

Minutes

COMPLIANCE, AUDIT, AND RISK COMMITTEE The Inn at Virginia Tech, Latham A/B November 18-19, 2024

Closed Session

November 18, 4:30 pm

Committee Members Present: Anna James (chair), Dave Calhoun, Starlette Johnson, Ryan McCarthy, Jim Miller, John Rocovich

Other Board Members Present: Ed Baine (Rector), Nancy Dye, Bill Holtzman, Don Horsley, J. Pearson, Jeanne Stosser

Virginia Tech Personnel: Simon Allen, Cyril Clarke, Corey Earles, Suzanne Griffin, Rebecca Halsey, Kay Heidbreder, Sharon Kurek, Randy Marchany, Kim O'Rourke, Sharon Pitt, David Raymond, Paul Richter, Timothy Sands, Amy Sebring, Brennan Shepard

1. **Motion to Begin Closed Session:** Committee member John Rocovich moved to begin closed session at 4:45 pm.
2. **Update on Fraud, Waste, and Abuse Cases:** The Committee received an update on outstanding fraud, waste, and abuse cases.
3. **Personnel and Legal Compliance Risk Discussion:** The Chief Compliance Officer and University Legal Counsel discussed a personnel and legal compliance risk with the Committee.
4. **Office of State Inspector General (OSIG) Higher Education Institutions Cybersecurity Audit Report:** The Chief Audit Executive shared identified opportunities for the university to enhance its cybersecurity processes by considering the recommendations from the OSIG final report of Virginia Tech's cybersecurity operations.
5. **IT Security and Risk Update:** The Committee received a presentation from the Vice President for Information Technology and Chief Information Officer with an update on IT Security and related risks. The university secures its assets in accordance with the National Institute of Standards and Technology (NIST) Cyber

Security Framework, which is organized into six key areas: Govern, Identify, Protect, Detect, Respond, and Recover. Additionally, the full Information Security Annual Report was provided to the board.

6. **Discussion with the Vice President for Audit, Risk, and Compliance and Chief Risk Officer:** The Vice President discussed employee performance and evaluation of performance of departments or schools of public institutions of higher education where such evaluation involved discussion of the performance of specific individuals.
7. **Motion to End Closed Session:** Committee member Starlette Johnson moved to end closed session at 5:35 pm.

Open Session

November 19, 10:00 am

Committee Members Present: Anna James (chair), Dave Calhoun, Starlette Johnson, Ryan McCarthy, Jim Miller, John Rocovich

Other Board Members Present: Ed Baine (Rector), Janice Austin (A/P faculty representative), LaTawnya Burleson (staff representative)

Virginia Tech Personnel: Simon Allen, Harrison Blythe, Caroline Buscaglia, Corey Earles, Juan Espinoza, Ron Fricker, Martha Glass, Ellington Graves, Suzanne Griffin, Chelsea Haines, Rebecca Halsey, Ryan Hamilton, Kay Heidbreder, Anne Keeler, Sharon Kurek, Mike Mulhare, Justin Noble, Kelly Oaks, Kim O'Rourke, Dale Pike, Sharon Pitt, Menah Pratt, David Raymond, Paul Richter, Timothy Sands, Amy Sebring, Michael Stowe, Dan Sui, Aimee Surprenant, John Talerico, Rob Viers, Melinda West

Guests: Andrew Jessup, Jimmy Quesenberry, Megan Richard

1. **Welcome and Acceptance of the Agenda:** The chair of the Compliance, Audit, and Risk Committee called the meeting to order at 10:14 am, provided opening remarks, and asked for acceptance of the open session agenda.
2. **Consent Agenda:** The Committee considered for approval and acceptance the items listed on the Consent Agenda.
 - a. **Minutes from the August 28, 2024 Meeting:** The Committee reviewed and approved the minutes of the August 28, 2024 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, 2024, the university had three open recommendations. Seven audit comments were issued during the first quarter of the fiscal year. As of September 30, 2024, the university had addressed three comments, leaving seven open recommendations in progress.
- c. **Audit Plan Status Report:** The Committee reviewed the Audit Plan Status Report. The Office of Audit, Risk, and Compliance (OARC) has completed 14 percent of its audit plan, and 44 percent is underway, in accordance with the fiscal year 2024-25 annual audit plan.
- d. **Internal Audit Reports:** The following internal audit reports were issued by OARC since the August 28, 2024 meeting. Where applicable, management developed action plans to effectively address the issues in the report with a reasonable implementation timeframe. As noted above, OARC conducts follow-up on management's implementation of agreed upon improvements for previously issued audit recommendations.
- i. **Aerospace and Ocean Engineering:** The audit received a rating of improvements are recommended. Observations were noted related to labor cost transfers and laboratory access. Low-priority recommendations of a less significant nature were noted related to non-labor expenses and laboratory safety training.
 - ii. **Real Estate Management:** The audit received a rating of improvements are recommended. An observation was noted related to lease payments that did not undergo the required approval process.
 - iii. **Sponsored Programs: Pre-Award:** The audit received a rating of improvements are recommended. An observation was noted related to the principal investigators (PIs) status verification.
 - iv. **University Building Official:** The audit received an effective rating.
 - v. **College of Agriculture and Life Sciences Policy Compliance Review:** The audit received a rating of improvements are recommended. Observations were noted related to the areas of fiscal responsibility, wage payroll, P-14 appointments, I-9 verifications, expenditures,

fixed asset management, funds handling, and information technology.

- vi. **Annual Update on Construction Audit Program:** Contract compliance-focused engagements are conducted on Construction Manager-at-Risk projects in three phases (pre-construction, construction in progress, contract close out). The overarching goal of these outsourced reviews is to ensure billings and payments are in accordance with contract documents, eliminate duplicate costs, assess the appropriateness of change orders, and identify opportunities for cost avoidance. Since the November 2023 Compliance, Audit, and Risk Committee report, the following engagements have been completed: a pre-construction review of Mitchell Hall; midpoint reviews with construction in progress of the Student Wellness Improvements and Undergraduate Science Laboratory Building projects; and contract close outs of Corps Leadership and Military Sciences, Data and Decision Sciences, and New Upper Quad Residence Hall projects.
- e. **Review and Approval of Charters:** The Office of Audit, Risk, and Compliance (OARC) presented the Compliance, Audit, and Risk Committee Charter and the Charter for the Office of Audit, Risk, and Compliance for review and approval in accordance with professional standards. After conducting a review, OARC recommended modifications to the charters that reflect the office's new mission statement and strategic goals and achieve alignment with the new professional standards that go into effect in January 2025.
- f. **Notice Pursuant to General Assembly's Animal Research Legislation:** This report notified the Committee of the university's recent results from the U.S. Department of Agriculture Animal and Plant Health Inspection Service inspection, which included a citation for critical noncompliance under the Animal Welfare Act in accordance with the recently amended Code of Virginia Article 13 of Chapter 65 of Title 3.2 § 3.2-6593.2. Furthermore, the university made the report publicly available along with any other relevant documents by displaying a link to access such information on the landing page of the animal testing facility's website, within 30 days of receiving the inspection report.

- g. **External Reviews and Special Reports:** The Committee reviewed a report on external reviews and special reports that have occurred at the university.
3. **Auditor of Public Accounts Financial Statement Audit and Management Letter:** The Committee received a report from Ms. Megan Richard, Audit Director for the Auditor of Public Accounts, on the results of the university's financial statement audit and management letter for the fiscal year ended June 30, 2024, which resulted in an unmodified or "clean" opinion. Furthermore, the audit identified one significant deficiency during fiscal year 2024 related to student financial aid.
4. **Progress on Compliance Plan for Fiscal Year 2024-25:** The Chief Compliance Officer presented an update to the Committee on institutional compliance. The discussion included the updated guidance for the evaluation of compliance programs from the U.S. Department of Justice. The noted aspects of the university's institutional compliance program that help ensure significant compliance risks are identified, addressed, and managed effectively have been categorized by activities that prevent, detect, and correct noncompliance.
5. **Enterprise Risk Discussion: Civil Rights Compliance:** The Committee received a presentation from Dr. Kelly Oaks, Associate Vice President for Equity and Accessibility, on civil rights compliance including the Office of Equity and Accessibility's (OEA) scope and complexities of the work, the changing landscape and challenging timelines to implement changes, the operational realities of serving our community, and what is on the horizon. Additionally, the fiscal year 2022-23 annual reports on OEA and Title IX were provided to the board.
6. **Discussion of Future Topics:** The Committee discussed topics to be covered in future committee meetings. The meeting adjourned at 10:53 am.

