

REVISED
June 7, 2018

DOCKET

BOARD OF VISITORS

University of Virginia

Regular Meeting

June 8, 2018

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CONSENT ITEMS

1. RENAMING: UVA HEALTHSOUTH REHABILITATION HOSPITAL TO UVA ENCOMPASS HEALTH REHABILITATION HOSPITAL

(approved by the Health System Board on June 6, 2018 and the Buildings and Grounds Committee on June 7, 2018)

WHEREAS, the UVA HealthSouth Rehabilitation Hospital is located on the Fontaine Campus of the University and is a 50/50 joint venture between the UVA Medical Center and HealthSouth Corporation; and

2. MASTER'S PROGRAM IN TEACHING AT THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE

(approved by the Academic and Student Life Committee on June 8, 2018)

WHEREAS, more highly educated teachers benefit students and the region; and

WHEREAS, opportunities for advanced education improve the capabilities of teachers and benefit them professionally; and

WHEREAS, offering graduate opportunities in teaching advances the College's mission of service to the region; and

WHEREAS, a UVA-Wise Master's program will offer a more affordable educational option for the region's teachers; and

WHEREAS, The University of Virginia's College at Wise Advisory Board approved the creation of a Master's program in Teaching on March 23, 2018;

RESOLVED, subject to approval by the State Council for Higher Education in Virginia, Southern Association of Colleges and Schools Commission on Colleges (SACSCOC), and the Virginia Department of Education, the Board of Visitors approves establishing a Master's program in Teaching at The University of Virginia's College at Wise.

ACTION ITEMS

3. FISCAL YEAR 2019 OPERATING AND CAPITAL BUDGETS FOR THE UNIVERSITY OF VIRGINIA HEALTH SYSTEM

(approved by the Health System Board on June 6, 2018 and the Finance Committee on June 7, 2018)

RESOLVED, the Fiscal Year 2019 Operating and Capital Budgets for the University of Virginia Medical Center and Transitional Care Hospital are approved, as recommended by the President, the Executive Vice President for Health Affairs, the Chief Operating Officer of the University, and the Health System Board.

4. SIGNATORY AUTHORITY FOR CERTAIN MEDICAL CENTER CONTRACTS EXCEEDING \$5 MILLION PER YEAR

(approved by the Health System Board on June 6, 2018 and the Finance Committee on June 7, 2018)

RESOLVED, the Board of Visitors authorizes the Executive Vice President for Health Affairs to execute contracts on behalf of the Medical Center with Virginia Blood Services, Medtronic, CDW Corporation, and Hill-Rom.

5. RESOLUTION CONFIRMING THE CAMPAIGN GOAL AND TIMELINE

(approved by the Advancement Committee on June 7, 2018)

WHEREAS, the University of Virginia is nationally known among institutions of higher learning for the success of its philanthropic efforts; and

WHEREAS, substantial philanthropic support is necessary for the University to maintain excellence in teaching, research, and service; and

WHEREAS, July 1, 2017 marked the beginning of the quiet phase of the University's third century campaign, set to launch publicly in the fall of 2019; and

WHEREAS, the University has engaged in a comprehensive campaign planning process, drawing on the expertise of professionals in its advancement community and internationally respected consultants for guidance; and

WHEREAS, this process includes the necessary step of recommending an initial campaign goal, one that is both reasonable and aspirational, and appropriate to the lofty aspirations of our University in its third century;

RESOLVED, the University sets an initial campaign goal of \$5 billion and a campaign timeline that extends through June 30, 2025, the 200th anniversary of the first classes being offered at the University.

