

**VIRGINIA STATE UNIVERSITY BOARD OF VISITORS
COMMITTEE ON AUDIT AND COMPLIANCE
11:45 A.M., THURSDAY, NOVEMBER 14, 2024
100 E. Main Street; Norfolk, VA 23510
(No Public Comment Period Scheduled)**

AGENDA

CALL TO ORDER.....Mr. Jon Moore, Chair

ROLL CALL

INVOCATION

APPROVAL Of AGENDA

APPROVAL OF PREVIOUS MEETING MINUTES (if any)

- August, 2024 Meeting Minutes

PRESIDENT’S REMARKS Dr. Makola M. Abdullah

CLOSED SESSION..... Cybersecurity Discussion – under Va. Code §2.2-3711(19)

REPORTS AND RECOMMENDATIONS

A. Infrastructure Update

- a. FY 23 APA Audit - Shawri King-Casey, VP of Institutional Integrity and Compliance
- b. Internal Audit Report – Nannette Williams, Chief Audit Executive
 - 1. Procurement – Small Purchase Charge Card
 - 2. IT
 - 3. General Update

B. Policy Update

CONCLUDING REMARKS

OTHER BUSINESS

ADJOURNMENT

11.1.24

**VIRGINIA STATE UNIVERSITY BOARD OF VISITORS
COMMITTEE ON AUDIT AND COMPLIANCE
MEETING MINUTES
THURSDAY, NOVEMBER 14, 2024**

CALL TO ORDER

Visitor Moore called the Audit and Compliance Committee meeting to order at 10:46 AM at The Hilton Norfolk Main Hotel. Dr. Annie Redd, Chief of Staff and Director of Board Operations and Relations, performed the roll call.

ROLL CALL

A quorum was present.

COMMITTEE MEMBERS PRESENT:

Mr. Jon Moore (Chair)
Ms. Daphne Meeks
Dr. Joseph A. F. Chase, Jr.
Mr. Robert Thompson
Dr. Valerie K. Brown (Ex-officio)

BOARD APPOINTEES:

Dr. Tracy Jackson, Faculty Representative
Mr. Yousif Omer, Student Representative (Absent)

OTHER MEMBERS PRESENT:

Mr. Victor Branch
Mr. Thomas Cosgrove
Dr. Robert Denton, Jr. (Virtual)
Mr. Peter McPherson
Ms. Verndell Robinson
General (Ret.) Dennis Via

ADMINISTRATION PRESENT:

Dr. Makola M. Abdullah, President
Dr. Tia Minnis, Provost/Vice President for Academic and Student Affairs
Ms. Tonya S. Hall, Vice President for Advancement and External Engagement
Mr. Kevin Davenport, Senior Vice President for Finance & Administration/CFO
Ms. Shawri King-Casey, Vice President for Institutional Integrity & Compliance
Dr. Alexis Brooks-Walter, Vice President for Student Affairs/Enrollment Management
Dr. Annie C. Redd, Chief of Staff/Director, Board Operations & Relations

LEGAL COUNSEL

Mr. Nathan Moberly

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INVOCATION

The Chair called Dr. Joseph A. F. Chase, Jr. to deliver the invocation.

APPROVAL OF AGENDA

The Committee approved the agenda by voice vote.

APPROVAL OF PREVIOUS MEETING MINUTES

The Committee approved the minutes from the meeting on September 12, 2024, by voice vote.

PRESIDENT'S REMARKS

Next, President Abdullah thanked the Committee and directed the floor back to Visitor Moore.

