, or misuse of Commonwealth resources. Extravagant or excessive use as to abuse one's position or authority. Abuse can occur in financial or nonfinancial settings.

Add Value

The internal audit function adds value to the organization (and its stakeholders) when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management, and control processes.

Advisory Services

Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility.

Assurance

An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples may include financial, performance, compliance, system security, and due diligence engagements.

Charter

The ~~internal audit~~ charter is a formal document that defines the ~~internal audit function's~~OARC's purpose, authority, and responsibility. The ~~internal audit~~ charter establishes the ~~internal audit function's~~office's position within the organization; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Code of Ethics

The Code of Ethics of The Institute of Internal Auditors are principles relevant to the profession and practice of internal auditing, and rules of conduct that describe behavior expected of internal auditors. The purpose of the Code of Ethics is to promote an ethical culture in the global profession of internal auditing.

Compliance

Adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements.

Conflict of Interest

Any relationship that is, or appears to be, not in the best interest of the organization. A conflict of interest would prejudice an individual's ability to perform his or her duties and responsibilities objectively.

Control

Any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

Control Environment

The attitude and actions of the board and management regarding the importance of control within the organization. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control (e.g. integrity and ethical values; management's philosophy and operating style; organizational structure; and the assignment of authority and responsibility).

Control Processes

The policies, procedures (both manual and automated), and activities that are part of a control framework, designed and operated to ensure that risks are contained within the level that an organization is willing to accept.

Executive Director of ~~Internal~~ Audit, Risk, and Compliance

The individual that serves as the chief audit executive and is responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the IIA's Definition of Internal Auditing, the Core Principles, the Code of Ethics, and the *Standards*.

Engagement

A specific internal audit assignment, task, or review activity, such as an internal audit, control self-assessment review, fraud examination, or consultancy. An engagement may include multiple tasks or activities designed to accomplish a specific set of related objectives.

Enterprise Risk Management

A process applied in strategy-setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risk to be within the entity's risk tolerance, and support the achievement of entity objectives.

Fraud

The intentional deception perpetrated by an individual or individuals, or an organization or organizations, either internal or external to the university, which could result in a tangible or intangible benefit to themselves, others, or the Commonwealth or could cause detriment to others or the Commonwealth. Fraud includes a false representation of a matter of fact, whether by words or by conduct, by false or misleading statements, or by concealment of that which should have been disclosed, which deceives and is intended to deceive.

Governance

The combination of processes and structures implemented by the board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives. The governance process includes: promoting appropriate ethics and values within the organization; ensuring effective organizational performance management and accountability; communicating risk and control information to appropriate areas of the organization; and coordinating the activities of and communicating information among the board, external and internal auditors, and management.

Independence

The freedom from conditions that threaten the ability of the internal audit function to carry out internal audit responsibilities in an unbiased manner.

Internal Audit Function

The department, division, team of advisors, or other practitioner(s) that provides independent, objective assurance and advisory services designed to add value and improve an organization's operations.

International Professional Practices Framework

The conceptual framework that organizes the authoritative guidance promulgated by the Institute of Internal Auditors. Authoritative guidance is comprised of two categories – (1) mandatory and (2) strongly recommended.

Objectivity

An unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others.

Risk

The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

Risk Management

A process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the organization's objectives.

Scope

A statement that specifies the focus, extent, and boundary of a particular audit. The scope can be specified by defining the physical location of the audit, the organizational units that will be examined, the processes and activities that will be included, and the time period that will be covered.

Significance

The relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance, and impact. Professional judgment assists internal auditors when evaluating the significance of matters within the context of the relevant objectives.

Standards

A professional pronouncement that delineates the requirements for performing a broad range of internal audit activities, and for evaluating internal audit performance.

Waste

The intentional or unintentional, thoughtless or careless expenditure, consumption, mismanagement, use, or squandering of Commonwealth resources to the detriment or potential detriment of the Commonwealth. Waste also includes incurring unnecessary costs due to inefficient or ineffective practices, systems, or controls.

5. References

Section 2.1-155.3 of the *Code of Virginia*, enacted in 1984.

State Fraud, Waste, and Abuse Hotline Policies and Procedures Manual, Office of the State Inspector General, Commonwealth of Virginia, 2014 edition.

[The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing \(Standards\), ~~The Institute and the Definition~~ of Internal ~~Auditors, issued in 2008~~ Auditing](#), revised in ~~2012~~.

~~Code of Ethics, The Institute of Internal Auditors~~ [2016 and effective 2017](#).

6. Approval and Revisions

- Revision 0
Approved February 9, 1989, by the Director of Internal Audit, David C. Goodyear.

- Revision 1
Annual review. Section 2.8 - changed so that reports "approved" by the Finance and Audit Committee of the Board of Visitors shall be available to the public.
Approved March 29, 1990, by the Director of Internal Audit, David C. Goodyear.

- Revision 2
Changes were made to eliminate minor discrepancies between the audit manual and the policy statement as presented to the Board of Visitors.

Approved November 3, 1995, by the Director of Internal Audit, David C. Goodyear.

- Annual review, November 5, 1998, by Office of the Executive Vice President. No revisions.

- Revision 3
Policy updated to reflect review by the Finance and Audit Committee of the Board of Visitors. Policy serves as a charter for the Internal Audit Department.

Approved March 29, 2004 by the Executive Vice President and Chief Operating Officer, Minnis E. Ridenour.

Approved March 29, 2004 by the Finance and Audit Committee of the Board of Visitors.

- Revision 4
Policy updated to reflect review by the Finance and Audit Committee of the Board of Visitors, in conjunction with the Internal Audit Department's quality assurance review.

Approved March 14, 2005 by the Executive Vice President and Chief Operating Officer, James A. Hyatt.

Approved March 14, 2005 by the Finance and Audit Committee of the Board of Visitors.

- Revision 5
April 1, 2008: Updates to position titles and/or responsibilities due to university reorganization.

- Revision 6
Policy title changed from "Internal Audit Department" to "Internal Audit Charter."

Section 2.2 revised to reflect change in Director of Internal Audit reporting relationship.

Sections 2.5 and 2.7 revised to clarify the role of Internal Audit and the standards under which it conducts its activities.

Section 2.9 revised to clarify the process for senior management areas submitting corrective action plans.

Approved November 7, 2011 by the university President, Charles W. Steger.

Approved November 7, 2011 by the Finance and Audit Committee of the Board of Visitors.

- Revision 7

Full technical review correcting grammatical, punctuation, word usage, sentence structure, and minor content and/or format inconsistencies. The charter was also revised to incorporate the concept of objectivity, and to include applicable procedures and definitions.

Policy title changed from “Internal Audit Charter” to “Charter for the University’s Internal Audit Function.”

Approved November 9, 2015 by the Finance and Audit Committee of the Board of Visitors and President, Timothy D. Sands.

- [Revision 8](#)

[Revised to address the reorganization of the Board of Visitors’ committee structure and additional responsibilities with regard to risk management and compliance. Additional revisions were made to reflect revised guidance from the Institute of Internal Auditors.](#)

[Approved November 5, 2017 by the Compliance, Audit, and Risk Committee of the Board of Visitors and President, Timothy D. Sands.](#)



Enterprise Risk Management (ERM) Program Update

SHARON KUREK

EXECUTIVE DIRECTOR OF AUDIT, RISK, & COMPLIANCE



ERM DEFINED

- A process applied in strategy-setting and across the enterprise that is designed to identify potential events that may affect the entity, manage risk to be within the entity's risk tolerance, and support the achievement of entity objectives.