6. COMMENDING RESOLUTION FOR WILLIAM B. FRYER AND THE COUNCIL OF FOUNDATIONS

(approved by the Advancement Committee on June 7, 2018)

WHEREAS, William B. Fryer took an undergraduate degree from the University of Virginia's College of Arts & Sciences in 1971 and a J.D. degree from the UVA Law School in 1974; and

WHEREAS, Mr. Fryer has served with great commitment on the Council of Foundations since its inception, both as Chair and as a representative of the Law School Foundation, and has represented the Council as a Consulting Member to the Board of Visitors Advancement Committee; and

WHEREAS, Mr. Fryer has been a dedicated alumnus and has contributed considerable time and talent in multiple volunteer roles across the University;

RESOLVED, the Board of Visitors offers significant thanks and appreciation to William B. Fryer for his generous support and dedication to the University of Virginia, and for representing the Council of Foundations before the Board of Visitors Advancement Committee.

7. APPOINTMENTS AND REAPPOINTMENTS TO THE BOARD OF THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE

(approved by the Committee on The University of Virginia's College at Wise on June 7, 2018)

RESOLVED, Mr. Michael L. Allen, Mr. Marvin W. Gilliam Jr., Dr. Joseph Frank Smiddy, Mr. James Michael Thomas, and Ms. Dawneda F. Williams are reappointed to The University of Virginia's College at Wise Board for four-year terms ending June 30, 2022, in accordance with the UVA-Wise College Board bylaws; and

RESOLVED FURTHER, Mr. James M. Gott, Mr. Fran G. Hunt, and Mr. Joseph R. Carico are appointed to The University of Virginia's College at Wise Board for four-year terms ending June 30, 2022, in accordance with the UVA-Wise College Board bylaws.

8. COMMENDING RESOLUTION FOR MATTHEW S. HARVEY

(approved by the Committee on The University of Virginia's College at Wise on June 7, 2018)

WHEREAS, Matthew S. Harvey, Ph.D., is a graduate of the University of Virginia and an Echols Scholar, and received his doctorate in mathematics from Johns Hopkins University; and

WHEREAS, Mr. Harvey is a professor of mathematics at The University of Virginia's College at Wise; and

WHEREAS, Mr. Harvey became the faculty consulting representative to the Board of Visitors Committee on The University of Virginia's College at Wise on July 1, 2016, for a term ending June 30, 2018; and

WHEREAS, Mr. Harvey is a dedicated teacher and an accomplished scholar having recently published *Geometry Illuminated: An Illustrated Introduction to Euclidean and Hyperbolic Plane Geometry* through the Mathematical Association of America press; and

WHEREAS, Mr. Harvey has assisted Visitors in understanding the perspectives of the College's students, faculty, and staff;

RESOLVED, the Board of Visitors offers its thanks and appreciation to Matthew S. Harvey for representing the students, faculty, and staff at the College at Wise before the Board of Visitors Committee on The University of Virginia's College at Wise.

9. AUDIT DEPARTMENT FY 2019 - FY 2020 AUDIT PLAN

(approved by the Audit, Compliance, and Risk Committee on June 7, 2018 – See Attachment A)

RESOLVED, the Audit Department FY 2019 - FY 2020 Audit Plan is approved as recommended by the Audit, Compliance, and Risk Committee.

10. AUDIT DEPARTMENT CHARTER

(approved by the Audit, Compliance, and Risk Committee on June 7, 2018 – See Attachment B)

RESOLVED, the updated Audit Department Charter, dated June 7, 2018, is approved as recommended by the Audit, Compliance, and Risk Committee.

11. INSTITUTIONAL COMPLIANCE CHARTER

(approved by the Audit, Compliance, and Risk Committee on June 7, 2018 – See Attachment C)

RESOLVED, the updated Institutional Compliance Charter, dated June 7, 2018, is approved as recommended by the Audit, Compliance, and Risk Committee.

12. 2018 MULTI-YEAR MAJOR CAPITAL PLAN FOR THE ACADEMIC DIVISION, HEALTH SYSTEM, AND COLLEGE AT WISE

(approved by the Buildings and Grounds Committee on June 7, 2018)

WHEREAS, in accordance with the capital projects approval process endorsed by the Buildings and Grounds Committee in November 2015, major capital projects are vetted by the Space Leadership Committee and executive leadership, as well as by appropriate committees of the Board of Visitors, to ensure alignment with institutional priorities; and

WHEREAS, the projects included in the proposed 2018 Major Capital Plan are arrayed across a six-year plus timeframe based on the anticipated work related to each project; and

WHEREAS, the University is also engaging in several major capital planning studies that will result in specific projects in the future;

RESOLVED, the 2018 Multi-Year Major Capital Plan for the Academic Division, the Health System, and the College at Wise is approved.