Closed Session Agenda

COMPLIANCE, AUDIT, AND RISK COMMITTEE

The Inn at Virginia Tech, Latham A/B

November 18, 2024

4:30 pm

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Motion to Begin Closed Session	Committee Member
2. Update on Fraud, Waste, and Abuse Cases	Ryan Hamilton Sharon Kurek
3. Personnel and Legal Compliance Risk Discussion	Suzanne Griffin Kay Heidbreder
4. Office of the State Inspector General (OSIG) Higher Education Institutions Cybersecurity Audit Report	Justin Noble
# 5. IT Security and Risk Update	Sharon Pitt
6. Discussion with the Vice President for Audit, Risk, and Compliance and Chief Risk Officer	Sharon Kurek
7. Motion to End Closed Session	Committee Member

Discusses Enterprise Risk Management topic(s).

Open Session Agenda

COMPLIANCE, AUDIT, AND RISK COMMITTEE

The Inn at Virginia Tech, Latham B
November 19, 2024
10:00 am

<u>Agenda Item</u>	<u>Reporting Responsibility</u>
1. Welcome and Acceptance of Agenda	Committee Chair
2. Consent Agenda	Committee Chair
a. Minutes from the August 28, 2024 Meeting	
b. Update of Responses to Open Internal Audit Comments	
c. Audit Plan Status Report	
d. Internal Audit Reports	
i. Aerospace and Ocean Engineering	
ii. Real Estate Management	
iii. Sponsored Programs: Pre-Award	
iv. University Building Official	
v. College of Agriculture and Life Sciences Policy Compliance Review	
vi. Annual Update on Construction Audit Program	
e. Review and Approval of Charters	
i. Compliance, Audit, and Risk Committee Charter	
ii. Office of Audit, Risk, and Compliance Charter	
f. Notice Pursuant to General Assembly's Animal Research Legislation	
g. External Reviews and Special Reports	
3. Auditor of Public Accounts Financial Statement Audit and Management Letter	Megan Richard
4. Progress on Compliance Plan for Fiscal Year 2024-25	Suzanne Griffin
# 5. Enterprise Risk Discussion: Civil Rights Compliance	Kelly Oaks
6. Discussion of Future Topics	Committee Chair
# Discusses Enterprise Risk Management topic(s).	

Update of Responses to Open Internal Audit Comments

COMPLIANCE, AUDIT, AND RISK COMMITTEE

September 30, 2024

As part of the internal audit process, university management participates in the opening and closing conferences and receives copies of all final audit 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, the Office of Audit, Risk, and Compliance (OARC) performs a follow-up visit within two weeks after the target implementation date. OARC 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 Compliance, Audit, and Risk 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 August 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 2025 reflects closing three of three recommendations by the original target date.

The report presented at the August 27, 2024 meeting covered audit reports reviewed and accepted through June 30, 2024 and included three open medium and high priority recommendations. Activity for the quarter ending September 30, 2024 resulted in the following:

Open recommendations as of June 30, 2024	3
Add: medium and high priority recommendations accepted August 27, 2024	7
Subtract: recommendations addressed since June 30, 2024	3
Remaining open recommendations as of September 30, 2024	<u><u>7</u></u>

While this report is prepared as of the end of the quarter, management continues to receive updates from OARC regarding auditee progress on action plans. All other remaining open recommendations are progressing as expected and are on track to meet their respective target dates. Management continues to work jointly with all units and provides assistance as needed to help with timely completion of action plans.

ATTACHMENT A

Open Recommendations by Priority Level

COMPLIANCE, AUDIT, AND RISK COMMITTEE

September 30, 2024

Report Date	Audit Name	Audit Number	Total Recommendations						
			ISSUED	COMPLETED	OPEN				
					Extended		On-schedule		Total
					High	Medium	High	Medium	Open
Mar 05, 2024	College of Veterinary Medicine	24-1715	4	3	-	-	-	1	1
Mar 25, 2024	IT Policy Compliance Review: Athletics	24-1706B	1	-	-	-	1	-	1
Jun 07, 2024	Vice President for Student Affairs	24-1716	3	2	-	-	-	1	1
Jul 29, 2024	College of Architecture, Arts, and Design	24-1714	2	-	-	-	-	2	2
Aug 05, 2024	Chemistry	24-1693	2	-	-	-	1	1	2
Totals:			12	5	-	-	2	5	7

ATTACHMENT B

Open Audit Recommendations

COMPLIANCE, AUDIT, AND RISK COMMITTEE

September 30, 2024

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 / Current		
Jun 07, 2024	1	24-1716	Vice President for Student Affairs	Information Technology	Medium		Jan 15, 2025		1	
Aug 05, 2024	2	24-1693	Chemistry	Laboratory Safety Culture	High		Jan 31, 2025		1	
Jul 29, 2024	3	24-1714	College of Architecture, Arts, and Design	P14 Appointments	Medium		Feb 01, 2025		1	
Jul 29, 2024	4	24-1714	College of Architecture, Arts, and Design	Wage Payroll	Medium		Feb 01, 2025		1	
Mar 25, 2024	5	24-1706B	IT Policy Compliance Review: Athletics	Information Technology Controls	High		Apr 01, 2025		1	
Mar 05, 2024	6	24-1715	College of Veterinary Medicine	Fixed Asset Management	Medium		May 01, 2025		1	
Aug 05, 2024	7	24-1693	Chemistry	Key Control	Medium		Jul 30, 2025		1	

Follow Up Status

- 1 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.

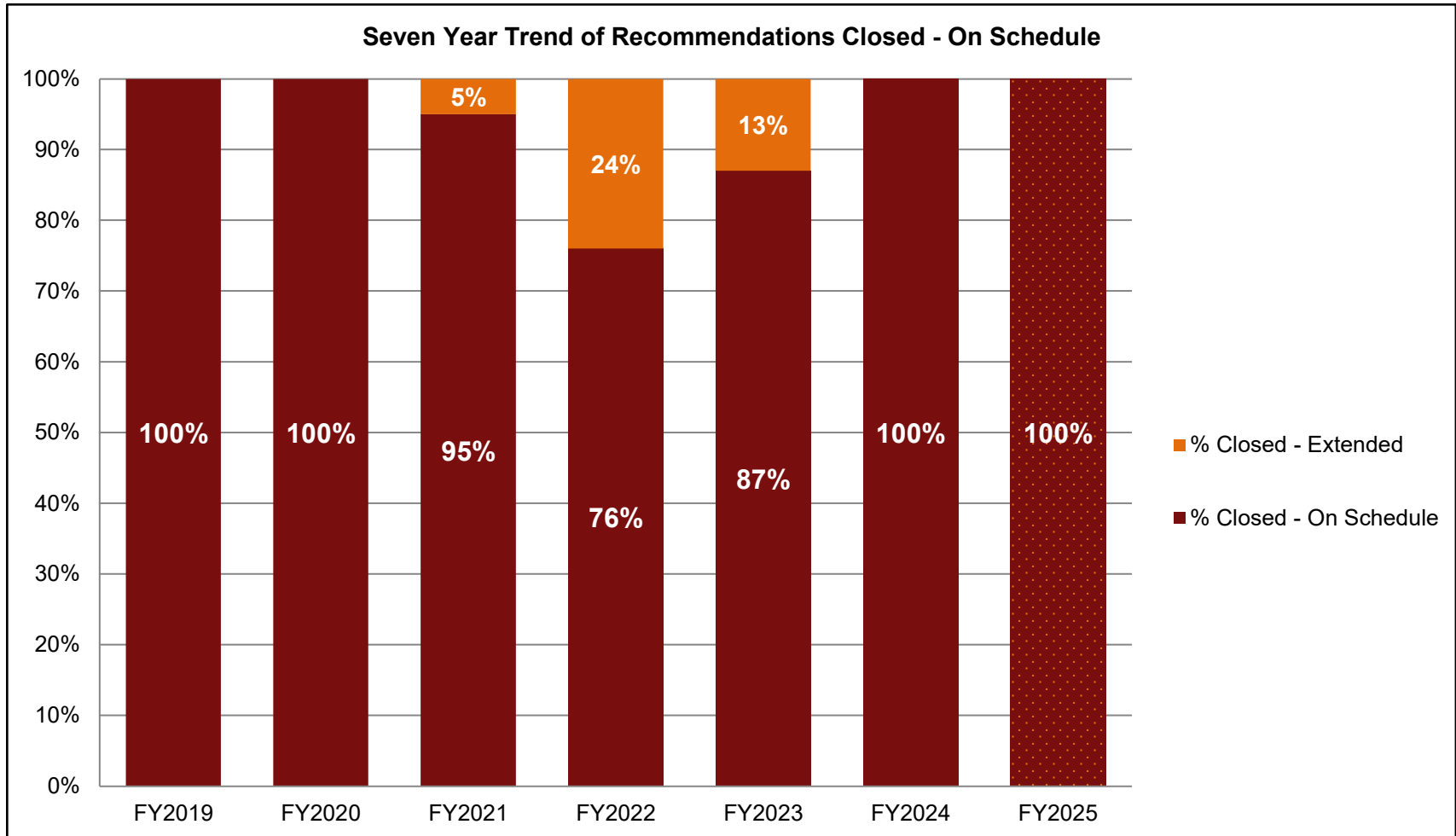
For Open Detail Report: "current calendar quarter" is used to refer to the current working quarter instead of the quarter being reported on.