ERM LEADING PRACTICES - ACHIEVING OBJECTIVES



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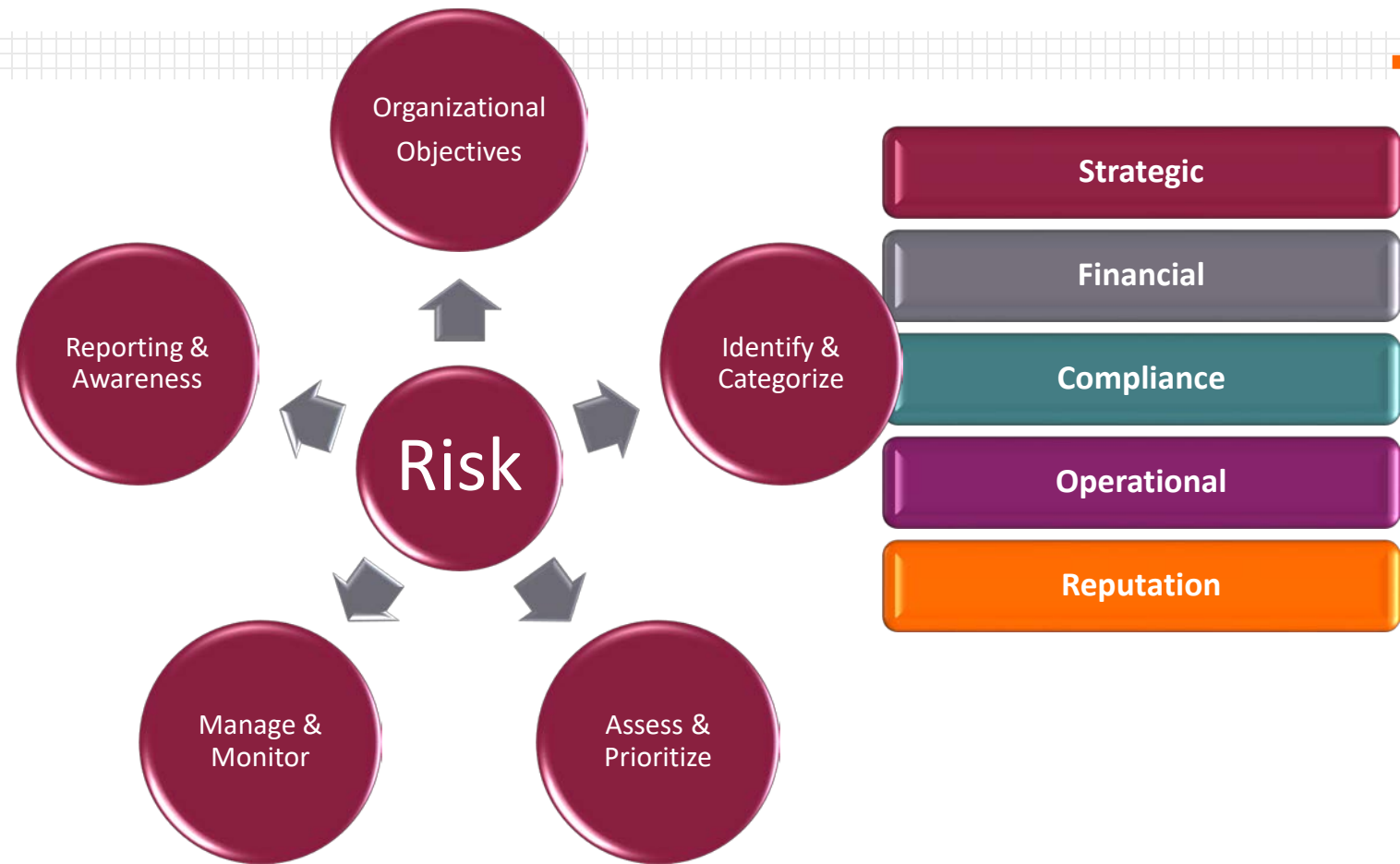
ERM FRAMEWORK



ERM FRAMEWORK



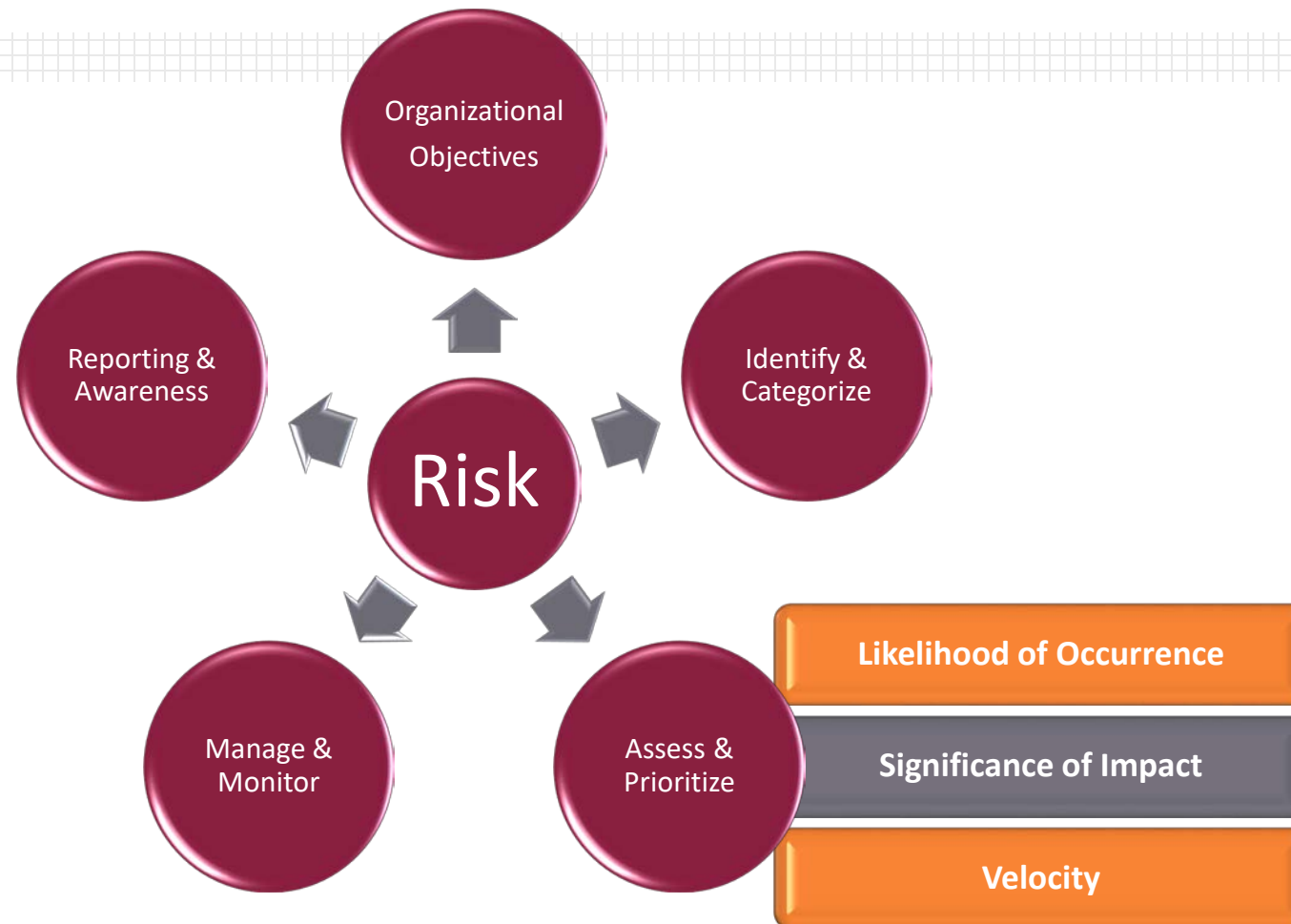
ERM FRAMEWORK



ALTITUDE OF RISK

- **Systemic and existential risks** are uncontrollable risks that impact all of higher education and what many institutions refer to as “business model” risks.
- **Institutional risks** are idiosyncratic to an organization and are generally caused by the inability to fulfill an institutional objective.
- **Unit-level risks** are also idiosyncratic to an organization but generally relate to an existing, broken process.