13. 2018-2019 OPERATING BUDGET FOR THE ACADEMIC DIVISION

(approved by the Finance Committee on June 7, 2018)

RESOLVED, the 2018-2019 \$1.8 billion operating budget for the Academic Division is approved as recommended by the President and the Chief Operating Officer. If additional state general funds are allocated with the approval of the Commonwealth's Appropriation Act, these funds will be directed based upon included language from the General Assembly; and

RESOLVED FURTHER, \$101.0 million in non-recurring investments to meet critical infrastructure, safety and security, and strategic activities are approved as recommended by the President and the Chief Operating Officer; and

RESOLVED FURTHER, the Board of Visitors approves transferring \$27.0 million from Strategic Investment Fund operating reserves to fund a balloon debt service payment, and transferring \$48.0 million of Ivy Foundation Funds from the Strategic Investment Fund to create two Board of Visitors-approved quasi-endowments for translational research.

14. 2018-2019 PRATT FUND DISTRIBUTION

(approved by the Finance Committee on June 7, 2018)

RESOLVED, the budget for the expenditure of funds from the Estate of John Lee Pratt is approved to supplement appropriations made by the Commonwealth of Virginia for the School of Medicine and the Departments of Biology, Chemistry, Mathematics, and Physics in the College of Arts and Sciences. Departmental allocations, not to exceed \$10,594,833 for 2018-2019, are suggested by the department chairs and recommended by the dean of each school. The disbursement of each allotment will be authorized by the Executive Vice President and Provost. To the extent the annual income from the endowment is not adequate to meet the recommended distribution, the principal of the endowment will be disinvested to provide funds for the approved budgets.

15. 2018-2019 OPERATING BUDGET FOR THE UNIVERSITY OF VIRGINIA MEDICAL CENTER AND THE TRANSITIONAL CARE HOSPITAL

(approved by the Finance Committee on June 7, 2018)

RESOLVED, the 2018-2019 \$1.7 billion operating budget for the University of Virginia Medical Center, inclusive of the Transitional Care Hospital, is approved as recommended by the President, the Chief Operating Officer, and the Health System Board.

16. 2018-2019 OPERATING BUDGET FOR THE UNIVERSITY OF VIRGINIA'S COLLEGE AT WISE

(approved by the Finance Committee on June 7, 2018)

RESOLVED, the 2018-2019 \$43.8 million operating budget for The University of Virginia's College at Wise is approved as recommended by the President and the Chief Operating Officer. If additional state general funds are allocated with the approval of the Commonwealth's Appropriation Act, these funds will be directed based upon included language from the General Assembly.

17. FINANCIAL PLANS FOR THE 2018 MULTI-YEAR MAJOR CAPITAL PLAN

(approved by the Finance Committee on June 7, 2018)

WHEREAS, major capital projects are vetted by the Space Leadership Committee and executive leadership, as well as by appropriate committees of the Board of Visitors, to ensure alignment with institutional priorities; and

WHEREAS, the projects included in the proposed 2018 Major Capital Plan are arrayed across a six-year plus timeframe based on the anticipated work related to each project; and

WHEREAS, the Executive Vice President and Chief Operating Officer will confirm that appropriate funding is in place before any project commences construction;

RESOLVED, the financial plans for following capital projects expected to begin by 2020 in the 2018 Multi-Year Major Capital Plan are complete and approved: Softball Stadium (revised); Brandon Avenue Upper-Class Residence Hall Phase II; Upper-Class Residence Hall (site to be determined); North Grounds Mechanical Plant and Infrastructure; West Grounds Chilled Water Capacity; Pinn Hall Building Envelope; and Pinn Hall Nobel Laureate Atrium.