CLOSED SESSION

Chair Moore asked for a motion to enter a closed session for the discussion or consideration of personnel matters pursuant to 2.2-3711(19), Discussion of plans to protect public safety as it relates to terrorist activity or specific cybersecurity threats or vulnerabilities and briefings by staff members, legal counsel, or law-enforcement or emergency service officials concerning actions taken to respond to such matters or a related threat to public safety; discussion of information subject to the exclusion in subdivision 2 or 14 of § 2.2-3705.2, where discussion in an open meeting would jeopardize the safety of any person or the security of any facility, building, structure, information technology system, or software program; or discussion of reports or plans related to the security of any governmental facility, building or structure, or the safety of persons using such facility, building or structure; namely, the findings of the cybersecurity investigation performed by the Office of the State Inspector General (OSIG) and the findings of the Medicat audit performed by the Virginia State University Internal Audit Office.

Upon returning to open session, the Committee certified that during its closed meeting, the committee discussed only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act, and only those public business matters identified in the motion convening the board in closed session. The motion was made, properly seconded, and approved by roll call vote.

REPORTS & RECOMMENDATIONS

Shawri King-Casey, Vice President of Institutional Integrity and Compliance, and Nannette Williams, Chief Audit Executive, began their update entitled "Great Progress Made, Greater Progress Maintained: A Snapshot of VSU's Audit & Compliance Efforts."

Ms. King-Casey began the update by announcing that the findings number for the fiscal year 2023 (FY23) Auditor of Public Accounts (APA) audit had been reduced from six (6) findings to five (5) since the September 2024 board meeting. All five (5) findings were significant deficiencies; no

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material weaknesses were identified. A more specific breakdown of the findings included two (2) new findings, and three (3) repeats with one (1) partial. Ms. King-Casey provided additional details regarding the nature of the findings as follows:

1. Engage and Use ECOS to Provide Required Active Oversight (New)
2. Improve Router Security (New)
3. Improve Access & Account Management Controls (Repeat)
4. Improve Financial Reporting Review Process (Repeat)
5. Improve Service Provider Oversight (Repeat)

Discussion followed in response to a question about steps the University was taking to ensure the repeats don't continue to occur. In response, Ms. King-Casey explained that the repeats exist because the University couldn't address the findings when they were issued. For example, Okta was a recent purchase the University made to address a finding. Additionally, the University has taken several other corrective actions including service provider oversight through establishing a comprehensive process for gathering SOC reports and creating policies and procedures to review the reports. Accordingly, the University did not concur with findings 4 and 5 in the APA draft report because the University's position is that sufficient work has been done to mitigate the findings.

Ms. King-Casey continued the updates by briefly explaining the audit terminology "concurrence" and "non-concurrence." A concurrence, as Ms. King-Casey explained, occurs when the University agrees with an audit finding. A non-concurrence, by contrast, occurs when the University takes some issue with the finding, including the existence of a belief that the action(s) taken satisfy the compliance standard.

Ms. Williams further discussed the corrective action underway. For example, regarding the ECOS finding, Ms. Williams explained that six systems should have been under VITA service but only three were at the time of the audit. Since then, Technology Services has completed the proper paperwork to resolve the issue and the University is monitoring the progress. Per Ms. Williams, the University should see this finding disappear. Another example of the corrective action effort dealt with the Improve Router Security finding. Per Ms. Williams, the corrective action for this finding occurred while the auditors were still auditing. Accordingly, she does not anticipate that this finding will appear in the fiscal year 2024 (FY24) audit. As a final example of current corrective action efforts, Ms. Williams highlighted how the implementation of Okta/Vista should vastly improve account access management and de-provisioning thereby addressing the corresponding finding.

After Ms. Williams shared those examples, Visitor Moore requested an explanation of the University's audit journey since the fiscal year 2021 (FY21). Ms. King-Casey informed the Board

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that the University has done tremendous work to close the findings as demonstrated by its progress. The University had 18 findings in FY21, reduced the findings to eight (8) findings in fiscal year 2022 (FY22), and now only have five (5) findings in FY23. This progression confirms the University's ability to get its arms around the issues identified in the findings and deal with them in a very systematic and holistic manner.

