



THE RECTOR AND VISITORS OF THE  
UNIVERSITY OF VIRGINIA

September 16, 2016

MEMORANDUM

TO: The Audit, Compliance, and Risk Committee:

Frank E. Genovese, Chair  
Mark T. Bowles  
L.D. Britt, M.D.  
Frank M. Conner III  
Babur B. Lateef, M.D.  
James B. Murray Jr.  
William H. Goodwin Jr., Ex Officio  
Adelaide Wilcox King, Faculty Consulting Member

and

The Remaining Members of the Board:

Whittington W. Clement	John G. Macfarlane III
Elizabeth M. Cranwell	Tammy S. Murphy
Thomas A. DePasquale	James V. Reyes
Kevin J. Fay	Jeffrey C. Walker
Barbara J. Fried	Nina J. Solenski, M.D., Faculty Member
John A. Griffin	Phoebe A. Willis, Student Member

FROM: Susan G. Harris

SUBJECT: Minutes of the Meeting of the Audit, Compliance, and Risk  
Committee on September 16, 2016

The Audit, Compliance, and Risk Committee of the Board of Visitors of the University of Virginia met, in Open Session, at 1:30 p.m., on Friday, September 16, 2016, in the Board Room of the Rotunda. Frank E. Genovese, Chair, presided.

Present: William H. Goodwin Jr., Frank M. Conner III, Babur B. Lateef, M.D., and James B. Murray Jr. L.D. Britt, M.D. participated by telephone.

Absent: Mark T. Bowles and Ms. Adelaide Wilcox King.

Whittington W. Clement, Kevin J. Fay, Barbara J. Fried, John G. Macfarlane III, James V. Reyes, Jeffrey C. Walker, Nina J. Solenski, M.D., and Phoebe A. Willis were also present.

Present as well were Patrick D. Hogan, Richard P. Shannon, M.D., Susan G. Harris, Donna P. Henry, David W. Martel, Annette D. Norton, Debra D. Rinker, Nancy A. Rivers, Roscoe C. Roberts, and Pamela H. Sellers.

Presenters were Michael R. Marquardt, James S. Matteo, Gary S. Nimax, and Carolyn D. Saint.

Mr. Genovese opened the meeting. After welcoming new and returning committee members, he asked if there were any questions about the written report submitted by Ms. Annette Norton, the Interim Medical Center Compliance and Privacy Officer, summarizing the compliance and privacy activities for FY 2016. Hearing no questions, Mr. Genovese thanked the Medical Center Compliance Office for completing all but one of its scheduled projects. He noted that no significant issues were found with any of the compliance documentation and billing reviews and that no significant issues were found with the 685 requests from staff and patients to review issues related to compliance and privacy. He then asked Ms. Carolyn D. Saint to present the Audit Department report.

#### Audit Department Activities Report

Ms. Carolyn D. Saint, Chief Audit Executive, reviewed the audit plan for FY 2017 covering accomplishments to date, projects underway, and plans for the remainder of the year. The department is becoming engaged with projects as they are underway instead of after they have been completed. The department has developed a methodology called Project Health Checks. It provides projects with objective risk assessment observations that will increase the likelihood of success through early identification of issues.

Monitoring expenses for the Strategic Investment Fund is one of the projects planned for FY 2017. Mr. Hogan explained that this is extremely important and he proposed that a report be prepared at the end of each fiscal year documenting sources and uses of funds, current and previous year investments, and progress being made against milestones. The report will be presented at the September Board meeting. The Committee supported this proposal.

Ms. Saint ended the report by explaining that the University takes her department's recommendations seriously. The department's reports now analyze the recommendations based on a number of factors, such as risk assessments. In the past, the department's efforts focused on the academic division; it will now be paying more attention to the other two university divisions.

University Compliance: Medical Center Compliance and Privacy Officer Search

Mr. Gary S. Nimax, Assistant Vice President for Compliance, reported on the search for the Medical Center's Compliance and Privacy Officer. After reviewing the current applicant pool, the search committee has decided to seek additional applicants.

Enterprise Risk Management (ERM) Report

Mr. James S. Matteo, Associate Vice President and Treasurer, reported on the status of two of the three priorities established for the ERM program: 1) repositioning and enriching the ERM Program, and 2) enhancing Board reporting. He reviewed the process flowchart, governance architecture, and features of the key risk dashboard.

Mr. Michael R. Marquardt, Chief of Staff of the University Health System, reviewed the status of the third ERM priority, which is the onboarding of the Health System. The Health System has created a risk management network comprised of 11 senior administrators. Its next steps are to determine objectives and identify risks.

Mr. Genovese observed that in terms of risk the University is in a proactive mode rather than a reactive one.

Closed Session

At 1:50 p.m. the committee went into closed session upon motion made by Dr. Lateef and duly seconded and approved by roll call vote.

Voting in the affirmative:

Frank E. Genovese  
L.D. Britt, M.D.  
Frank M. Conner III  
Babur B. Lateef, M.D.  
James B. Murray Jr.  
William H. Goodwin Jr.

Motion:

Mr. Chair, I move the Audit, Compliance, and Risk Committee into closed meeting to discuss proprietary, business-related information pertaining to financial reviews and privacy investigations of the University of Virginia Medical Center, because disclosure of such information would adversely affect the Medical Center's competitive position. The foregoing motion is authorized by Sections 2.2-3711 (A) (22) of the Code of Virginia.

At 1:55 p.m. the committee concluded closed session and approved the following motion, made by Dr. Lateef and duly seconded, by unanimous roll call vote:

I move that we vote on and record our certification that, to the best of each member's knowledge, only public business matters lawfully exempted from open meeting requirements and which were identified in the motion authorizing the closed session, were heard, discussed or considered in closed session.

Voting in the affirmative:

Frank E. Genovese  
L.D. Britt, M.D.  
Frank M. Conner III  
Babur B. Lateef, M.D.  
James B. Murray Jr.  
William H. Goodwin Jr.

— — — — —  
On motion, the committee adjourned at 1:55 p.m.

SGH:wtl

These minutes have been posted to the University of Virginia's Board of Visitors website: <http://www.virginia.edu/bov/auditminutes.html>