18. ISSUANCE OF GENERAL REVENUE PLEDGE BONDS FOR ACQUISITION OF THE NORTHRIDGE BUILDING

(approved by the Finance Committee on June 7, 2018)

WHEREAS, Chapter 22, Title 23.1 of the Code of Virginia of 1950, as amended (the "Virginia Code"), establishes a public corporation under the name and style of The Rector and

Visitors of the University of Virginia (the "University") which is governed by a Board of Visitors (the "Board"); and

WHEREAS, Title 23.1 of the Virginia Code classifies the University as an educational institution of the Commonwealth of Virginia; and

WHEREAS, by Chapter 10, Title 23.1 of the Virginia Code (the "Act"), the University entered into a management agreement with the Commonwealth of Virginia which was enacted as Chapter 3 of Chapter 933 of the 2006 Virginia Acts of Assembly, pursuant to which the University is empowered to undertake the acquisition of any interest in land, including improvements on the acquired land at the time of acquisition, new construction, improvements, or renovations, and to borrow money and make, issue, and sell bonds of the University for such purposes, including the refinancing of any such facilities; and

WHEREAS, the University desires to issue debt for the acquisition of the Northridge Building;

RESOLVED, the Board of Visitors authorizes the University to issue debt of not more than \$18.4 million to fund the acquisition of the Northridge Building; and

RESOLVED FURTHER, all acts of officers of the University which are in conformity with the purposes and intent of this Resolution are ratified, approved and affirmed; and

RESOLVED FURTHER, this action shall take effect immediately.

19. COMMENDING RESOLUTION FOR DANIEL M. MEYERS AND THE COUNCIL OF FOUNDATIONS

(approved by the Finance Committee on June 7, 2018)

WHEREAS, Daniel M. Meyers was engaged with the work of the University of Virginia Curry School of Education as a result of his expertise in the field of education finance, becoming a strong advocate for the Curry School's mission; and

WHEREAS, Mr. Meyers has served with great commitment on the Council of Foundations since its inception as a representative of the Curry School of Education Foundation, and has represented the Council as a Consulting Member to the Board of Visitors Finance Committee; and

WHEREAS, Mr. Meyers has been a dedicated supporter of the University of Virginia and has contributed in various and substantial ways across the institution;

RESOLVED, the Board of Visitors offers significant thanks and appreciation to Daniel M. Meyers for his generous support and dedication to the University of Virginia, and for representing the Council of Foundations before the Board of Visitors Finance Committee.

20. COMMENDING RESOLUTION FOR ALLISON LINNEY AND THE COUNCIL OF FOUNDATIONS

(approved by the Academic and Student Life Committee on June 8, 2018)

WHEREAS, Allison Linney took an undergraduate degree from the University of Virginia's College of Arts & Sciences in 1995 and an M.B.A. degree from the UVA Darden School of Business in 2001; and

WHEREAS, Ms. Linney has served with great commitment on the Council of Foundations since 2010 as a representative of the School of Continuing and Professional Studies' Advisory Board, and has represented the Council as a Consulting Member to the Board of Visitors Academic and Student Life Committee; and

WHEREAS, Ms. Linney has been a dedicated alumna and has contributed considerable time and talent in various capacities across the University;

RESOLVED, the Board of Visitors offers significant thanks and appreciation to Allison Linney for her generous support and dedication to the University of Virginia, and for representing the Council of Foundations before the Board of Visitors Academic and Student Life Committee.

21. ESTABLISHMENT OF THE DAVID C. WALENTAS JEFFERSON SCHOLARS FOUNDATION PROFESSORSHIP

(approved by the Academic and Student Life Committee on June 8, 2018)

WHEREAS, alumnus David C. Walentas donated to the Jefferson Scholars Foundation to attract and retain outstanding professors on the University of Virginia faculty; and

WHEREAS, the Jefferson Scholars Foundation requests that the Board of Visitors establish a professorship in honor of Mr. Walentas;

RESOLVED, the Board of Visitors establishes the David C. Walentas Jefferson Scholars Foundation Professorship; and

RESOLVED FURTHER, the Board expresses its deep gratitude to Mr. Walentas for his generosity in providing the funds to the Jefferson Scholars Foundation for an endowed professorship at the University.