ERM FRAMEWORK



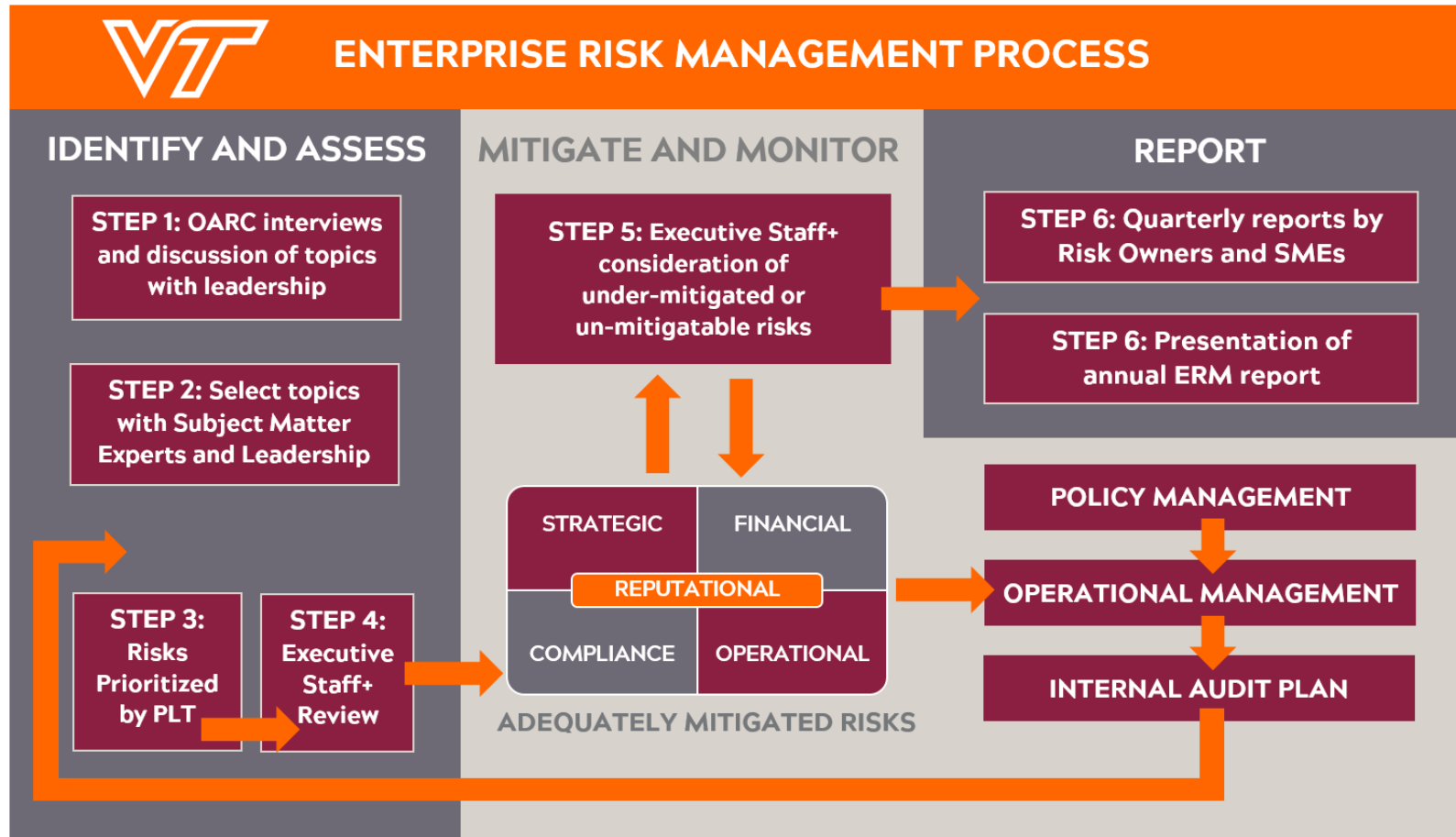
ERM FRAMEWORK - FUTURE PHASE



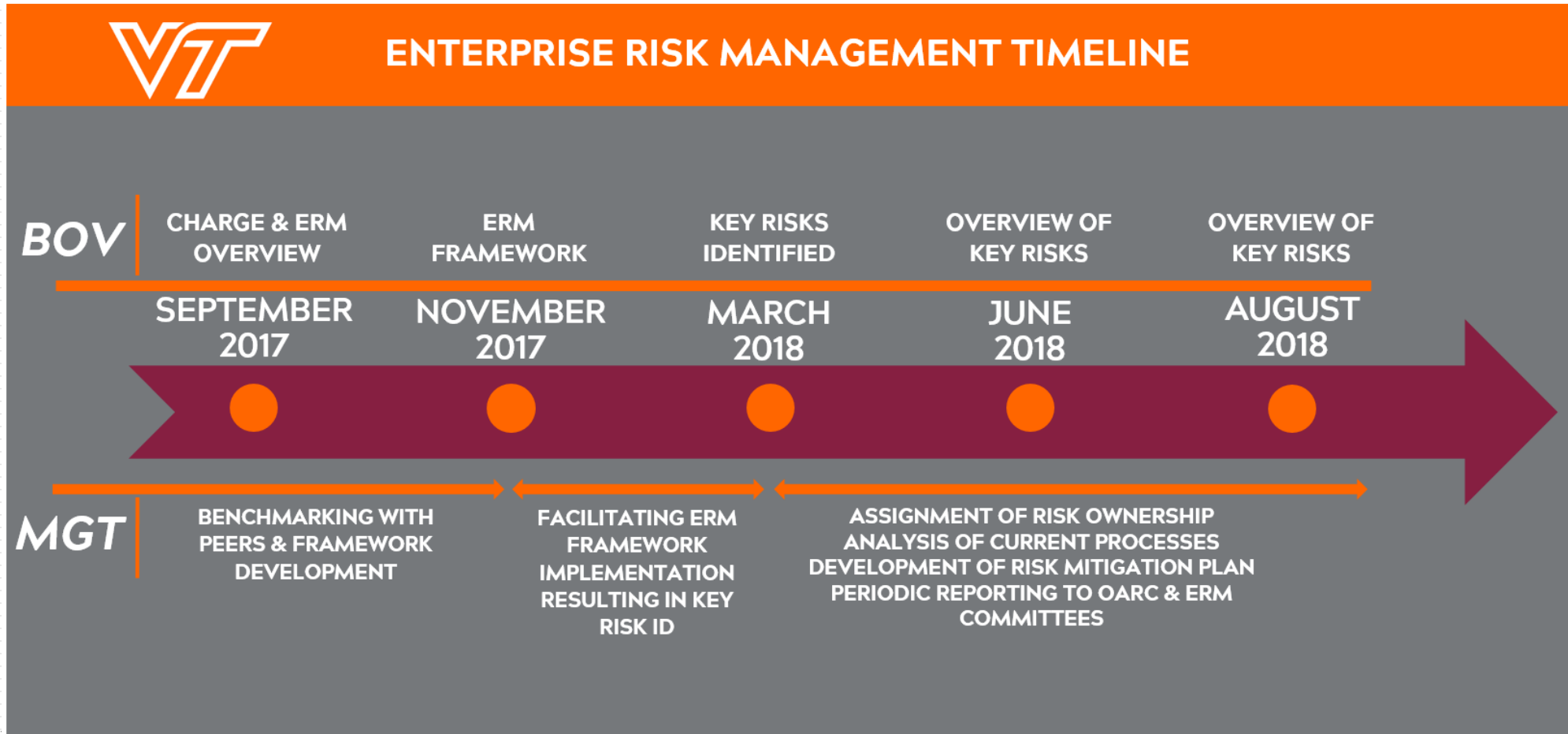
ERM COMMITTEE STRUCTURE



ERM PROCESS



ERM TIMELINE



CLARIFYING RISK TERMS

	Systemic & Existential Risks	Institutional Risks	Unit-Level Risks
Risk Example	Sustainability of high-cost/high-discount model	Inability to meet enrollment targets	Inadequate controls over cash receipts
Risk Type	External, uncontrollable, impacts all of higher-ed	Controllable and idiosyncratic risk; generally relates to strategic objectives	Controllable and idiosyncratic risk; generally relates to broken process
Measurability	Low: Difficult to measure or estimate likelihood	Medium: Can estimate probability and impact	High: Can measure probability and impact
Risk Assessment Approach	Mental Models	Risk maps with nominal scales	Control self-assessments
Risk Treatment Objective	Reduce impact should risk occur	Reduce likelihood in a cost-efficient manner	Drive incidence of occurrence to zero
Risk Treatment Methods	Contingency Planning	Risk reviews at strategy meetings; key risk indicator scorecard	Internal Controls; internal audit; develop boundary systems
Board Involvement	High: Board wants to be actively engaged in discussion	Medium: Board prefers periodic updates by senior management	Low: Board wants to know senior mgt. has a risk mgt. process



Office of the President
210 Burruss Hall (0131)
800 Drillfield Drive
Blacksburg, Virginia 24061
540/231-6231 Fax: 540/231-4265
www.vt.edu

Institutional Compliance Program

Virginia Tech is committed to integrity, a culture of compliance, and the promotion of the highest ethical standards for all employees. As compliance with legal and regulatory requirements continue to increase in visibility and emphasis, I am forming an Institutional Compliance Program (ICP) to promote and support a working environment which reflects this commitment. The ICP will act as a resource for Virginia Tech's efforts regarding compliance, to help our institution proactively meet its compliance obligations, and to manage compliance risks.

The primary focus of compliance with applicable laws and regulations is in the academic and administrative units throughout the university, where the authority for policy development and the responsibility for implementation of compliance reside. The compliance framework will include members of management with responsibility for key compliance areas and other appropriate officials.

We will leverage our existing structures (including audit, enterprise risk management (ERM), hotline administration, legal counsel, and the policy office) to support compliance efforts. I have asked the Office of Audit, Risk, and Compliance to coordinate the ICP, which will be carried out by various groups as depicted below.