ATTACHMENT C

**Management Performance and Trends Regarding
Office of Audit, Risk, and Compliance Recommendations**

COMPLIANCE, AUDIT, AND RISK COMMITTEE

September 30, 2024



Audit Plan Status Report
COMPLIANCE, AUDIT, AND RISK COMMITTEE

November 19, 2024

Audit Plan Update

Audits were performed in accordance with the fiscal year 2024-25 annual audit plan at a level consistent with the resources of the Office of Audit, Risk, and Compliance (OARC). Since the August board meeting five planned projects have been completed including four risk-based audits and one policy compliance review.

Eleven projects are currently underway, including:

- Six risk-based projects: Electrical & Computer Engineering, Immigration Services, National Security Institute, Programs for Minors, Recreational Sports, and Undergraduate Admissions.
- Two policy compliance reviews: ARECs (Hampton Roads, Middleburg, Southwest VA, Tidewater) and Vice President for Information Technology.
- Three advisory projects: Athletics IT Security, Central Funds, and Corps of Cadets Armory.

In fiscal year 2024-25, OARC has completed 14 percent of its audit plan as depicted below.

FY 2024-25 Completion of Audit Plan

Audits	
Total # of Audits Planned	30
Total # of Supplemental Audits	0
Total # of Carry Forwards	6
Total # of Planned Audits Canceled or Deferred	0
Total Audits in Plan as Amended	36
Total Audits Completed	5
Audits - Percentage Complete	14%
Audits - Percentage Complete or Underway	44%
Note: Includes Policy Compliance Reviews and Advisory Services	

Internal Audit Reports
COMPLIANCE, AUDIT, AND RISK COMMITTEE

November 19, 2024

Background

This report provides a summary of engagements completed during this period, including policy compliance and risk-based reviews, as well as an annual update on capital construction audit activities.

Consent Agenda Reports	Rating
Aerospace and Ocean Engineering	Improvements are Recommended
Real Estate Management	Improvements are Recommended
Sponsored Programs: Pre-Award	Improvements are Recommended
University Building Official	Effective
College of Agriculture and Life Sciences Policy Compliance Review	Improvements are Recommended
Annual Update on Construction Audit Program <ul style="list-style-type: none"> a. Corps Leadership and Military Sciences b. Data and Decision Sciences c. Mitchell Hall d. New Upper Quad Residence Hall e. Student Wellness Improvements f. Undergraduate Science Laboratory Building 	n/a

Summary of Ratings

The Office of Audit, Risk, and Compliance'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 reports listed above be accepted by the Compliance, Audit, and Risk Committee.

November 19, 2024

Review and Approval of Charters

COMPLIANCE, AUDIT, AND RISK COMMITTEE

November 19, 2024

The Office of Audit, Risk, and Compliance (OARC) presents the Compliance, Audit, and Risk Committee Charter and the Charter for the Office of Audit, Risk, and Compliance for review and approval in accordance with professional standards. After conducting a review, OARC recommends modifications to the charters that reflect the office's new mission statement and strategic goals and achieve alignment with the new professional standards that go into effect in January 2025.

RECOMMENDATION:

That the Compliance, Audit, and Risk Committee Charter and the Charter for the Office of Audit, Risk, and Compliance be approved by the Compliance, Audit, and Risk Committee.

**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 institutional compliance processes that monitor 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 (i) preparation, presentation, and integrity of the university's financial statements, (ii) maintenance and implementation of effective policies, procedures, and controls designed to assure compliance with generally accepted accounting principles and applicable laws and regulations; and (iii) identification, assessment, monitoring, and management of significant enterprise-level risks to the university. 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 is 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 must meet once a year, but traditionally holds four meetings a year, which typically includes the CAR Committee. Additional meetings may occur more frequently as circumstances warrant. The Committee Chair should discuss the agenda with the Vice President for Audit, Risk, and Compliance and Chief Risk Officer prior

to each Committee meeting to finalize the meeting agenda and review the items to be discussed.

III. RESPONSIBILITIES

In performing its 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. Approve the charter for the Office of Audit, Risk, and Compliance. The charter should be reviewed annually and updated as necessary.
3. Maintain minutes of meetings in accordance with standard board practices.
4. Authorize audits within the Committee's scope of responsibilities.
5. Report Committee actions to the Board of Visitors with such recommendations as the Committee may deem appropriate.
6. Meet in closed session, consistent with state law, (without members of senior management present, when appropriate) with the internal or external auditors to discuss matters that the Committee believe should be discussed privately. The Vice President for Audit, Risk, and Compliance and Chief Risk Officer shall have a regularly scheduled opportunity to meet privately with the Committee at each of its committee meetings.
7. Confer with management in the appointment, reassignment, or dismissal of the Vice President for Audit, Risk, and Compliance and Chief Risk Officer and the Chief Audit Executive.

B. Enterprise 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.
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 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. Review and approve the annual audit plan and any significant changes to the plan.
2. Review the effectiveness of the internal audit function, including staffing resources, financial budget, training, objectivity and reporting relationships.
3. Receive communication from the Chief Audit Executive about the performance of engagements relative to the approved plan and significant results from completed engagements.
4. Ensure a quality assurance and improvement program has been established and review the results annually, including 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. Meet privately with the Chief Audit Executive to inquire of any difficulties encountered in the course of the audits, including any restrictions on the scope of work, access to required information, or resource limitations at least annually.
6. Review and provide input to senior management on the Chief Audit Executive's performance.

E. Institutional 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.

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 institutional compliance processes that monitor 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 (i) preparation, presentation, and integrity of the university's financial statements, (ii) maintenance and implementation of effective policies, procedures, and controls designed to assure compliance with generally accepted accounting principles and applicable laws and regulations; and (iii) identification, assessment, monitoring, and management of significant enterprise-level risks to the university. 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 is 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 must meet once a year, but traditionally holds four meetings a year, which typically includes the CAR Committee. Additional meetings may occur more frequently as circumstances warrant. The Committee Chair should discuss the agenda with the Vice President for Audit, Risk, and Compliance and Chief Risk Officer prior

to each Committee meeting to finalize the meeting agenda and review the items to be discussed.

III. RESPONSIBILITIES

In performing its 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. Approve the charter for the Office of Audit, Risk, and Compliance. The charter should be reviewed annually and updated as necessary.
3. Maintain minutes of meetings in accordance with standard board practices.
4. Authorize audits within the Committee's scope of responsibilities.
5. Report Committee actions to the Board of Visitors with such recommendations as the Committee may deem appropriate.
6. Meet in closed session, consistent with state law, (without members of senior management present, when appropriate) with the internal or external auditors to discuss matters that the Committee believe should be discussed privately. The Vice President for Audit, Risk, and Compliance and Chief Risk Officer shall have a regularly scheduled opportunity to meet privately with the Committee at each of its committee meetings.

Confer with management in the appointment, reassignment, or dismissal of the Vice President for Audit, Risk, and Compliance and Chief Risk Officer and the Chief Audit Executive.

~~6.7.~~

B. Enterprise 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 Effective Date: ~~June 5, 2023~~ November 19,

2024

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. Review and approve the annual audit plan and any significant changes to the plan.
2. Review the effectiveness of the internal audit function, including staffing resources, financial budget, training, objectivity and reporting relationships.
3. ~~Review completed audit reports and progress reports on executing the approved annual audit plan.~~ Receive communication from the Chief Audit Executive about the performance of engagements relative to the approved plan and significant results from completed engagements.
4. ~~Review the results of the~~ Ensure a ~~Office of Audit, Risk, and Compliance's~~ Quality a ~~Assurance and i~~ mprovement p ~~Program (QAIP) has been established and review the results annually,~~ 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. Meet privately with ~~Inquire of~~ the Chief Audit Executive to inquire regarding of any difficulties encountered in the course of the audits, including any restrictions on the scope of work, ~~or~~ access to required information, or resource limitations at least annually.
6. Review and provide input to senior management on the Chief Audit Executive's performance.
- ~~5.1. Confer with management in the appointment, reassignment, or dismissal of the Vice President for Audit, Risk, and Compliance and Chief Risk Officer and the Chief Audit Executive.~~

E. Institutional 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 Effective Date: ~~June 5, 2023~~ November 19,

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.



Charter for the Office of Audit, Risk, and Compliance

No. 3350

Policy Effective Date:
2/9/1989

Last Revision Date:
11/19/2024

Policy Owner:
President Sands

Policy Author:
(Contact Person)
Sharon Kurek

- 1.0 Purpose**
- 2.0 Policy**
- 3.0 Procedures**
- 4.0 Definitions**
- 5.0 References**
- 6.0 Approval and Revisions**

1.0 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.

2.0 Policy

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

The Office of Audit, Risk, and Compliance (OARC) performs comprehensive assurance services through independent internal audit and advisory activities, the university risk management process, and the institutional compliance program. OARC 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. OARC's mission is to enhance value through providing strategic insight, enabling informed decision, and promoting integrity and compliance.