22. ESTABLISHMENT OF THE DISTINGUISHED PROFESSORSHIP IN ANESTHESIOLOGY

(approved by the Academic and Student Life Committee on June 8, 2018)

WHEREAS, the Department of Anesthesiology wants to promote academic advancement by funding the Distinguished Professorship in Anesthesiology to retain and

recruit the most qualified anesthesiologists as professors in the Department of Anesthesiology; and

WHEREAS, funds were raised from the department's reserves for the purpose of supporting the academic, research, and clinical advancement of the department through the creation of an additional endowed chair;

RESOLVED, the Board of Visitors establishes the Distinguished Professorship in Anesthesiology in the Department of Anesthesiology in the School of Medicine.

23. ESTABLISHMENT OF THE J. SANFORD MILLER DIRECTOR AT THE FRALIN MUSEUM OF ART

(approved by the Academic and Student Life Committee on June 8, 2018)

WHEREAS, alumnus, venture capitalist, and member of The Fralin Museum of Art Advisory Board J. Sanford Miller and his family provided funding to endow the director position at The Fralin Museum of Art; and

WHEREAS, the University provided a match through the Bicentennial Professors Fund;

RESOLVED, the Board of Visitors establishes the J. Sanford Miller Director at The Fralin Museum of Art; and

RESOLVED FURTHER, the Board expresses its deep gratitude to Mr. Miller and his family for their generosity to The Fralin Museum of Art and the University.

24. RECLASSIFICATION OF ACADEMIC GENERAL FACULTY MEMBERS

(approved by the Academic and Student Life Committee on June 8, 2018)

WHEREAS, the Office of the Executive Vice President and Provost has established a new academic general faculty policy to better integrate academic general faculty into the governance structures of their departments and establish clearer career paths; and

WHEREAS, 113 academic general faculty positions need to be reclassified to bring them into alignment with the new policy;

RESOLVED, the Executive Vice President and Provost is authorized and directed to reclassify 113 academic general faculty positions to bring them into alignment with new policy.

ATTACHMENTS

Attachment A

UVA Audit Department FY2019-FY20 Proposed Two Year Plan:

Lead Audit Team	Risk Prioritized Audit Topics <i>Audit Timing Determined by Assessment of Current Institutional Priorities; Detailed Scope Determined at Time of Audit</i>
Audit Coverage: Pan- University	
IT & Health System	Ufirst Project Health Check: Provide feedback on project risk mitigation (through launch in January 2019)
Health System	Research Compliance Administration
Health System/Co-Sourced	Construction Contract Audits (Specific Capital Projects To Be Determined)
IT	Research Computing Security (Ivy Secure Computing Environment)
Academic & Health System	COSO Internal Controls Framework Pilots (Payroll and Financial Reporting Processes)
Academic	Financial and Budgetary Management Processes
Academic	Presidential Travel and Expenses (Conducted Annually)
Audit Coverage: Academic Division	
Academic	International Student and Scholar Support
Academic	Dining Services
Academic	Student Health & Counseling
Academic	Athletics Drug Testing Program (ACC Follow Up Request)
IT	Security and Integrity of Key Instructional Systems
IT	Network Infrastructure & Security: Vulnerability & Patch Management
IT	Third Party IT Vendor Management; Cloud System Vendor Risks
IT	Disaster Recovery & Business Continuity Planning
Audit Coverage: Health System	
Health System	Revenue Cycle: Charge Capture (Procedures and Surgeries)
Health System	Epic as a Platform: Managing Ongoing System Upgrades and New Functionality
Health System	Outpatient Clinical Set Up
Health System	Patient Friendly Access (PFA): Registration and Scheduling Processes
Health System	Clinical Trials Billing (Epic)
IT	Network Infrastructure & Security: Vulnerability & Patch Management
IT	Disaster Recovery & Business Continuity Planning
IT	Third Party IT Vendor Management; Cloud Vendor Risks
IT	HIPAA Compliance – EPHI Security
Audit Coverage: UVA's College at Wise	
Academic	Comprehensive Risk Assessment with Specific Audits to Follow
IT	General Computer Controls for Key Local UVA Wise Systems