Institutional Compliance Function (Office of Audit, Risk, and Compliance)

The charge of the compliance function within the Office of Audit, Risk, and Compliance is to be a resource and serve as a catalyst for the achievement of university best practices in compliance-related subject matter areas. While the Office of Audit, Risk, and Compliance does not own any discrete compliance subject matter area, it will assist in promoting a culture of compliance and ethical behavior by:

- Developing a compliance matrix of applicable regulations and authoritative guidance with responsible parties
- Implementing the compliance risk assessment process as a component of the ERM program
- Facilitating the university compliance and ethics hotline
- Assisting the compliance committees in their various duties
- Providing assistance in responding to external reviews and investigations

Executive Compliance Committee (ECC)

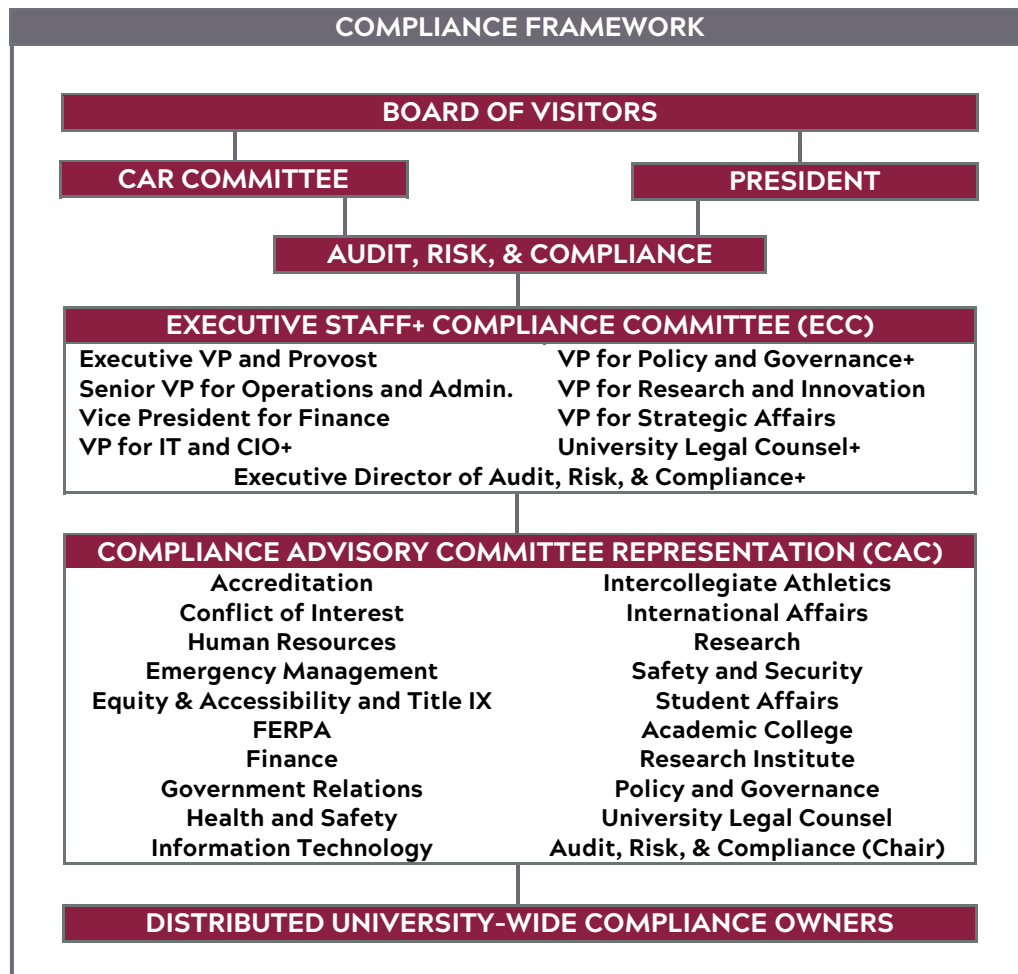
The charge of the ECC is to promote excellence in our compliance efforts to assure compliance with our legal, regulatory, and ethical responsibilities. The ECC is responsible for approving the university's compliance priorities and has oversight responsibility for the university's compliance efforts, including fulfillment of these priorities. The ECC will also serve as the primary point of contact for the administration on organizational compliance matters with the Compliance, Audit, and Risk Committee of the Board of Visitors.

Compliance Advisory Committee (CAC)

The charge of the CAC is to assist the ECC in promoting a culture and understanding of and adherence to applicable legal and regulatory requirements. The CAC will provide compliance leadership in the university's academic and administrative units and ensure effective communication and collaboration among those responsible for compliance by:

- Fostering communication across campus on issues related to compliance
- Maintaining a university compliance matrix
- Reviewing the results of the compliance risk assessment and proposing university priorities
- Ensuring the development and implementation of corrective action plans as developed by responsible parties and approved by senior management
- Reporting results to the ECC, including progress on plans and risks being assumed

The success of Virginia Tech's ICP is predicated on leadership's embrace of a culture of compliance in alignment with our strategic goals. In order to provide leadership and oversight of compliance, an overview of the compliance framework and representation on each committee is provided below.



Appendix I – Committee Membership

Executive Compliance Committee (ECC)

- Executive Vice President and Provost
- Senior Vice President for Operations and Administration
- Vice President for Finance
- Vice President for Information Technology and Chief Information Officer
- Vice President for Policy and Governance
- Vice President for Research and Innovation
- Vice President for Strategic Affairs and Vice Provost for Inclusion and Diversity
- University Legal Counsel
- Executive Director of Audit, Risk, and Compliance

Compliance Advisory Committee (CAC)

- Assistant Vice President for Emergency Management
- Assistant Vice President for Environmental Health and Safety
- Assistant Vice President for Equity and Accessibility and Title IX Officer
- Assistant Vice President for Finance and University Controller
- Associate Vice President for Outreach and International Affairs
- Associate Vice President for Research Integrity and Compliance
- Senior Associate Vice President for Student Affairs
- Vice President for Human Resources
- Vice Provost for Enrollment Management
- Vice Provost for Learning Systems
- Executive Director of Government Relations
- Information Technology Security Officer
- Senior Associate Athletics Director for Internal Operations
- Deputy Chief of Police and Assistant Director of Security
- COI Officer and Director of Office of Sponsored Programs
- Associate Dean and Chief of Staff, College of Engineering
- Chief Operating Officer, Bioinformatics Institute
- Director of University Policy Development and Coordination
- Associate University Legal Counsel
- Executive Director of Audit, Risk, and Compliance (Chair)



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE FOR CIVIL RIGHTS

THE ASSISTANT SECRETARY

September 22, 2017

Dear Colleague:

The purpose of this letter is to inform you that the Department of Education is withdrawing the statements of policy and guidance reflected in the following documents:

- Dear Colleague Letter on Sexual Violence, issued by the Office for Civil Rights at the U.S. Department of Education, dated April 4, 2011.
- Questions and Answers on Title IX and Sexual Violence, issued by the Office for Civil Rights at the U.S. Department of Education, dated April 29, 2014.

These guidance documents interpreted Title IX to impose new mandates related to the procedures by which educational institutions investigate, adjudicate, and resolve allegations of student-on-student sexual misconduct. The 2011 Dear Colleague Letter required schools to adopt a minimal standard of proof—the preponderance-of-the-evidence standard—in administering student discipline, even though many schools had traditionally employed a higher clear-and-convincing-evidence standard. The Letter insisted that schools with an appeals process allow complainants to appeal not-guilty findings, even though many schools had previously followed procedures reserving appeal for accused students. The Letter discouraged cross-examination by the parties, suggesting that to recognize a right to such cross-examination might violate Title IX. The Letter forbade schools from relying on investigations of criminal conduct by law-enforcement authorities to resolve Title IX complaints, forcing schools to establish policing and judicial systems while at the same time directing schools to resolve complaints on an expedited basis. The Letter provided that any due-process protections afforded to accused students should not “unnecessarily delay” resolving the charges against them.

Legal commentators have criticized the 2011 Letter and the 2014 Questions and Answers for placing “improper pressure upon universities to adopt procedures that do not afford fundamental fairness.”¹ As a result, many schools have established procedures for resolving allegations that “lack the most basic elements of fairness and due process, are overwhelmingly stacked against the accused, and are in no way required by Title IX law or regulation.”²

The 2011 and 2014 guidance documents may have been well-intentioned, but those documents have

¹ Open Letter from Members of the Penn Law School Faculty, *Sexual Assault Complaints: Protecting Complainants and the Accused Students at Universities*, WALL ST. J. ONLINE (Feb. 18, 2015), http://online.wsj.com/public/resources/documents/2015_0218_upenn.pdf (statement of 16 members of the University of Pennsylvania Law School faculty).