1. *Audit*: Provide independent, objective assurance and advisory activities designed to add value and improve university operations.
2. *Risk Management*: Provide oversight of the enterprise risk management (ERM) program by identifying, assessing, and managing risk by working with risk owners within the ERM process.
3. *Compliance*: Provide oversight of the institutional compliance program and the distributed processes that support compliance across the university by working with subject matter experts and compliance risk owners.

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

The scope of OARC's work is to determine whether Virginia Tech's network of risk management, internal controls, compliance activities, and governance processes, as designed and represented by management, are 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.
- Processes for the collection and administration of significant financial, managerial, and operating information provide management with accurate, reliable, and timely data.



- Compliance with policies, procedures, standards, laws, regulations, contracts, or other requirements.
- Significant legislative or regulatory changes impacting the compliance activities are recognized and addressed properly.
- Resources are acquired, managed, and protected in an economical, efficient, and effective manner.
- Integrity, quality, and continuous improvement are fostered in the university's culture and control processes.

2.2 Accountability

The Vice President for Audit, Risk, and Compliance and Chief Risk Officer shall be accountable to senior leadership and the CAR Committee of the Board of Visitors to:

- Supervise the leaders responsible for Internal Audit and Institutional Compliance.
- Provide assessments on the adequacy and effectiveness of the university's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the activities of the university, including potential improvements to those processes, and provide information concerning such issues through resolution.
- Periodically provide information on the status and results of the annual audit plan, university compliance and risk management activities, and the sufficiency of department resources.
- Coordinate with, and provide oversight of, other compliance, control, and monitoring functions by working with subject matter experts and compliance risk owners.

2.3 Independence, Objectivity, and Professionalism

To provide for OARC's objectivity and professionalism, including the highest level of ethics and integrity, and maintain Internal Audit's independence:

- The Vice President for Audit, Risk, and Compliance and Chief Risk Officer reports to the President and the CAR Committee, and for day-to-day administrative oversight to the Executive Vice President and Chief Operating Officer.
- The Chief Audit Executive reports functionally to the CAR Committee and administratively to the Vice President for Audit, Risk, and Compliance and Chief Risk Officer.
- The Chief Compliance Officer reports to the Vice President for Audit, Risk, and Compliance and Chief Risk Officer and is accountable to the CAR Committee.

OARC personnel will exhibit the highest level of professional objectivity and integrity in gathering, evaluating, and communicating information about the activity or process being examined. OARC assessments will consider all relevant facts and circumstances, and OARC staff will not be influenced by their own personal interests or by others interests in forming judgments.

The internal audit function conducts its activities in accordance with the Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Chief Audit Executive will report annually to the CAR Committee and senior management regarding Internal Audit's



conformance with the Global Internal Audit Standards, including maintaining its independence and objectivity, which will be assessed through an ongoing quality assurance and improvement program.

2.4 Authority

OARC is authorized to:

- Have unrestricted access, consistent with applicable law, to all university functions, data, records, information, physical property, and personnel that they deem necessary to carry out their responsibilities. OARC will exercise discretion in their review and will remain accountable for confidentiality and safeguarding records and information.
- Have direct and unrestricted access to the President and the CAR Committee of the Board of Visitors.
- Allocate resources, set frequencies, select subjects, determine scope of work, and apply techniques, and issue communications to accomplish OARC objectives.
- Obtain assistance for specialized services from within or outside the university to complete engagements.

As Internal Audit is an independent function, OARC staff assigned to its mandate are not authorized to:

- Have direct operational responsibility or authority over any of the procedures, systems, or activities audited.
- Initiate or approve accounting transactions external to OARC.
- Direct the activities of any employee not employed by OARC, except to the extent such employees have been appropriately assigned to assist with OARC engagements or activities.

2.5 Responsibility

OARC has the responsibility to enhance and protect organizational value by:

General:

- Evaluating and assessing existing significant functions and new or changing services, processes, operations, and control processes coincident with their development, implementation and/or expansion of the university.
- Conducting investigations of suspected fraudulent and non-compliant activities and appropriately notifying relevant university management, the CAR Committee, and the appropriate authorities.
- Communicating directly with the CAR Committee on any matters considered to warrant its attention as appropriate, including trends and emerging issues that could impact the university.
- Maintaining a professional staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter.

Enterprise Risk Management:

Enterprise Risk Management, under the direction of the Vice President for Audit, Risk, and Compliance and Chief Risk Officer, provides services including, but not limited to:

- Planning, facilitating, and overseeing the university's ERM processes.
- Executing the periodic university risk assessment process and advising risk owners in their identification, monitoring, and effectiveness of their mitigation activities..



Virginia Polytechnic Institute and State University

- Ensuring risk management plans are maintained and university risk assessment results are reported to senior management and the CAR Committee.

Internal Audit:

Internal Audit, under the direction of the Chief Audit Executive, provides services including, but not limited to:

- Coordinating audit activities to provide a central source of information for management and the CAR Committee regarding all audit activities and to provide comprehensive, cost-effective audit coverage for the university.
- Developing, submitting for approval, and executing a comprehensive risk-based annual audit plan that considers the input of the CAR Committee and senior management.
- Adjusting the internal audit plan, as necessary, in response to changes in the institution's risk, operations, programs, systems, and controls, and communicating significant changes to the plan with the CAR Committee and senior management.
- Performing, documenting, and communicating internal audit engagements in accordance with the Global Internal Audit Standards.
- Appraising the adequacy of actions taken by management to correct significant reported internal control weaknesses and deficient conditions, and reporting this information to the CAR Committee and responsible senior manager as appropriate.
- Establishing and maintaining a quality assurance and improvement program to evaluate Internal Audit's conformance with the Global Internal Audit Standards, including internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team, the results of which will be presented to senior management and the CAR Committee.

Institutional Compliance:

Institutional Compliance, under the direction of the Chief Compliance Officer, provides services including, but not limited to:

- Providing oversight of the institutional compliance program and the distributed processes that support compliance across the university by working with subject matter experts and compliance risk owners.
- Conducting periodic risk assessments to identify potential areas of compliance vulnerability and risk, and ensuring management ownership for monitoring and managing compliance risks.
- Advising institutional compliance risk owners and decentralized compliance risk management leadership.

2.6 Coordination with External Auditing Agencies

To ensure appropriate coordination and completeness of the CAR Committee reporting responsibilities, senior managers should promptly notify OARC of any external audits or reviews. OARC will coordinate its 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. The Vice President for Audit, Risk, and Compliance and Chief Risk Officer, in consultation with the Chief Audit Executive, will work with the



appropriate members of management to determine the level of involvement of OARC, if any, in the performance of each external audit. Duplication of work will be avoided as much as possible.

3.0 Procedures

Principal guidance and direction on how OARC accomplishes its mission and responsibilities is provided to the staff through an office procedures manual. The manual promotes adherence to the Global Internal Audit Standards.

4.0 Definitions

Abuse

The 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. Abuse includes the destruction, diversion, manipulation, misapplication, mistreatment, or misuse of university resources, as well as the extravagant or excessive use of one's position or authority. Abuse can occur in financial or nonfinancial settings.

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 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 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.

Compliance

Activities that support coordination, management, and monitoring of the risks associated with federal, state, and institutional laws, regulations, and policies.

Conflict of Interest

Any relationship that is, or appears to be, not in the best interest of the organization. A conflict of interest could 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.

Engagement

A specific 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 misrepresentation or concealment of information in order to deceive, mislead, or acquire something of value. Fraud is an intentional deception perpetrated to secure an unfair advantage or personal benefit.

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 a function to carry out its responsibilities in an unbiased manner.

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 including mandatory guidance (Global Internal Audit Standards, Topical Guidance) and supplemental guidance (global practice guides).

Objectivity

An unbiased mental attitude that allows individuals to make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments. Objectivity requires that individuals do not subordinate their judgment on matters to others.



Risk

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

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.

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.

Waste

The careless expenditure, consumption, mismanagement, use, or squandering of university resources. Waste also includes incurring unnecessary costs due to inefficient or ineffective practices, systems, or controls.

5.0 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, 2023 edition.

The Institute of Internal Auditors' International Professional Practices Framework, including the Global Internal Audit Standards, effective January 2025.

6.0 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.



Virginia Polytechnic Institute and State University

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.

- Revision 9

Revisions from technical review correcting grammatical, punctuation, word usage, sentence structure, and minor content and/or format inconsistencies.

Approved November 18, 2019 by the Compliance, Audit, and Risk Committee of the Board of Visitors and President, Timothy D. Sands.