UNIVERSITY OF VIRGINIA INTERNAL AUDIT CHARTER

Purpose:

Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The UVA Office of Audit and Compliance assists UVA's Board of Visitors and University management in the discharge of their oversight, management, and operating responsibilities by providing independent assurance and consulting services to the University community. Our services add value by improving the control, risk management and governance processes to help the University achieve its business objectives.

Internal Auditing Policy:

It is the policy of the of the University to establish and support the Office of Audit and Compliance to assist the University in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the University's governance , risk management, and internal controls. The internal audit activity's responsibilities are defined by the Audit, Compliance, and Risk Committee (ACR Committee) of the Board of Visitors (Board) as part of its oversight role.

Authority:

The internal auditor, with strict accountability for confidentiality and safeguarding records and information, is authorized to have full, free, and unrestricted access to any and all of the University's records, physical properties, and personnel pertinent to carrying out an engagement.

All employees are requested to assist the Audit Department in fulfilling its roles and responsibilities. The internal audit activity will also have free and unrestricted access to the ACR Committee and its chairman.

Organization:

The Chief Audit Executive will report functionally to the ACR Committee chairman, and administratively to the President of the University.

The ACR Committee will:

- Approve the Audit Department charter.
- Approve the risk based audit plan.
- Approve the internal audit budget and resource plan.
- Receive communications from the Chief Audit Executive on the Audit Department's performance relative to its plan and other matters.
- Approve decisions regarding the performance evaluation, appointment, or removal of the Chief Audit Executive
- Approve the remuneration of the Chief Audit Executive
- Make appropriate inquiries of management and the Chief Audit Executive to determine whether there is inappropriate scope or resource limitations.

The Chief Audit Executive will communicate and interact directly with the ACR Committee, including in executive sessions and between ACR Committee meetings as appropriate.

Professional Standards

UVA's Office of Audit and Compliance will govern itself by adherence to The Institute of Internal Auditors' Mandatory Guidance, which includes the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing.

The Office of Audit and Compliance will adhere to the University's relevant policies and procedures as well as the *Generally Accepted Governmental Auditing Standards* of the Government Accountability Office.

Core Principles for the Professional Practice of Internal Auditing:

The Office of Audit and Compliance will continuously strive to be effective by operating in a manner consistent with the IIA's Core Principles:

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organization.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.

- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organizational improvement.

Independence and Objectivity:

The internal audit activity will remain free from interference by any element in the University, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective function. The Chief Audit Executive must disclose such interference to the ACR Committee and discuss the implications.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditors' independence or judgment. Internal auditors may provide assurance services for areas previously consulted, provided the consulting services did not impair objectivity.

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The Chief Audit Executive will annually evaluate reporting lines and responsibilities and confirm to the ACR Committee the organizational independence of the Office of Audit and Compliance.

Responsibility:

The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the University's governance, risk management, and internal controls as well as the quality of performance in carrying out assigned responsibilities to achieve the University's stated goals and objectives. This includes:

- Evaluating the design, implementation, and effectiveness of the organization's ethics-related objectives, programs, and activities.
- Evaluating risk exposure relating to achievement of the University's strategic objectives.
- Assessing whether the information technology governance of the organization supports the organization's strategies and objectives.
- Evaluating the reliability and integrity of information and the

means used to identify, measure, classify, and report such information.

- In order to enable this responsibility, the Office of Audit and Compliance will participate in the planning, development, implementation, and modification of major computer- based and manual systems to ensure that:

- (a) adequate controls are incorporated into the system;
- (b) thorough system testing is performed at appropriate stages;
- (c) system documentation is complete and accurate; and
- (d) the resultant system is a complete and accurate implementation of the system specifications.