² *Rethink Harvard's Sexual Harassment Policy*, BOSTON GLOBE (Oct. 15, 2014) (statement of 28 members of the Harvard Law School faculty); see also ABA CRIMINAL JUSTICE SECTION TASK FORCE ON COLLEGE DUE PROCESS RIGHTS AND VICTIM PROTECTIONS, RECOMMENDATIONS FOR COLLEGES AND UNIVERSITIES IN RESOLVING ALLEGATIONS OF CAMPUS SEXUAL MISCONDUCT (2017); AMERICAN COLLEGE OF TRIAL LAWYERS, TASK FORCE ON THE RESPONSE OF UNIVERSITIES AND COLLEGES TO ALLEGATIONS OF SEXUAL VIOLENCE, WHITE PAPER ON CAMPUS SEXUAL ASSAULT INVESTIGATIONS (2017).

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The Department of Education's mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access.

led to the deprivation of rights for many students—both accused students denied fair process and victims denied an adequate resolution of their complaints. The guidance has not succeeded in providing clarity for educational institutions or in leading institutions to guarantee educational opportunities on the equal basis that Title IX requires. Instead, schools face a confusing and counterproductive set of regulatory mandates, and the objective of regulatory compliance has displaced Title IX’s goal of educational equity.

The Department imposed these regulatory burdens without affording notice and the opportunity for public comment. Under these circumstances, the Department has decided to withdraw the above-referenced guidance documents in order to develop an approach to student sexual misconduct that responds to the concerns of stakeholders and that aligns with the purpose of Title IX to achieve fair access to educational benefits. The Department intends to implement such a policy through a rulemaking process that responds to public comment. The Department will not rely on the withdrawn documents in its enforcement of Title IX.

The Department refers you to the *Q&A on Campus Sexual Misconduct*, issued contemporaneously with this letter, and will continue to rely on its *Revised Sexual Harassment Guidance*, which was informed by a notice-and-comment process and issued in 2001,³ as well as the reaffirmation of that *Guidance* in the Dear Colleague Letter on Sexual Harassment issued January 25, 2006.⁴ As always, the Department’s enforcement efforts proceed from Title IX itself⁵ and its implementing regulations.⁶

In the forty-five years since the passage of Title IX, we have seen remarkable progress toward an educational environment free of sex discrimination. That progress resulted in large part from the vigorous enforcement of Title IX by the Office for Civil Rights at the Department of Education. The Department remains committed to enforcing these critical protections and intends to do so consistent with its mission under Title IX to protect fair and equitable access to education.

The Department has determined that this letter is a significant guidance document under the Final Bulletin for Agency Good Guidance Practices of the Office of Management and Budget, 72 Fed. Reg. 3432 (Jan. 25, 2007). This letter does not add requirements to applicable law.⁷

Sincerely,

/s/

Candice Jackson
Acting Assistant Secretary for Civil Rights
U.S. Department of Education

³ The *Revised Sexual Harassment Guidance* is available at <https://www2.ed.gov/about/offices/list/ocr/docs/shguide.html>.

⁴ The 2006 Dear Colleague Letter is available at <https://www2.ed.gov/about/offices/list/ocr/letters/sexhar-2006.html>.

⁵ 20 U.S.C. §§ 1681-88.

⁶ 34 C.F.R. § 106.1 *et seq.*; *see also* 34 C.F.R. § 668.46(k) (implementing requirements of the Violence Against Women Act).

⁷ If you have questions or are interested in commenting on this letter, please contact the Department of Education at ocr@ed.gov or 800-421-3481 (TDD: 800-877-8339).



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE FOR CIVIL RIGHTS

September 2017

Q&A on Campus Sexual Misconduct

Under Title IX of the Education Amendments of 1972 and its implementing regulations, an institution that receives federal funds must ensure that no student suffers a deprivation of her or his access to educational opportunities on the basis of sex. The Department of Education intends to engage in rulemaking on the topic of schools' Title IX responsibilities concerning complaints of sexual misconduct, including peer-on-peer sexual harassment and sexual violence. The Department will solicit input from stakeholders and the public during that rulemaking process. In the interim, these questions and answers—along with the *Revised Sexual Harassment Guidance* previously issued by the Office for Civil Rights¹—provide information about how OCR will assess a school's compliance with Title IX.

SCHOOLS' RESPONSIBILITY TO ADDRESS SEXUAL MISCONDUCT

Question 1:

What is the nature of a school's responsibility to address sexual misconduct?

Answer:

Whether or not a student files a complaint of alleged sexual misconduct or otherwise asks the school to take action, where the school knows or reasonably should know of an incident of sexual misconduct, the school must take steps to understand what occurred and to respond appropriately.² In particular, when sexual misconduct is so severe, persistent, or pervasive as to deny or limit a student's ability to participate in or benefit from the school's programs or activities, a hostile environment exists and the school must respond.³

¹ Office for Civil Rights, *Revised Sexual Harassment Guidance* (66 Fed. Reg. 5512, Jan. 19, 2001), available at <https://www2.ed.gov/about/offices/list/ocr/docs/shguide.pdf> [hereinafter 2001 Guidance]; see also Office for Civil Rights, Dear Colleague Letter on Sexual Harassment (Jan. 25, 2006), available at <https://www2.ed.gov/about/offices/list/ocr/letters/sexhar-2006.html>.

² 2001 Guidance at (VII).

³ *Davis v. Monroe Cty. Bd. of Educ.*, 526 U.S. 629, 631 (1999); 34 C.F.R. § 106.31(a); 2001 Guidance at (V)(A)(1). Title IX prohibits discrimination on the basis of sex “under any education program or activity” receiving federal financial assistance, 20 U.S.C. § 1681(a); 34 C.F.R. § 106.1, meaning within the “operations” of a postsecondary institution or school district, 20 U.S.C. § 1687; 34 C.F.R. § 106.2(h). The Supreme Court has explained that the statute “confines the scope of prohibited conduct based on the recipient’s degree of control over the harasser and the environment in which the harassment occurs.” *Davis*, 526 U.S. at 644. Accordingly, OCR has informed institutions that “[a] university does not have a duty under Title IX to address an incident of alleged harassment where the incident occurs off-campus and does not involve a program or activity of the recipient.” Oklahoma State University Determination Letter at 2, OCR Complaint No. 06-03-2054 (June 10, 2004); see also University of Wisconsin-Madison Determination Letter, OCR Complaint No. 05-07-2074 (Aug. 6, 2009) (“OCR determined that the alleged assault did not occur in the context of an educational program or activity operated by the University.”). Schools are responsible for redressing a hostile environment that occurs on campus even if it relates to off-campus activities. Under the Clery Act, postsecondary institutions are obliged to collect and report statistics on crimes that occur on campus, on noncampus properties controlled by the institution or an affiliated student organization and used for educational purposes, on public property within or immediately adjacent to campus, and in areas within the patrol jurisdiction of the campus police or the campus security department. 34 C.F.R. § 668.46(a); 34 C.F.R. § 668.46(c).

Each recipient must designate at least one employee to act as a Title IX Coordinator to coordinate its responsibilities in this area.⁴ Other employees may be considered “responsible employees” and will help the student to connect to the Title IX Coordinator.⁵

In regulating the conduct of students and faculty to prevent or redress discrimination, schools must formulate, interpret, and apply their rules in a manner that respects the legal rights of students and faculty, including those court precedents interpreting the concept of free speech.⁶

THE CLERY ACT AND TITLE IX

Question 2:

What is the Clery Act and how does it relate to a school’s obligations under Title IX?

Answer:

Institutions of higher education that participate in the federal student financial aid programs are subject to the requirements of the Clery Act as well as Title IX.⁷ Each year, institutions must disclose campus crime statistics and information about campus security policies as a condition of participating in the federal student aid programs. The Violence Against Women Reauthorization Act of 2013 amended the Clery Act to require institutions to compile statistics for incidents of dating violence, domestic violence, sexual assault, and stalking, and to include certain policies, procedures, and programs pertaining to these incidents in the annual security reports. In October 2014, following a negotiated rulemaking process, the Department issued amended regulations to implement these statutory changes.⁸ Accordingly, when addressing allegations of dating violence, domestic violence, sexual assault, or stalking, institutions are subject to the Clery Act regulations as well as Title IX.

INTERIM MEASURES

Question 3:

What are interim measures and is a school required to provide such measures?

Answer:

Interim measures are individualized services offered as appropriate to either or both the reporting and responding parties involved in an alleged incident of sexual misconduct, prior to an investigation or while an investigation is pending.⁹ Interim measures include counseling, extensions of time or other course-related adjustments, modifications of work or class schedules, campus escort services, restrictions on contact between the parties, changes in work or housing locations, leaves of absence, increased security and monitoring of certain areas of campus, and other similar accommodations.

⁴ 34 C.F.R. § 106.8(a).

⁵ 2001 Guidance at (V)(C).

⁶ Office for Civil Rights, Dear Colleague Letter on the First Amendment (July 28, 2003), *available at* <https://www2.ed.gov/about/offices/list/ocr/firstamend.html>; 2001 Guidance at (XI).