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- **Revision 10**
Revisions from technical review correcting grammatical, punctuation, and minor format inconsistencies. Additionally, section 2.9 was revised to clarify expectations on OARC's responsibility for coordinating external audits and reviews.
Approved November 15, 2020 by the Compliance, Audit, and Risk Committee of the Board of Visitors and President, Timothy D. Sands.
- **Revision 11**
Revised to delineate the roles and responsibilities for internal audit, enterprise risk management, and the institutional compliance program. Additional revisions were made to streamline for consistency.
Approved November 14, 2022 by the Compliance, Audit, and Risk Committee of the Board of Visitors and President, Timothy D. Sands.
- **Revision 12**
Updates to position titles and reporting lines due to university reorganization.
Approved June 5, 2023 by the Compliance, Audit, and Risk Committee of the Board of Visitors and President, Timothy D. Sands.
- **Revision 13**
Updates to Internal Audit mandate throughout to align with updated Global Internal Audit Standards.
Approved November 19, 2024 by the Compliance, Audit, and Risk Committee of the Board of Visitors and President, Timothy D. Sands.



Charter for the Office of Audit, Risk, and Compliance

No. 3350

Policy Effective Date:
2/9/1989

Last Revision Date:
~~6/5/2023~~ 11/19/2024

Policy Owner:
President Sands

Policy Author:
(Contact Person)
Sharon Kurek

- 1.0 Purpose
- 2.0 Policy
- 3.0 Procedures
- 4.0 Definitions
- 5.0 References
- 6.0 Approval and Revisions

1.0 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.

2.0 Policy

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

The Office of Audit, Risk, and Compliance (OARC) performs comprehensive assurance services through independent internal audits, and advisory activities, the university risk management process, and the institutional compliance program. OARC 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. OARC's mission is to enhance ~~and protect organizational~~ value by through providing strategic insight, enabling informed decision, and promoting integrity and compliance. ~~risk-based and objective assurance, advice, and insight as follows:~~

1. *Audit:* Provide independent, objective assurance and advisory activities designed to add value and improve university operations.
2. *Risk Management:* Provide oversight of the enterprise risk management (ERM) program by identifying, assessing, and managing risk by working with risk owners within the ERM process.
3. *Compliance:* Provide oversight of the institutional compliance program and the distributed processes that support compliance across the university by working with subject matter experts and compliance risk owners.

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

The scope of OARC's work is to determine whether Virginia Tech's network of risk management, internal controls, compliance activities, and governance processes, as designed and represented by management, are 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.



- Processes for the collection and administration of significant financial, managerial, and operating information provide management with accurate, reliable, and timely data.
- Compliance with policies, procedures, standards, laws, regulations, contracts, or other requirements.
- Significant legislative or regulatory changes impacting the compliance activities are recognized and addressed properly.
- Resources are acquired, managed, and protected in an economical, efficient, and effective manner.
- Integrity, quality, and continuous improvement are fostered in the university's culture and control processes.

2.2 Accountability

The Vice President for Audit, Risk, and Compliance and Chief Risk Officer shall be accountable to senior leadership and the CAR Committee of the Board of Visitors to:

- Supervise the leaders responsible for Internal Audit and Institutional Compliance.
- Provide assessments on the adequacy and effectiveness of the university's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the activities of the university, including potential improvements to those processes, and provide information concerning such issues through resolution.
- Periodically provide information on the status and results of the annual audit plan, university compliance and risk management activities, and the sufficiency of department resources.
- Coordinate with, and provide oversight of, other compliance, control, and monitoring functions by working with subject matter experts and compliance risk owners.

2.3 Independence, Objectivity, and Professionalism

To provide for ~~the OARC's~~ objectivity of risk management and compliance efforts and professionalism, including the highest level of ethics and integrity, and maintain the Internal Audit's independence ~~of the internal audit efforts to ensure the highest ethics and integrity standards:~~

- The Vice President for Audit, Risk, and Compliance and Chief Risk Officer reports to the President and the CAR Committee, and for day-to-day administrative oversight to the Executive Vice President and Chief Operating Officer.
- The Chief Audit Executive reports functionally to the CAR Committee and administratively to the Vice President for Audit, Risk, and Compliance and Chief Risk Officer.
- The Chief Compliance Officer reports to the Vice President for Audit, Risk, and Compliance and Chief Risk Officer and is accountable to the CAR Committee.

OARC personnel will exhibit the highest level of professional objectivity and integrity in gathering, evaluating, and communicating information about the activity or process being examined. OARC assessments will consider all relevant facts and circumstances, and OARC staff will not be influenced by their own personal interests or by others interests in forming judgments.



The internal audit function conducts its activities in accordance with the Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Chief Audit Executive will report annually to the CAR Committee and senior management regarding Internal Audit's conformance with the Global Internal Audit Standards, including maintaining its independence and objectivity, which will be assessed through an ~~only~~ ongoing quality assurance and improvement program, 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.

2.4 Authority

OARC is authorized to:

- Have unrestricted access, consistent with applicable law, to all university ~~departments~~ functions, data, records, information, ~~records, reports, activities,~~ physical property, ~~manual and automated systems,~~ and personnel that they deem necessary to carry out their responsibilities. OARC will exercise discretion in their review and will remain accountable for ~~to assure the necessary~~ confidentiality ~~of matters that come to its attention~~ and safeguarding of records and information.
- Have direct and unrestricted access to the President and the CAR Committee of the Board of Visitors.
- Allocate resources, set frequencies, select subjects, determine scope of work, and apply ~~the~~ techniques, and issue communications ~~required~~ to accomplish OARC objectives.
- Obtain assistance for specialized services from within or outside the university ~~in order to~~ to complete engagements.

As Internal Audit is an independent function, OARC staff assigned to ~~internal audit responsibilities~~ its mandate are not authorized to:

- Have direct operational responsibility or authority over any of the procedures, systems, or activities audited.
- Initiate or approve accounting transactions external to OARC.
- Direct the activities of any employee not employed by OARC, except to the extent such employees have been appropriately assigned to assist with OARC engagements or activities.

2.5 Responsibility

OARC has the responsibility to enhance and protect organizational value by:

General:

- Evaluating and assessing existing significant functions and new or changing services, processes, operations, and control processes coincident with their development, implementation and/or expansion of the university.
- Conducting investigations of suspected fraudulent and non-compliant activities and appropriately notifying relevant university management, the CAR Committee, and the appropriate authorities.
- Communicating directly with the CAR Committee on any matters considered to warrant its attention as appropriate, including trends and emerging issues that could impact the university.
- Maintaining a professional staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter.



Enterprise Risk Management:

Enterprise Risk Management, under the direction of the Vice President for Audit, Risk, and Compliance and Chief Risk Officer, provides services including, but not limited to:

- Planning, facilitating, and overseeing the university's ~~efforts regarding enterprise risk management (ERM) processes on behalf of senior management and the CAR Committee.~~
- Executing the periodic university risk assessment process and advising risk owners in their identification, ~~and implementation of responses to monitoring,~~ and effectiveness of their mitigation activities, ~~manage such risks.~~
- Ensuring risk management plans are maintained and university risk assessment results are reported to ~~the President~~ senior management and the CAR Committee.

Internal Audit:

Internal Audit, under the direction of the Chief Audit Executive, provides services including, but not limited to:

- Coordinating audit activities to provide a central source of information for management and the CAR Committee regarding all audit activities and to provide comprehensive, cost-effective audit coverage for the university.
- Developing, submitting for approval, and executing a comprehensive risk-based annual audit plan that considers the input of the CAR Committee and senior management.
- Adjusting the internal audit plan, as necessary, in response to changes in the institution's risk, operations, programs, systems, and controls, and communicating significant changes to the plan with the CAR Committee and senior management.
- Performing, documenting, and communicating internal audit engagements in accordance with the Global Internal Audit Standards. ~~Issuing periodic reports recommending improvements in controls designed to increase efficiency, safeguard university resources, and ensure compliance with government laws and regulations.~~
- ~~Performing advisory services, beyond its auditing services, to assist management in meeting its objectives.~~
- Appraising the adequacy of actions taken by management to correct significant reported internal control weaknesses and deficient conditions, and reporting this information to the CAR Committee and responsible senior manager as appropriate.
- Establishing and maintaining a Quality quality Assurance assurance and Improvement improvement Program program to evaluate Internal Audit's conformance with the Global Internal Audit Standards ~~the operations of the department,~~ including ~~periodic~~ internal ~~self~~-assessments (both ongoing and periodic) and external peer reviews assessments conducted at least once every five years by a qualified persons who are, independent of ~~the university~~ assessor or assessment team, the results of which will be presented to senior management and the CAR Committee.

Institutional Compliance:

Institutional Compliance, under the direction of the Chief Compliance Officer, provides services including, but not limited to:



- Providing oversight of the institutional compliance program and the distributed processes that support compliance across the university by working with subject matter experts and compliance risk owners.
- Conducting periodic risk assessments to identify potential areas of compliance vulnerability and risk, and ensuring management ownership for monitoring and managing compliance risks.
- Advising institutional compliance risk owners and decentralized compliance risk management leadership.