- Evaluating the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on the University.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency of resource utilization.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Assessing and making appropriate recommendations for improving the governance process in its accomplishment of the following objectives:
 - 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
 - Coordinating the activities of and communicating information among the board, external and internal auditors, and management.
- Monitoring and evaluating the effectiveness of the organization's risk management processes.
- Performing consulting services related to governance, risk management, and control.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the ACR Committee or management.
- Evaluating specific operations at the request of the ACR Committee or

management, as appropriate.

- Reporting periodically on the purpose, authority, and responsibility of the Office of Audit and Compliance and performance relative to its plan.

Internal Audit Plan:

At least annually, the Chief Audit Executive will submit to senior management and the ACR an internal audit plan for review and approval. The internal audit plan will consist of a work schedule as well as budget and resource requirements for the next year. The Chief Audit Executive will communicate the impact of resource limitations and significant interim changes to senior management and the Board.

The internal audit plan will be developed based on a prioritization of the audit universe using a risk-based methodology, including input of senior management, the ACR, and Board.

The Chief Audit Executive will review and adjust the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan will be communicated to senior management and the ACR through periodic activity reports.

Audit Department Services:

The Chief Audit Executive is empowered to conduct assurance services, special audit projects, reviews, or investigations at the request of the Board, ACR Committee, President, General Counsel, EVP Provost, EVP Chief Operating Officer, EVP Health Affairs, or their designee, to assist management in meeting its objectives, promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in its programs and operations. The Office of Audit and Compliance may also provide consulting services, beyond assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design, training, and advisory services.

Coordination with External Auditing Agencies:

The Chief Audit Executive, with the goal of avoiding duplication of work, will coordinate the office's audit efforts with those of the Commonwealth of Virginia's Auditor of Public Accounts, or other external auditing agencies as applicable, 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.

Reporting and Monitoring:

A written report will be prepared and issued by the Chief Audit Executive or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will be available for review by the ACR and Board of Visitors.

The internal audit report will include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response to audit findings and recommendations should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The Office of Audit and Compliance will be responsible for appropriate follow-up on its engagement findings and recommendations. All significant findings will remain in an open issues file until cleared. The ACR will receive periodic reporting from the Chief Audit Executive on the status of management's action plan implementation.

The Chief Audit Executive will periodically report to senior management and the ACR on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management, ACR, or the Board.

Quality Assurance and Improvement Program:

The Chief Audit Executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program must include both internal and external assessments to evaluate the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors abide by the Code of Ethics.

External assessments must be conducted at least once every five years by a qualified independent assessor or assessment team from outside the organization.

The Chief Audit Executive must discuss with the ACR Committee:

- The form and frequency of external assessment;
- The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.

The program will also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.

The Chief Audit Executive must communicate results of the quality assurance and improvement program to senior management and the ACR Committee.

Updated on June X, 2018

UNIVERSITY OF VIRGINIA COMPLIANCE CHARTER

Purpose:

The University of Virginia's compliance function supports the University's fundamental commitment to the highest standards of ethics, integrity, and lawful conduct by promoting adherence to all applicable federal, state, and local laws, regulations, as well as standards and internal policies and protocols.

Institutional compliance promotes greater coordination of and consistency among individual University compliance programs, covering a wide variety of requirements related to academics, athletics, human resources, research, health care, information technology, and numerous administrative functions. The University established a compliance program to prevent, detect, and respond appropriately to potential violations of law and to foster a corporate culture that promotes integrity and ethical behaviors in all matters relating to compliance.

Authority:

The Assistant Vice President for Compliance, with strict accountability for confidentiality and safeguarding of records and information, is authorized to have full, free, and unrestricted access to any and all of the University's records, physical properties, and personnel pertinent to carrying out compliance investigations and to review and monitor compliance issues. All employees are requested to assist the compliance function in fulfilling its roles and responsibilities.