⁷ Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act, Pub. L. No. 101-542, 20 U.S.C. § 1092(f).

⁸ *See* 34 C.F.R. § 668.46.

⁹ *See* 2001 Guidance at (VII)(A).

It may be appropriate for a school to take interim measures during the investigation of a complaint.¹⁰ In fairly assessing the need for a party to receive interim measures, a school may not rely on fixed rules or operating assumptions that favor one party over another, nor may a school make such measures available only to one party. Interim measures should be individualized and appropriate based on the information gathered by the Title IX Coordinator, making every effort to avoid depriving any student of her or his education. The measures needed by each student may change over time, and the Title IX Coordinator should communicate with each student throughout the investigation to ensure that any interim measures are necessary and effective based on the students' evolving needs.

GRIEVANCE PROCEDURES AND INVESTIGATIONS

Question 4:

What are the school's obligations with regard to complaints of sexual misconduct?

Answer:

A school must adopt and publish grievance procedures that provide for a prompt and equitable resolution of complaints of sex discrimination, including sexual misconduct.¹¹ OCR has identified a number of elements in evaluating whether a school's grievance procedures are prompt and equitable, including whether the school (i) provides notice of the school's grievance procedures, including how to file a complaint, to students, parents of elementary and secondary school students, and employees; (ii) applies the grievance procedures to complaints filed by students or on their behalf alleging sexual misconduct carried out by employees, other students, or third parties; (iii) ensures an adequate, reliable, and impartial investigation of complaints, including the opportunity to present witnesses and other evidence; (iv) designates and follows a reasonably prompt time frame for major stages of the complaint process; (v) notifies the parties of the outcome of the complaint; and (vi) provides assurance that the school will take steps to prevent recurrence of sexual misconduct and to remedy its discriminatory effects, as appropriate.¹²

Question 5:

What time frame constitutes a "prompt" investigation?

Answer:

There is no fixed time frame under which a school must complete a Title IX investigation.¹³ OCR will evaluate a school's good faith effort to conduct a fair, impartial investigation in a timely manner designed to provide all parties with resolution.

Question 6:

What constitutes an "equitable" investigation?

¹⁰ 2001 Guidance at (VII)(A). In cases covered by the Clery Act, a school must provide interim measures upon the request of a reporting party if such measures are reasonably available. 34 C.F.R. § 668.46(b)(11)(v).

¹¹ 34 C.F.R. § 106.8(b); 2001 Guidance at (V)(D); *see also* 34 C.F.R. § 668.46(k)(2)(i) (providing that a proceeding which arises from an allegation of dating violence, domestic violence, sexual assault, or stalking must "[i]nclude a prompt, fair, and impartial process from the initial investigation to the final result").

¹² 2001 Guidance at (IX); *see also* 34 C.F.R. § 668.46(k). Postsecondary institutions are required to report publicly the procedures for institutional disciplinary action in cases of alleged dating violence, domestic violence, sexual assault, and stalking, 34 C.F.R. § 668.46 (k)(1)(i), and to include a process that allows for the extension of timeframes for good cause with written notice to the parties of the delay and the reason for the delay, 34 C.F.R. § 668.46 (k)(3)(i)(A).

¹³ 2001 Guidance at (IX); *see also* 34 C.F.R. § 668.46(k)(3)(i)(A).

Answer:

In every investigation conducted under the school's grievance procedures, the burden is on the school—not on the parties—to gather sufficient evidence to reach a fair, impartial determination as to whether sexual misconduct has occurred and, if so, whether a hostile environment has been created that must be redressed. A person free of actual or reasonably perceived conflicts of interest and biases for or against any party must lead the investigation on behalf of the school. Schools should ensure that institutional interests do not interfere with the impartiality of the investigation.

An equitable investigation of a Title IX complaint requires a trained investigator to analyze and document the available evidence to support reliable decisions, objectively evaluate the credibility of parties and witnesses, synthesize all available evidence—including both inculpatory and exculpatory evidence—and take into account the unique and complex circumstances of each case.¹⁴

Any rights or opportunities that a school makes available to one party during the investigation should be made available to the other party on equal terms.¹⁵ Restricting the ability of either party to discuss the investigation (e.g., through “gag orders”) is likely to deprive the parties of the ability to obtain and present evidence or otherwise to defend their interests and therefore is likely inequitable. Training materials or investigative techniques and approaches that apply sex stereotypes or generalizations may violate Title IX and should be avoided so that the investigation proceeds objectively and impartially.¹⁶

Once it decides to open an investigation that may lead to disciplinary action against the responding party, a school should provide written notice to the responding party of the allegations constituting a potential violation of the school's sexual misconduct policy, including sufficient details and with sufficient time to prepare a response before any initial interview. Sufficient details include the identities of the parties involved, the specific section of the code of conduct allegedly violated, the precise conduct allegedly constituting the potential violation, and the date and location of the alleged incident.¹⁷ Each party should receive written notice in advance of any interview or hearing with sufficient time to prepare for meaningful participation. The investigation should result in a written report summarizing the relevant exculpatory and inculpatory evidence. The reporting and responding parties and appropriate officials must have timely and equal access to any information that will be used during informal and formal disciplinary meetings and hearings.¹⁸

INFORMAL RESOLUTIONS OF COMPLAINTS

Question 7:

After a Title IX complaint has been opened for investigation, may a school facilitate an informal resolution of the complaint?

Answer:

If all parties voluntarily agree to participate in an informal resolution that does not involve a full investigation and adjudication after receiving a full disclosure of the allegations and their options for formal resolution and if a school determines that the particular Title IX complaint is appropriate for such a process, the school may facilitate an informal resolution, including mediation, to assist the parties in reaching a voluntary resolution.

¹⁴ 2001 Guidance at (V)(A)(1)-(2); *see also* 34 C.F.R. § 668.46(k)(2)(ii).

¹⁵ 2001 Guidance at (X).

¹⁶ 34 C.F.R. § 106.31(a).

¹⁷ 2001 Guidance at (VII)(B).

¹⁸ 34 C.F.R. § 668.46(k)(3)(i)(B)(3).

DECISION-MAKING AS TO RESPONSIBILITY

Question 8:

What procedures should a school follow to adjudicate a finding of responsibility for sexual misconduct?

Answer:

The investigator(s), or separate decision-maker(s), with or without a hearing, must make findings of fact and conclusions as to whether the facts support a finding of responsibility for violation of the school's sexual misconduct policy. If the complaint presented more than a single allegation of misconduct, a decision should be reached separately as to each allegation of misconduct. The findings of fact and conclusions should be reached by applying either a preponderance of the evidence standard or a clear and convincing evidence standard.¹⁹

The decision-maker(s) must offer each party the same meaningful access to any information that will be used during informal and formal disciplinary meetings and hearings, including the investigation report.²⁰ The parties should have the opportunity to respond to the report in writing in advance of the decision of responsibility and/or at a live hearing to decide responsibility.

Any process made available to one party in the adjudication procedure should be made equally available to the other party (for example, the right to have an attorney or other advisor present and/or participate in an interview or hearing; the right to cross-examine parties and witnesses or to submit questions to be asked of parties and witnesses).²¹ When resolving allegations of dating violence, domestic violence, sexual assault, or stalking, a postsecondary institution must "[p]rovide the accuser and the accused with the same opportunities to have others present during any institutional disciplinary proceeding, including the opportunity to be accompanied to any related meeting or proceeding by the advisor of their choice."²² In such disciplinary proceedings and any related meetings, the institution may "[n]ot limit the choice of advisor or presence for either the accuser or the accused" but "may establish restrictions regarding the extent to which the advisor may participate in the proceedings."²³

Schools are cautioned to avoid conflicts of interest and biases in the adjudicatory process and to prevent institutional interests from interfering with the impartiality of the adjudication. Decision-making techniques or approaches that apply sex stereotypes or generalizations may violate Title IX and should be avoided so that the adjudication proceeds objectively and impartially.

¹⁹ The standard of evidence for evaluating a claim of sexual misconduct should be consistent with the standard the school applies in other student misconduct cases. In a recent decision, a court concluded that a school denied "basic fairness" to a responding party by, among other things, applying a lower standard of evidence only in cases of alleged sexual misconduct. *Doe v. Brandeis Univ.*, 177 F. Supp. 3d 561, 607 (D. Mass. 2016) ("[T]he lowering of the standard appears to have been a deliberate choice by the university to make cases of sexual misconduct easier to prove—and thus more difficult to defend, both for guilty and innocent students alike. It retained the higher standard for virtually all other forms of student misconduct. The lower standard may thus be seen, in context, as part of an effort to tilt the playing field against accused students, which is particularly troublesome in light of the elimination of other basic rights of the accused."). When a school applies special procedures in sexual misconduct cases, it suggests a discriminatory purpose and should be avoided. A postsecondary institution's annual security report must describe the standard of evidence that will be used during any institutional disciplinary proceeding arising from an allegation of dating violence, domestic violence, sexual assault, or stalking. 34 C.F.R. § 668.46(k)(1)(ii).