2.6 Coordination with External Auditing Agencies

To ensure appropriate coordination and completeness of the CAR Committee reporting responsibilities, senior managers should promptly notify OARC of any external audits or reviews. OARC will coordinate its 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. The Vice President for Audit, Risk, and Compliance and Chief Risk Officer, [in consultation with the Chief Audit Executive](#), will work with the appropriate members of management to determine the level of involvement of OARC, if any, in the performance of each external audit. Duplication of work will be avoided as much as possible.

3.0 Procedures

Principal guidance and direction on how OARC accomplishes its mission and responsibilities is provided to the staff through an office procedures manual. The manual promotes adherence to the ~~professional standards~~ [Global Internal Audit Standards](#).

4.0 Definitions

Abuse

The 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. Abuse includes the destruction, diversion, manipulation, misapplication, mistreatment, or misuse of university resources, as well as the extravagant or excessive use of one's position or authority. Abuse can occur in financial or nonfinancial settings.

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 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

Activities that support coordination, management, and monitoring of the risks associated with federal, state, and institutional laws, regulations, and policies. ~~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 could 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.

Engagement

A specific 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 misrepresentation or concealment of information in order to deceive, mislead, or acquires something of value. Fraud is an intentional deception perpetrated to secure an unfair advantage or personal benefit.

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 a function to carry out its responsibilities in an unbiased manner.

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 including mandatory guidance (~~Core Principles, Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing~~[Global Internal Audit Standards, Topical Guidance](#)) and ~~strongly recommended~~[supplemental](#) guidance ([global practice guides](#)) (~~implementation and supplemental guidance~~).

Objectivity

An unbiased mental attitude that allows ~~internal auditors~~[individuals](#) to make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments. Objectivity requires that ~~internal auditors~~[individuals](#) 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 [commonly](#) measured in terms of impact, likelihood, and velocity.

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 engagement. The scope can be specified by defining the physical location, the organizational units that will be examined, the processes and activities that will be included, and/or 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.

Waste

The careless expenditure, consumption, mismanagement, use, or squandering of university resources. Waste also includes incurring unnecessary costs due to inefficient or ineffective practices, systems, or controls.

5.0 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, ~~2020-2023~~ edition.

The Institute of Internal Auditors' International Professional Practices Framework, [including the Global Internal Audit Standards](#), ~~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 January 2025~~17.

6.0 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.



Virginia Polytechnic Institute and State University

- 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.

- Revision 9
Revisions from technical review correcting grammatical, punctuation, word usage, sentence structure, and minor content and/or format inconsistencies.

Approved November 18, 2019 by the Compliance, Audit, and Risk Committee of the Board of Visitors and President, Timothy D. Sands.

- Revision 10
Revisions from technical review correcting grammatical, punctuation, and minor format inconsistencies. Additionally, section 2.9 was revised to clarify expectations on OARC’s responsibility for coordinating external audits and reviews.

Approved November 15, 2020 by the Compliance, Audit, and Risk Committee of the Board of Visitors and President, Timothy D. Sands.

- Revision 11
Revised to delineate the roles and responsibilities for internal audit, enterprise risk management, and the institutional compliance program. Additional revisions were made to streamline for consistency.

Approved November 14, 2022 by the Compliance, Audit, and Risk Committee of the Board of Visitors and President, Timothy D. Sands.

- Revision 12
Updates to position titles and reporting lines due to university reorganization.

Approved June 5, 2023 by the Compliance, Audit, and Risk Committee of the Board of Visitors and President, Timothy D. Sands.




- [Revision 13](#)
[Updates to Internal Audit mandate throughout to align with updated Global Internal Audit Standards.](#)
[Approved November 19, 2024 by the Compliance, Audit, and Risk Committee of the Board of Visitors and President, Timothy D. Sands.](#)



RESEARCH AND INNOVATION
VIRGINIA TECH

Daniel Sui
Senior Vice President for Research and Innovation
Burruss Hall, Suite 340
800 Drillfield Drive
Blacksburg, Virginia 24061
P: (540) 231-6077 F: (540) 231-4384
research.vt.edu

TO: Timothy D. Sands, President
Kevin Pitts, Dean of College of Science
Virginia Tech Board of Visitors, Chair of Compliance, Audit, and Risk Committee

FROM: Daniel Sui, Senior Vice President and Chief Research and Innovation Officer
Virginia Tech Institutional Official 

DATE: October 2, 2024

SUBJECT: Notice pursuant to General Assembly's Animal Research Legislation

Pursuant to Va. Code Ann. § 3.2-6593.2.D (2023), effective July 1, 2023, an institution of higher education in the Commonwealth that receives a citation for critical noncompliance under the federal Animal Welfare Act shall notify the institution's leadership including the president, dean, and board of visitors.

Accordingly, please be advised that a citation for critical noncompliance under the Animal Welfare Act was issued to Virginia Tech on September 3, 2024 by the U.S. Department of Agriculture Animal and Plant Health Inspection Service.

Attached please find a copy of the citation.

For your information, Va. Code Ann. § 3.2-6593.2. also requires that any animal testing facility make inspection reports publicly available within 30 days of receiving an inspection report. The university displayed a link to access the September 3, 2024 inspection report on its website on October 2, 2024.

C: Cyril Clarke, Executive Vice President and Provost
Kay Heidbreder, University Legal Counsel
Sharon M. Kurek, Vice President for Audit, Risk, and Compliance and Chief Risk Officer



Inspection Report

V A Polytechnic Institute & State University
300 TURNER STREET N.W., SUITE 4120
BLACKSBURG, VA 24061

Customer ID: **492**
Certificate: **52-R-0012**
Site: 001
VIRGINIA TECH

Type: ROUTINE INSPECTION
Date: 28-AUG-2024

2.33(b)(3) Critical

Attending veterinarian and adequate veterinary care.

Upon the arrival of two lethargic Venezuelan fruit bats, the Primary Investigator (PI) failed to notify the attending veterinarian (AV) of their condition in a timely manner and both bats died later that day. A shipment of 103 fruit bats from Colorado arrived in the morning on March 28, 2024, and were received by the PI. No university veterinarians were present during arrival of the shipment. The PI discovered one bat had not survived transport and two other bats appeared very weak and lethargic. The two weak bats were housed individually, provided food and water by the PI, including fruit, a fruit smoothie, and sugar water, and checked on frequently. Approximately 12 hours later, the bats were found deceased. According to the approved protocol, any illness or signs of abnormalities in the bats are to be reported to the university veterinarians. However, the PI failed to notify any university veterinarians regarding the poor condition of the bats upon arrival. Failure to ensure direct and frequent communication with the attending veterinarian regarding abnormal observations found on animals prevents the veterinarian from assessing the animals and providing adequate veterinary care. Correct by September 17, 2024, by ensuring any abnormalities found on animals during daily observations are communicated in a timely manner to the AV to ensure animals have access to prompt and adequate veterinary care.

This inspection and exit interview were conducted with facility representatives.

Prepared By: RACHEL PEREZ-BAUM
USDA, APHIS, Animal Care
Title: VETERINARY MEDICAL OFFICER

Date:
03-SEP-2024

Received by Title: IACUC Representative

Date:
03-SEP-2024



Species Inspected

Cust No	Cert No	Site	Site Name	Inspection
492	52-R-0012	001	VIRGINIA TECH	28-AUG-2024

Count	Scientific Name	Common Name
000096	<i>Artibeus jamaicensis</i>	JAMAICAN FRUIT-EATING BAT / JAMAICAN FRUIT BAT
000015	<i>Carollia perspicillata</i>	SEBA'S SHORT-TAILED BAT
000002	<i>Meriones unguiculatus</i>	MONGOLIAN GERBIL
000341	<i>Haemorhous mexicanus</i>	HOUSE FINCH
000040	<i>Bos taurus</i>	CATTLE / COW / OX / WATUSI
000018	<i>Sus scrofa domestica</i>	DOMESTIC PIG / POTBELLY PIG / MICRO PIG
000512	Total	



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VIRGINIA TECH

Daniel Sui
Senior Vice President for Research and Innovation
Burruss Hall, Suite 340
800 Drillfield Drive
Blacksburg, Virginia 24061
P: (540) 231-6077 F: (540) 231-4384
research.vt.edu

October 2, 2024

Robert M. Gibbens, D.V.M.
Animal Care
Animal and Plant Health Inspection Service
U.S. Department of Agriculture
2150 Centre Avenue, Building B, Mailstop
#3W11 Fort Collins, CO 80526-8117

RE: Corrective actions

Dear Dr. Gibbens,

During the recent USDA-APHIS-AC inspection held at Virginia Tech (Virginia Polytechnic Institute & State University, Registration# 52-R-0012, Customer# 492) on August 28-29, 2024, the VMO, Drs. Perez-Baum, cited our institution for the following issue in the inspection report (dated August 28, 2024):

2.33(b)(3) Critical

Attending veterinarian and adequate veterinary care.