Organization:

The Assistant Vice President for Compliance oversees institutional compliance activities and programs to confirm they are reasonably designed, implemented, communicated, and enforced. To facilitate effective oversight, the Assistant Vice President for Compliance coordinates and chairs the Compliance Network, a University-wide network of functional compliance officers.

The Assistant Vice President for Compliance reports to the Chief Audit Executive . The Chief Audit Executive reports functionally to the ACR Committee chairman, and administratively to the President of the University.

The Audit, Compliance, and Risk (ACR) Committee will:

- Approve the Compliance Charter and periodically reassess it for continued relevance.
- Receive communications from the Assistant Vice President for Compliance regarding compliance strategies, plans, and other relevant matters.
- Make appropriate inquiries of management and the Assistant Vice President for Compliance to determine whether all compliance efforts have the necessary resources and scope.
- Support leadership for the compliance program by promoting and supporting a University-wide culture of ethical and lawful conduct.

The Assistant Vice President for Compliance will communicate and interact directly with the Chair of the ACR Committee, including in executive sessions and between committee meetings as appropriate to ensure direct access to the board.

Professional Standards

The compliance function's objective is to establish and promote standards that meet the U.S. Federal Sentencing Guidelines' criteria for an effective compliance program.

1. Compliance standards and procedures to prevent and detect criminal activity;
2. Oversight by high-level personnel, with periodic reporting to the board from individuals with operational responsibility;
3. Due care in delegating substantial discretionary authority;
4. Effective communication and training to all levels of employees;
5. Systems for monitoring, auditing and reporting suspected wrong-doing without fear of reprisal and for periodically evaluating the effectiveness of the compliance and ethics programs;
6. Consistent enforcement of compliance standards including disciplinary mechanisms and appropriate incentives to perform in accordance with the compliance and ethics program; and
7. Reasonable steps to respond to and prevent further similar offenses upon detection of a violation.

In addition, the Medical Center's compliance program also follows the program elements defined in the Department of Health and Human Services' Office of the Inspector General's "Compliance Program Guidance for Hospitals".

Responsibilities:

Members of the University community having responsibility for a specific area of compliance must ensure the following:

- Oversight of compliance in their specific functional areas;
- Adherence to the University's compliance policies;
- Implementation of corrective action as necessary, arising from compliance reviews and/or investigations.

The role of the Assistant Vice President for Compliance is to remain well-informed on the content and operation of the University's compliance and ethics program in order to exercise reasonable oversight of the effectiveness of the program, including:

1. *Standards of Conduct/Policies and Procedures:* confirming that the University implements policies, procedures, training programs, and internal control systems that are reasonably capable of reducing misconduct and that comply with relevant regulatory requirements.
2. *Compliance Roles and Responsibilities:* establishing clear roles and responsibilities across the University.
3. *Compliance Oversight:* exercising reasonable oversight over compliance activities by requesting and receiving updates from compliance officers.
4. *Reporting and Investigative Mechanisms:* confirming that the University maintains an effective mechanism for stakeholders to report or seek guidance regarding potential or actual wrongdoing.
5. *Correction and Prevention:* working with the University's senior leadership to promote and enforce compliance through appropriate incentives and disciplinary measures.
6. *Culture of Integrity and Compliance:* promoting the University's culture of integrity and compliance, through communication of compliance standards and policies.

Interaction with Audit and Enterprise Risk Management:

The Assistant Vice President for Compliance will work closely with colleagues in the Office of Audit and Compliance to assess and prioritize which compliance areas present the greatest risk and need for attention, based on regulatory environment and complexity, overlap with University strategic plans, and consequences of non-compliance. Managers with responsibility for specific areas

of compliance will evaluate their individual compliance efforts against a list of criteria necessary to have an effective compliance program.

The Enterprise Risk Management (ERM) program is designed to identify and mitigate key institutional risks. For example, one type of risk to be considered is legal and regulatory compliance risk. The regular review of compliance requirements may highlight an emerging institutional risk. Conversely, the identification of key institutional risks may guide the work of the compliance function and initiate a mitigation strategy that the University may use to address a given risk.

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