²⁰ 34 C.F.R. § 668.46(k)(3)(i)(B)(3).

²¹ A school has discretion to reserve a right of appeal for the responding party based on its evaluation of due process concerns, as noted in Question 11.

²² 34 C.F.R. § 668.46(k)(2)(iii).

²³ 34 C.F.R. § 668.46(k)(2)(iv).

DECISION-MAKING AS TO DISCIPLINARY SANCTIONS

Question 9:

What procedures should a school follow to impose a disciplinary sanction against a student found responsible for a sexual misconduct violation?

Answer:

The decision-maker as to any disciplinary sanction imposed after a finding of responsibility may be the same or different from the decision-maker who made the finding of responsibility. Disciplinary sanction decisions must be made for the purpose of deciding how best to enforce the school's code of student conduct while considering the impact of separating a student from her or his education. Any disciplinary decision must be made as a proportionate response to the violation.²⁴ In its annual security report, a postsecondary institution must list all of the possible sanctions that the institution may impose following the results of any institutional disciplinary proceeding for an allegation of dating violence, domestic violence, sexual assault, or stalking.²⁵

NOTICE OF OUTCOME AND APPEALS

Question 10:

What information should be provided to the parties to notify them of the outcome?

Answer:

OCR recommends that a school provide written notice of the outcome of disciplinary proceedings to the reporting and responding parties concurrently. The content of the notice may vary depending on the underlying allegations, the institution, and the age of the students. Under the Clery Act, postsecondary institutions must provide simultaneous written notification to both parties of the results of the disciplinary proceeding along with notification of the institution's procedures to appeal the result if such procedures are available, and any changes to the result when it becomes final.²⁶ This notification must include any initial, interim, or final decision by the institution; any sanctions imposed by the institution; and the rationale for the result and the sanctions.²⁷ For proceedings not covered by the Clery Act, such as those arising from allegations of harassment, and for all proceedings in elementary and secondary schools, the school should inform the reporting party whether it found that the alleged conduct occurred, any individual remedies offered to the reporting party or any sanctions imposed on the responding party that directly relate to the reporting party, and other steps the school has taken to eliminate the hostile environment, if the school found one to exist.²⁸ In an elementary or secondary school, the notice should be provided to the parents of students under the age of 18 and directly to students who are 18 years of age or older.²⁹

²⁴ 34 C.F.R. § 106.8(b); 2001 Guidance at (VII)(A).

²⁵ 34 C.F.R. § 668.46(k)(1)(iii).

²⁶ 34 C.F.R. § 668.46(k)(2)(v). The Clery Act applies to proceedings arising from allegations of dating violence, domestic violence, sexual assault, and stalking.

²⁷ 34 C.F.R. § 668.46(k)(3)(iv).

²⁸ A sanction that directly relates to the reporting party would include, for example, an order that the responding party stay away from the reporting party. *See* 2001 Guidance at vii n.3. This limitation allows the notice of outcome to comply with the requirements of the Family Educational Rights and Privacy Act. *See* 20 U.S.C. § 1232g(a)(1)(A); 34 C.F.R. § 99.10; 34 C.F.R. § 99.12(a). FERPA provides an exception to its requirements only for a postsecondary institution to communicate the results of a disciplinary proceeding to the reporting party in cases of alleged crimes of violence or specific nonforcible sex offenses. 20 U.S.C. § 1232g(b)(6); 34 C.F.R. § 99.31(a)(13).

²⁹ 20 U.S.C. § 1232g(d).

Question 11:

How may a school offer the right to appeal the decision on responsibility and/or any disciplinary decision?

Answer:

If a school chooses to allow appeals from its decisions regarding responsibility and/or disciplinary sanctions, the school may choose to allow appeal (i) solely by the responding party; or (ii) by both parties, in which case any appeal procedures must be equally available to both parties.³⁰

EXISTING RESOLUTION AGREEMENTS

Question 12:

In light of the rescission of OCR's 2011 Dear Colleague Letter and 2014 Questions & Answers guidance, are existing resolution agreements between OCR and schools still binding?

Answer:

Yes. Schools enter into voluntary resolution agreements with OCR to address the deficiencies and violations identified during an OCR investigation based on Title IX and its implementing regulations. Existing resolution agreements remain binding upon the schools that voluntarily entered into them. Such agreements are fact-specific and do not bind other schools. If a school has questions about an existing resolution agreement, the school may contact the appropriate OCR regional office responsible for the monitoring of its agreement.

Note: The Department has determined that this Q&A is a significant guidance document under the Final Bulletin for Agency Good Guidance Practices of the Office of Management and Budget, 72 Fed. Reg. 3432 (Jan. 25, 2007). This document does not add requirements to applicable law. If you have questions or are interested in commenting on this document, please contact the Department of Education at ocr@ed.gov or 800-421-3481 (TDD: 800-877-8339).

³⁰ 2001 Guidance at (IX). Under the Clery Act, a postsecondary institution must provide simultaneous notification of the appellate procedure, if one is available, to both parties. 34 C.F.R. § 668.46(k)(2)(v)(B). OCR has previously informed schools that it is permissible to allow an appeal only for the responding party because "he/she is the one who stands to suffer from any penalty imposed and should not be made to be tried twice for the same allegation." Skidmore College Determination Letter at 5, OCR Complaint No. 02-95-2136 (Feb. 12, 1996); *see also* Suffolk University Law School Determination Letter at 11, OCR Complaint No. 01-05-2074 (Sept. 30, 2008) ("[A]ppeal rights are not necessarily required by Title IX, whereas an accused student's appeal rights are a standard component of University disciplinary processes in order to assure that the student is afforded due process before being removed from or otherwise disciplined by the University."); University of Cincinnati Determination Letter at 6, OCR Complaint No. 15-05-2041 (Apr. 13, 2006) ("[T]here is no requirement under Title IX that a recipient provide a victim's right of appeal.").

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COMPLIANCE, AUDIT AND RISK COMMITTEE BRIEFING- Title IX

Kay Heidbreder

University Legal Counsel

An orange L-shaped graphic consisting of a vertical line on the right and a horizontal line on the bottom, positioned to the right of the text.



Title IX

“ No person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any educational program or activity receiving Federal financial assistance.”

”



Dear Colleague Letter Office For Civil Rights - September, 2017

- Withdrawal of Obama era Dear Colleague Letter issued in 2011 and 2014. Question and Answer guidance.
- Issuance of Question and Answer guidance to respond to Title IX and sexual violence complaints
- OCR to develop new regulations subject to notice and comment under APA rules and procedures.



Changes in Requirements

- Nothing in the Dear Colleague Letter requires changes in current policy.
- Permissible Changes:
 - University policy should address Freedom of Speech
 - No time frame mandated for investigation, but time frame must be reasonable.
 - Burden on the institution to gather evidence in investigation



Changes continued:

- Gag Orders prohibited
- Alternative dispute resolution is allowed in appropriate cases
- Standard of Proof can be either preponderance of evidence or clear and convincing, but must be the same in all misconduct cases
- Interim protective measures before hearing; emphasis now is that neither party can be advantaged over the other



Virginia Tech Response

Since Virginia Tech policies comply with the new Dear Colleague Letter, no changes currently planned



Questions?

2016 Jeanne Clery Act Report

https://police.vt.edu/content/dam/police_vt_edu/clery-reports/2016-clery-act-annual-campus-security-fire-safety-report.pdf

Board of Visitors Presentation
November 5, 2017
Virginia Tech Police Chief Kevin Foust

THE 2016 JEANNE CLERY ACT REPORT OF CAMPUS SECURITY AND FIRE SAFETY

■ CLERY ACT – WHAT IS IT?

Jeanne Clery was raped and murdered in her dorm room at Lehigh University in 1986. Her killer was another student. Her parents believe she would have been more cautious if she had known about other violent crimes at Lehigh.

The Clery Act is a federal law which requires higher education institutions to report crime statistics to current & prospective students & employees, amongst other things.



Last updated in June 2016.

Clery requires Virginia Tech to include 4 general categories of offenses in our Annual Safety/Security Report:

- 1. Criminal offenses**
- 2. Hate Crimes**
- 3. Violence Against Women Act (VAWA) offenses**
- 4. Arrests and referrals for disciplinary action**

We must include in our annual crime statistics the number of all reported offenses without regard to the findings of a court, coroner or jury, or the decision of a prosecutor.