Upon the arrival of two lethargic Venezuelan fruit bats, the Primary Investigator (PI) failed to notify the attending veterinarian (AV) of their condition in a timely manner and both bats died later that day. A shipment of 103 fruit bats from Colorado arrived in the morning on March 28, 2024, and were received by the PI. No university veterinarians were present during arrival of the shipment. The PI discovered one bat had not survived transport and two other bats appeared very weak and lethargic. The two weak bats were housed individually, provided food and water by the PI, including fruit, a fruit smoothie, and sugar water, and checked on frequently. Approximately 12 hours later, the bats were found deceased. According to the approved protocol, any illness or signs of abnormalities in the bats are to be reported to the university veterinarians. However, the PI failed to notify any university veterinarians regarding the poor condition of the bats upon arrival. Failure to ensure direct and frequent communication with the attending veterinarian regarding abnormal observations found on animals prevents the veterinarian from assessing the animals and providing adequate veterinary care. Correct by September 17, 2024, by ensuring any abnormalities found on animals during daily observations are communicated in a timely manner to the AV to ensure animals have access to prompt and adequate veterinary care.

Corrective measures instituted:

Virginia Tech has a robust ARCD veterinary service that has visited the bat facility on a minimum of a monthly schedule with additional phone and email correspondence with the Principal Investigator in between visits. In addition, the facility has the emergency contact number for the ARCD veterinarians prominently displayed in case of any health or welfare concerns.

Three actions items were initiated by the IACUC:

1. Extensive retraining of the Principal Investigator and research care personnel on the daily observation for normal activity, behavior, health, well-being, monitoring, humane endpoints, and parameters for when to contact an ARCD veterinarian was provided on September 10th and 13th;
2. Increased frequency of in person visits from the ARCD veterinary staff to the bat facility;
3. Distributed an email to all research personnel working with animals reminding to review IACUC approved protocols for the following before initiating animal work:
 - a. Approved monitoring and humane endpoints;
 - b. Reminder of the veterinary service to contact for consultations and emergencies;
 - c. PI assurance that all research personnel on the protocol are aware of numbers 1 and 2 and have been appropriately trained.

Virginia Tech is committed to protecting the welfare of animals, we appreciate the opportunity to correct this citation and respectfully request the correspondence is documented in our record.

If you have any questions, please do not hesitate to contact me.

Sincerely,



Daniel Sui, Ph.D.
Senior Vice President for Research & Innovation
Virginia Tech Institutional Official

External Reviews and Special Reports
COMPLIANCE, AUDIT, AND RISK COMMITTEE

November 1, 2024

Background

Virginia Tech is subject to reviews by a variety of external agencies, including the Commonwealth's Auditor of Public Accounts (APA), the Office of the State Inspector General (OSIG), and others. In addition to the annual audits of the university's financial statements and its Intercollegiate Athletics program conducted by the APA, Virginia Tech is frequently included along with other agencies in statewide reviews typically included as part of an agency's annual work plan. Due to the breadth of the programs and the dollar volume of activities at Virginia Tech, the university is often selected for inclusion in a variety of statewide reviews. The following report provides an analysis of external and statewide audit activities consistent with the university's planned approach to manage and report on these audit activities and reviews, presented in order by report date.

Virginia Department of Veterans Services (February 2024)

A compliance survey was conducted to ensure that schools, training establishments, and their approved courses comply with all applicable provisions of the laws administered by the U.S. Department of Veterans Affairs and State Approving Agency (DVS). This limited scope review was to monitor compliance based on a review of records for a specific set of students. The Department of Veterans Affairs did not issue any formal recommendations.

BNF Cereals – Phase III Grant (May 2024)

The Auditor of Public Accounts performed the procedures on the financial and technical reports for the BNF Cereals – Phase II subgrant for the period February 15, 2021, through January 5, 2024. There were no financial findings or recommendations.

U.S. Department of Agriculture (June 2024)

The United States Department of Agriculture (USDA) conducted an administrative and financial review of a cooperative agreement between USDA, Animal and Plant Health Inspection Service (APHIS), and Virginia Tech for the period August 10, 2021, through February 9, 2023. Recommendations were issued related to timely report submission in accordance with due dates in the agreement for performance and financial reports. The review concluded that the university fulfilled the purpose of the agreement by effectively using federal funds to support infrastructure and mitigate the impact caused by COVID-19. *This review was issued in draft form; no final report has been received.*

2024-25 Tuition and Fees at Virginia State-Supported Colleges and Universities (August 2024)

The State Council of Higher Education for Virginia (SCHEV) provides a tuition and fees report based on charges approved by boards of visitors at Virginia public institutions. The report includes a list of tuition and fee charges to in-state and out-of-state students and for undergraduate and

graduate programs. It also provides trends over time, comparisons to other states, and highlights affordable options students can choose to reduce costs. SCHEV did not issue any formal recommendations.

U.S. Department of Labor (September 2024)

The Occupational Safety and Health Administration conducted a review of the financial reports associated with a grant, for the period October 1, 2023, through June 30, 2024. There were no financial findings or recommendations.

Higher Education Institutional Viability (October 2024)

The Joint Legislative Audit and Review Commission (JLARC) conducted a study to review public four-year higher education institutions. The report addresses institutional viability and academic program offerings. There were not specific recommendations given for Virginia Tech. However, specific recommendations were made to SCHEV on revising its academic program approval process.

Spending and Efficiency in Higher Education (October 2024)

JLARC conducted a study to review the state's 15 public four-year higher education institutions. The report addressed changes in students' cost of attendance, institutional revenue and spending, and opportunities to reduce the cost of higher education. There were not specific recommendations given for Virginia Tech. Should the General Assembly wish to consider amending the Code of Virginia, recommendations were provided related to:

- Including in the duties of boards of visitors the responsibility to fully consider the impact that policies and decisions in non-instructional areas have on student costs.
- Requiring as part of the six-year planning process that institutions experiencing reductions in cost efficiency because of declining enrollment report improvement efforts.
- Constraining the amount of student fees and institutional funds that can be allocated to intercollegiate athletics by establishing a maximum proportion of the total cost of attendance that student fees and institutional funds cannot exceed per student.

Through executive action, a recommendation was issued related to monitoring institutions' efficiency efforts to align operations with enrollment levels and recommend plans to identify further efforts when necessary as part of the six-year planning process.

Summary of the Cybersecurity Audit for Virginia Higher Education Institutions (October 2024)

The Office of the State Inspector General (OSIG) completed cybersecurity audits of the Commonwealth's Higher Education Institutions (HEI) from December 2023 through October 2024. Eighteen separate audit reports were issued representing each HEI. This report includes a summary of the findings on cybersecurity processes and controls from the 18 audit reports issued. Overall, OSIG found that HEIs implemented processes to support cybersecurity. The detailed Virginia Tech report will be shared with the Committee in closed session.

Progress on Compliance Plan for Fiscal Year 2024-25

Suzanne Griffin, Chief Compliance Officer



Evaluation of Corporate Compliance Programs

In September 2024, the U.S. Department of Justice issued updated guidance for the Evaluation of Corporate Compliance Programs.

Five New Imperatives in the 2024 DOJ Guidance

1 Managing Risk of New Technologies Like AI	2 Stakeholder Support to Access and Experiment With Data	3 Tailored and Iterative Training	4 Protection for Internal and External Whistleblowers	5 Early Postdeal Integration Planning in M&A Due Diligence
<p>The guidance asks how organizations are managing the internal and external risks of new technologies, particularly AI.</p> <p>It calls for:</p> <ul style="list-style-type: none">▪ AI governance in both the commercial business and the compliance program▪ “Monitoring and testing” to ensure AI functions as intended▪ Quick detection and correction of poor decisions made by AI	<p>The guidance considers whether compliance programs have sufficient, timely access to data sources.</p> <p>It calls for:</p> <ul style="list-style-type: none">▪ Giving compliance staff timely access to data sources▪ Giving compliance comparable “assets, resources, and technology” to other parts of the company▪ Using analytics tools to measure compliance effectiveness and improve compliance operations	<p>The guidance calls for training efficacy that goes beyond compliance leaders’ standard practices today.</p> <p>It calls for:</p> <ul style="list-style-type: none">▪ Tailoring training by employee “needs, interests, and values”▪ Measuring employee engagement with training sessions▪ Incorporating lessons learned from industry/geography peers into training	<p>The guidance has a new emphasis on external whistleblowing and anti-retaliation.</p> <p>It calls for:</p> <ul style="list-style-type: none">▪ Training employees on “external whistleblower programs and regulatory regimes”▪ Ensuring the same protections for external whistleblowers as internal reporters▪ Measuring employee willingness to speak up	<p>The guidance asks about compliance’s involvement in the M&A and integration process.</p> <p>It calls for:</p> <ul style="list-style-type: none">▪ Compliance involvement in “designing and executing the integration strategy”▪ Establishing a process to “ensure appropriate compliance oversight of the new business”▪ Incorporating the new business “into the company’s risk assessment activities”

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Source: [Evaluation of Corporate Compliance Programs \(Updated September 2024\)](#), U.S. Department of Justice Criminal Division.