Discussion followed about router security and what can be done to prevent issues with it in the years ahead. Ms. Williams responded to questions by explaining that a process has been implemented to include monthly and quarterly meetings to review vulnerabilities. There is a 90-day window to patch any vulnerabilities once discovered. Moreover, there is a scanning application configured to run the scans on a quarterly basis. In response to questions about ECOS finding, Ms. Williams explained that the University should have had 6 systems under VITA service. Currently, Ms. Williams's IT auditor is monitoring the service to ensure the University is getting what it's supposed to have from the service. In the past, the University did not always get the services it was supposed to have and Technology Services did not have anyone in place to monitor it. Ms. Williams indicated that Technology Services was slated to hire an IT Governance director to handle the monitoring amongst other responsibilities. Ms. King-Casey highlighted other wins in the University's audit journey including the adjustments made to the University's financial statements. Per Ms. King-Casey, in FY22, the total value of reported adjustments made was \$24 million. In FY23, the reported adjustment value was \$3.4 million, an 86% decrease.

Visitor Moore informed the Committee that the University still has not received a final report and noted that two (2) and half findings are on non-concurrence. He explained that the typical audit process usually starts in February and ends in May, and the University gets a report in the summer. He further explained that the number of repeats is due to the audit schedule that the University has encountered, which does not have time to address the findings. In light of this, the University has done a really good job prioritizing findings in terms of risk, which is reflected in the University's progress.

A Visitor expressed thanks to Ms. King-Casey and Ms. Williams for sharing the progress and complimented them for their great work. Ms. King-Casey concluded with an update on the FY24 audit. She shared that the University would be gathering documents soon in anticipation of the audit requests, the engagement conference begins in January, and work will start in March.

Ms. Williams began the Internal Audit update with the latest information about the Quality Assessment Review (QAR). The last review, according to Ms. Williams, was performed five (5) years ago in August. The assessor for this review has been hired and is doing the work. In preparation for the assessor's work, Ms. Williams and her team did their own QAR to identify issues and start corrective plans. The internal QAR is provided to the assessor for efficiency in her review.

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Next, Ms. Williams updated the Committee about the status of internal audits. The Travel Charge Card program is being audited and will be done in small pieces. The next part of the audit is reimbursements. The Capital Outlay audit was set aside but was picked up again in November.

The Small Purchase Charge Card – FY23 data audit was complete and Ms. Williams shared her observations:

- Reconciliations and supervisor approvals for charges are often late because the university pays them before the review process, due to payment deadlines. While these reviews are eventually completed shortly after the deadline, this delay is considered a medium risk and is being addressed.
- Card cancellations after employee separation are too slow. While Procurement deactivates cards immediately upon notification, the delay lies in receiving that notification.
- eVA order confirmations are lacking, especially for Gold Card transactions. This issue, more prevalent with Gold Cards, was largely attributed to a former employee and supervisor in Procurement.

In response to questions whether the University would automate the separation process, Ms. Williams responded that an electronic process will be implemented to provide notification of the separation and the need to cancel a card. Human Resources (HR) and Procurement are working on a new process for the card where HR will notify Procurement about separations.


Ms. Williams responded to a question whether the University could recoup the funds. She explained that none of the purchases were unallowable; it's just that the purchases were not entered into eVA properly which caused the records to be off. The eVA entry lacked a confirming order – or a document stating that the purchase occurred.

Ms. King-Casey informed that VSU has been assigned a new APA auditor, Ms. LaToya Jordan, and the University is excited to forge a relationship with the new auditor.

President Abdullah acknowledged the work performed by Ms. King-Casey, Ms. Williams, Mr. Kevin Davenport, Sr. VP of Finance and Administration and CFO, and Mr. Stephen Huffman, the University Controller citing that it has paid great dividends for the University.

Visitor Moore called for a motion to adjourn it was moved, properly seconded, and voted on to adjourn. The meeting was adjourned at 12:38 PM.

APPROVED:


Chair

2/6/2025
Date