■ CLERY ACT – WHAT ARE THE CLERY REPORTABLE CRIMES?

The Clery Act identifies certain crimes as “Clery reportable” crimes. They are:

Criminal homicide: Murder, Non-negligent Manslaughter and Manslaughter by Negligence

Sexual Assault (Sex Offenses): Rape, Fondling, Incest, Statutory Rape

Robbery

Aggravated assault

Burglary

Motorvehicle theft

Arson

Domestic Violence

Dating Violence

Stalking

Hate crimes

Arrests & disciplinary referrals for violations of liquor, drug, & weapons laws

■ CLERY ACT – EMERGENCY NOTIFICATION VS. TIMELY WARNING

The Clery Act states that an Emergency Notification (VT Alert) **MUST BE** sent upon confirmation of a **significant emergency or dangerous situation** involving an **immediate threat to the health or safety of students or employees occurring on the campus**. An “immediate” threat as used here encompasses an **imminent or impending threat**, such as an approaching forest fire, as well as a fire currently raging in one of your buildings.

Examples:

- **Outbreak of meningitis, norovirus or other serious illness**
- **Approaching tomoado, hurricane or other extreme weather conditions**
- **Earthquake**
- **Gas leak**
- **Terrorist incident**
- **Armed intruder**
- **Bomb threat**
- **Civil unrest or rioting**
- **Explosion**
- **Nearby chemical or hazardous waste spill**

■ CLERY ACT HANDBOOK FOR CAMPUS SAFETY AND SECURITY REPORTING

The crimes identified under Clery are subject to “Timely Warnings.”

“The Clery Act requires you to alert the campus community to certain crimes in a manner that is timely and will aid in the prevention of similar crimes. Although the Clery Act doesn’t define ‘timely’, the intent of the warning regarding a criminal incident(s) is to enable people to protect themselves. This means that a warning should be issued as soon as pertinent information is available.”

We are required to issue a timely warning “for all Clery Act crimes that occur on your Clery Act geography that are:

- **reported to campus security authorities or local police agencies; and**
- **considered by the institution to represent a serious or continuing threat to students and employees.”**

■ CLERY ACT HANDBOOK FOR CAMPUS SAFETY AND SECURITY REPORTING

Clery directs us to consider 3 factors prior to issuing a timely warning:

- 1. the nature of the crime (was it a Clery Act crime?),**
- 2. the continuing danger to the campus community, and**
- 3. the possible risk of compromising law enforcement efforts.**

The Clery Act does not specifically address the content of a timely warning, but does state “the warning should include all information that would promote safety and that would aid in the prevention of similar crimes”. Hence, the safety tips that are included in all of our timely warnings.

CLERY ACT – SEXUAL ASSAULT AND TIMELY WARNING

Example Timely Warning

From: VTPolice@vt.edu [mailto:VTPolice@vt.edu]
Sent: Wednesday, September 6, 2017 5:21 PM
Subject: Crime Alert - Sexual Assault

On Tuesday, September 5, 2017, the Virginia Tech Police Department took a report of a sexual assault which occurred in the early morning hours of September 4, 2017 at 600 Washington Street S.W., Payne Hall. The survivor and suspect are both Virginia Tech students, who were previously unacquainted.

This information is being released in accordance with the federal Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act, commonly known as the Clery Act. The Clery Act requires all colleges and universities that participate in federal financial aid programs to keep and disclose information about crime on and near their respective campuses, including timely warnings of crimes that may represent a serious or ongoing threat to the safety of students or employees.

The Virginia Tech Police Department reminds all community members of the following information about sexual assault. Note that this information is general in nature and does not necessarily relate to any specific incident:

According to many published reports, any college community member might become the target of a sexual assault regardless of gender identity or sexual orientation.

Survivors of a sexual assault are never responsible for the behavior of the suspect nor the harm done to them by the suspect.

The most common type of sexual assault is not by a stranger but by someone the survivor knows, typically a date or acquaintance.

Alcohol and drugs are often used to create vulnerability to sexual assault. Studies of sexual assault incidents show a high correlation between acquaintance rape and drug/alcohol usage. Be alert to people pressuring you or others to use alcohol or other drugs. Be alert to people pressuring you or others to accept either alcoholic or non-alcoholic drinks prepared by others. If you do not feel comfortable accepting a drink you did not prepare yourself, do not do so.

Trust your instincts. If you feel uneasy or sense something is wrong, do what you can to get yourself and those who may be with you out of that situation or call for assistance.

Make a plan in advance for a safe means of getting home. Use and encourage others to have a companion or a safe means of getting home, i.e., a trusted friend, taxi, or Safe Ride if available.

Be active in supporting a safe and respectful community. If you see others engaging in disrespectful or inappropriate actions, speak up and get involved, or contact someone else to assist. For more information, see: http://stopabuse.vt.edu/Get_Involved.html

Example Timely Warning

If you engage in sexual activity, be sure you understand your partner's limits, and communicate your own limits clearly. Don't engage in sexual activities without affirmative consent. The Hokie Handbook defines consent as "knowing, voluntary, and clear permission by word or action, to engage in mutually agreed upon sexual activity. The existence of consent is based on the totality of circumstances, including the context in which the alleged consent occurred. Silence does not necessarily constitute consent and coercion, force, or threat of either party invalidates consent. Consent cannot be given where a person is incapacitated due to drugs or alcohol; or where a person has a disability; or is not of legal age to consent as defined by law. Consent to any one form of sexual activity cannot automatically imply consent to any other forms of sexual activity. Consent can be withdrawn at any time. Previous relationships or prior consent cannot imply consent to future sexual acts".

If you have imminent concerns for the safety of others, call the police to ask for assistance.

If you are sexually assaulted, you have several options. Please see related information at this website: www.stopabuse.vt.edu. The website has guidance for filing anonymous or formal reports. In addition, assistance is available through the following resources:

- Women's Center at Virginia Tech: 540-231-7806
- Women's Resource Center of the New River Valley: 540-639-1123
- Kelly Oaks: Title IX Coordinator: 540-231-8771
- Katie Polidoro: Deputy Title IX Coordinator: 540-231-1824
- Cook Counseling Center: 540-231-6557
- Dean of Students Office: 540-231-3787
- Virginia Tech Police Department: 540-382-4343

If you report a sexual assault that occurred on the Virginia Tech campus, Virginia Tech Police will investigate, provide assistance, and offer related services to support your safety and well-being. If the crime occurred in another jurisdiction, Virginia Tech Police will assist you in accessing assistance in that jurisdiction.

The Virginia Tech Police Department offers a range of personal safety programs, including a Rape Aggression Defense courses. For more information: <http://police.vt.edu/programs-training/rad.html>



VIRGINIA TECH BLACKSBURG CAMPUS CRIMES STATISTICS 2016

OFFENSE TYPE	On Campus			Non Campus			Public Property			Year Total			Residential			Unfounded		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
Murder & Non negligent Manslaughter	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manslaughter By Negligence	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rape	8	6	11	0	0	1	0	0	0	8	6	12	3	4	6	1	0	1
Fondling	5	2	7	0	0	0	0	0	0	5	2	7	3	2	3	0	0	0
Incest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Statutory Rape	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Robbery	0	0	1	0	0	0	0	0	0	0	0	1	0	0	0	0	1	0
Aggravated Assault	4	2	3	1	0	0	0	0	0	5	2	3	0	0	3	0	0	0
Burglary	22	33	27	1	0	1	0	0	0	23	33	28	17	29	22	3	2	2
Motor Vehicle Theft	1	2	2	0	1	1	0	0	0	1	3	3	0	0	0	0	0	0
Liquor Law Violations Referred	640	542	591	0	0	0	0	0	0	640	542	591	579	492	536	0	0	0
Liquor Law Arrests	114	74	51	0	0	0	4	2	1	118	76	52	58	33	15	0	0	0
Drug Law Violations Referred	30	51	49	0	0	0	0	0	0	29	51	49	21	29	42	0	0	0
Drug Law Arrests	45	73	74	0	0	1	3	0	0	48	73	75	30	38	57	0	0	0
Illegal Weapons Possession Referred	0	2	0	0	0	0	0	0	0	0	2	0	0	0	0	0	0	0
Illegal Weapons Possession Arrests	3	3	0	0	0	0	1	0	1	4	3	1	0	0	0	0	0	0
Arson	1	1	0	0	0	0	0	0	0	1	1	0	1	1	0	0	0	0
Domestic Violence**	3	7	3	1	0	0	0	0	0	4	7	3	0	3	0	0	0	0
Dating Violence**	1	0	2	0	0	0	0	0	0	1	0	2	0	0	2	0	0	0
Stalking**	0	1	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0

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