Institutional Compliance

A programmatic approach to an organization's activities that help ensure significant compliance risks are identified, addressed, and managed effectively.





Prevent

- Participate on Policy Advisory Committee
- Assist with review and development or revision of policies
- Lead personal data privacy project
- Chair and organize agenda for Risk and Compliance Advisory Committee meetings
- Contributed content for VT Daily Campus Notices during Compliance and Ethics Week Nov 3-9, 2024
- Campus wide communication of Hokie Hotline resource for reporting fraud, waste, abuse, or noncompliance concerns



Campus Notices

Corps of Cadets cannon to fire today for Homecoming Pass in Review

Fireworks scheduled for tonight

Traffic impacts: Homecoming tailgate

Homecoming Parade: Parking closures and road restrictions

Parking impacts: Oct. 26 Hokies football game against Georgia Tech

Protect Zoom meetings by managing AI bots

EAP resources offered to wage and waived state employees

Feedback: Your dining plan, your voice

'The Poem Is Done' program with Alyssa Anderson, mezzo-soprano, and Kyle Hutchins, saxophone

Volunteers wanted: Virginia Tech Science Festival

Corporate Compliance and Ethics Week is Nov. 3-9

Appalachian Caucus at Virginia Tech to hold monthly meeting, campus community invited to join

Tech Transfer Bootcamp

VT Daily News

Campus-wide communication
on Corporate Compliance and
Ethics Week

Corporate Compliance and Ethics Week is November 3-9

The week is an opportunity to spotlight compliance and ethics at Virginia Tech.



Last modified: Oct 7, 2024, 11:53 a.m.

From: The Office of Audit, Risk, and Compliance

Virginia Tech is committed to integrity, a culture of compliance, and the promotion of the highest ethical standards for all employees.

- **WHO:** You are encouraged to raise questions if you have concerns about compliance with applicable laws, fraud, waste, or abuse.
- **WHAT:** If you see or suspect wrongdoing, SPEAK UP!
- **WHEN:** Report suspected wrongdoing at the earliest possible opportunity.
- **WHERE:** Ideally, first share your concerns with your supervisor or manager, or contact the **Office of Audit, Risk, and Compliance** to discuss your concerns. You may also report concerns to the **Hokie Hotline**, confidentially or anonymously if you choose.
- **WHY:** The university community is responsible to help maintain an ethical and compliant workplace.
- **HOW:** Review the **Hokie Hotline** informational page from the Office of Audit, Risk, and Compliance. Share the **link** or the downloadable **Hokie Hotline flyer** with your teams.

Retaliation against any individual who makes a good faith report of suspected misconduct or participated in an inquiry or investigation is strictly prohibited. To learn more, read [University Policy No. 1040](#).



Detect

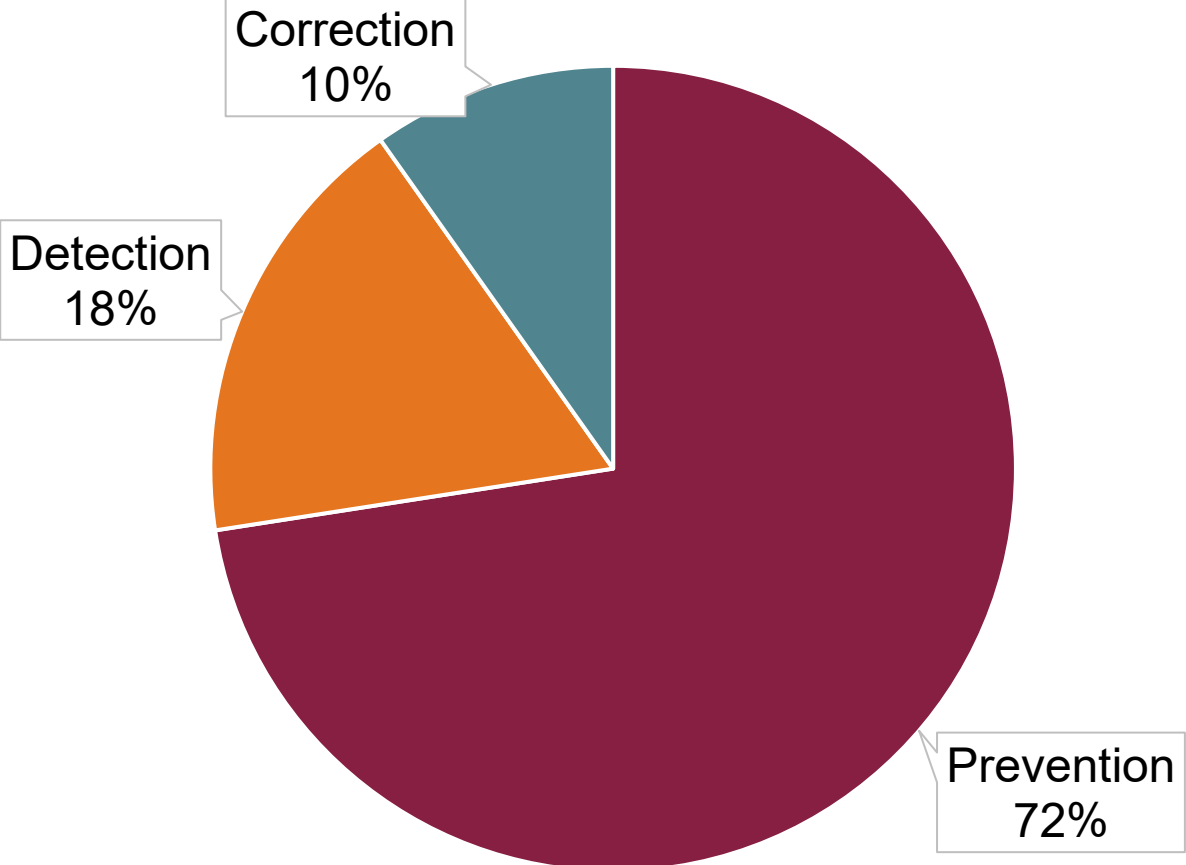
- Reporting on institutional compliance program status to leadership (Board, Executive Leadership, Management)
- Regular communication and engagement with high priority compliance owners
- Attend regulatory inspection briefings
- Engage with colleagues to review and discuss policy compliance reviews



Correct

- Serve as resource and provide assistance on regulatory inspections
- Draft template self-assessment framework and engage with three high priority compliance risk areas to pilot the framework tool
- Provide support and conduct briefing sessions on regulatory developments as well as post-event learnings

Leadership Survey Spring 2024



Management's self-assessment of the focus and time devoted among Prevent, Detect, and Correct efforts

Special Projects

- Represented Virginia Tech (R-1) on Virginia Task Force on Transparency in Publicly Funded Animal Testing Facilities
- Serve on work groups for University initiatives and issues
- Serve on university committees
- Agency Regulatory Coordinator for Commonwealth of Virginia

Questions?



Civil Rights Compliance

Kelly Oaks, PhD



Foundations of Our Work

- Law
- Regulation
- Executive Orders
- Case Law

Office for Equity and Accessibility Teams

ADA and Accessibility

Ensuring accessibility and commitment to ADA



Civil Rights Compliance

Overseeing commitment to non-discrimination and harassment



Affirmative Action

Furthering equal employment opportunity



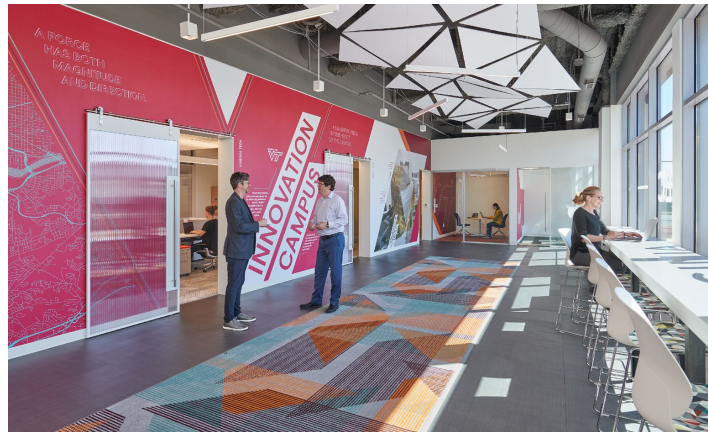
Title IX

Protecting against gender harassment and violence



Sexual Violence Prevention and Education (SVPE)

The Office of Sexual Violence Prevention and Education (SVPE) will advance the university's framework for sustainable climate and cultural transformation that establishes sexual violence prevention as a shared responsibility of the entire Virginia Tech community.



Reasonable Care

- Policy
- Procedures
- Training
- Monitoring

Strategies

- Centralized core services
- Case management and trend analysis
- Liaisons and collaborative work
- Functional affirmative action plans



What's on the Horizon

- Revision to race categories
- Tennessee v. Cardona
- Web accessibility regulations

Future Areas of Focus

- Prevention
- Alternative resolution



EQUITY & ACCESSIBILITY
VIRGINIA TECH.