**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)*

**DRAFT 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

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

CONCLUDING REMARKS OTHER BUSINESS ADJOURNMENT

11.1.24

**VIRGINIA STATE UNIVERSITY BOARD OF VISITORS COMMITTEE ON AUDIT AND COMPLIANCE**

 **DRAFT 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:**

Dr. Valerie K. Brown

Dr. Joseph A. F. Chase, Jr.

Ms. Daphne Meeks

Mr. Jon Moore (Chair)

Mr. Robert Thompson

**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

Mr. Dennis Via

**ADMINISTRATION PRESENT:**

Dr. Makola M. Abdullah, President

Dr. Tia Minnis, Provost/Vice President for Academic and Student Affairs

Ms. Tonya S. Hal, 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

**INVOCATION**

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

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**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 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:

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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 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

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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.

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.

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

* Required reconciliations and supervisor approvals are not always completed timely. The problem is that the University pays these charges before reconciliation and review due to a time requirement. This poses a medium risk because the reconciliations are being signed off on within a short timeframe after the deadline. This issue is being worked on for timeliness.
* Card cancellations are untimely. Put another way, the period between a card’s cancellation and an employee’s separation from the University was unacceptable. Procurement has no control over this as they immediately cut the card off after receiving notification.
* There is a lack of eVA confirming orders. More instances of this occurred with the Gold Card than the Purchase Card. The findings concerning the Gold Card were primarily caused by an employee and a supervisor no longer employed in Procurement.

Visitor Moore inquired about whether the University was working on ways to automate the separation notification to make sure we’re not relying on an individual Ms. Williams responded that an electronic process has been implemented which would ultimately provide notification of the separation and the need to cancel a card. The challenge occurs, though, when an individual supervisor does not start the process. Human Resources (HR) and Procurement are working on a new process for the card where HR will notify Procurement about separations to ensure the cards are cut off timely.

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.

After Ms. Williams’s update, Ms. King-Casey informed that this year is the last with the current project manager, Mr. George Strudgeon. A meeting has taken place with the new APA auditor assigned to the University, Ms. LaToya Jordan, and the University is excited to forge a relationship with the new auditor.

Visitor Moore opened the floor to more questions, but there were none. 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:**

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Chair Date