

**VIRGINIA STATE UNIVERSITY  
BOARD OF VISITORS  
Virginia State University, Virginia 23806**

**MINUTES  
Thursday, September 22, 2011**

**CALL TO ORDER**

Mrs. Katherine E. Busser, Vice Rector, called the meeting of the Virginia State University (VSU) Board of Visitors ("Board") to order in the Board Room in Virginia Hall at 8:31 a.m.

**ROLL CALL**

A quorum was present.

*Board Members Present:*

Mr. Felix Davis, Jr., Rector (*absent*)  
Ms. Katherine E. Busser, Vice Rector  
Brigadier General (RET) Alfred J. Cade, Secretary  
Mr. George K. Anas, II  
Mr. Jerry B. Bias (*absent*)  
Mr. Harry Black  
Mr. Allyn Myles Carnam  
Ms. Catherine H. Gillespie  
Mr. Terone Green  
Mr. E. Ray Murphy  
Ms. Daphne M. Reid  
Mr. James H. Starkey, III (*absent*)  
Ms. Barbara Steverson  
Mr. Spencer L. Timm (*arrived 8:36 a.m.*)  
Dr. Emmanuel Omojokun, Faculty Member Representative  
Mr. Brandon Randleman, Student Government Association Representative

*Administration Present:*

Dr. Keith T. Miller, President  
Dr. W. Weldon Hill, Vice President for Academic Affairs  
Dr. Michael M. Shackelford, Vice President for Student Affairs  
Dr. Robert L. Turner, Jr., Vice President for Development  
Mr. David J. Meadows, Vice President for Administration and Finance  
Mr. Cortez K. Dial, Chief of Staff  
Dr. Elliott L. Wheelan, Associate Vice President for Human Resources  
Ms. Joanne Curtis Taylor, Chief Audit Executive  
Mr. Jesse Vaughan, Special Assistant to the President

*Legal Counsel Present:*

Mr. Roscoe C. Roberts, University Legal Counsel  
Ms. Bonnie N. Degen, Legal Assistant, University Legal Counsel  
Ms. Christy G. Brown, Paralegal, University Legal Counsel

*Other Attendees:*

Mr. Michael Mendelsohn, Account Executive, Sungard  
Ms. Allison Lenard, Senior Customer Relationship Manager, Sungard

**OPENING REMARKS**

The Vice Rector asked all present to pause for a moment of reverent silence.

Ms. Busser welcomed new board members Terone Green and George K. Anas. She also recognized board member Catherine Gillespie; Faculty Representative to the Board, Dr. Emmanuel Omojokun; and Student Government Association Representative to the Board, Mr. Brandon Randleman.

On behalf of the board, Ms. Busser commended the President's administration and staff for their hard work and commitment to the University and its mission.

**PRESIDENT'S REMARKS**

President Miller discussed the effects of the earthquake and hurricane on University operations and the effectiveness of the campus emergency plan. The University experienced minor property damages and no injuries or loss of life.

**Resource and Governance Committee**

Ms. Daphne M. Reid, Chair of the **Resource and Governance Committee**, presented and moved for approval the following committee and liaison recommendations: Ms. Barbara Steverson, Chair, Academic and Student Affairs Committee; Mr. Terone Green, Academic and Student Affairs Committee, and Facilities, Finance and Audit Committee; Mr. George Anas, Resource and Governance Committee, and Development Committee; Mr. E. Ray Murphy and Ms. Barbara Steverson, Executive Committee; and BG (RET) Al Cade, Foundation Liaison. The motion carried by roll call voice vote.

The Vice Rector then moved the board into a discussion period where the board acted as a committee of the whole. During this period, the board reviewed matters assigned to the committees that would be the subjects of approval during the board's afternoon session.

### **Academic and Student Affairs**

Ms. Barbara Steverson, Chair of the **Academic and Student Affairs Committee**, asked Dr. Michael Shackelford to discuss the State Council of Higher Education for Virginia (SCHEV) mandated University Student Military Deployment policy, which Dr. Shackelford then proceeded to present.

Dr. Shackelford next highlighted the freshman class, totaling approximately 1,230 students, which represented an increase over projections. Housing for freshman was not an issue, as all freshman students were housed on campus. The University has been in the process of moving some students previously housed off campus, back into on campus housing.

In-state students versus out-of-state students are represented by a 63 to 37 ratio, and the University has experienced an increase in transfer students over last year's enrollment. There has been a decline in student retention which is due, in large measure, to the national recession and high unemployment rate.

Provost Hill provided an update on the revision of the standards for promotion and tenure. Revisions include: departmental responsibility to ensure that academic departments have ironclad criteria for promotion and tenure; instructor positions are now non-tenure track positions; mechanisms have been put in place to document years credit towards tenure; and clarity has been added to questionable areas. Revisions appear to have been well-received by faculty.

### **Resource and Governance Committee**

Ms. Daphne M. Reid, Chair of the **Resource and Governance Committee**, discussed the committee's work on the President's evaluation instrument. Board discussion ensued.

### **Facilities, Finance and Audit Committee**

Mr. E. Ray Murphy, Chair of the **Facilities, Finance and Audit Committee**, asked Mr. Meadows to give a brief overview of the University's Capital Outlay projects: Howard Quad Phase II; Simms Hall; Gateway Residence Hall II; new pedestrian bridge (connecting the Moore Hall/Dining Event Center area of campus to lot 28); renovation of Hunter McDaniel; exterior signage; and campus beautification projects.

At the Board's request, Mr. Meadows reported on his research and comparison analysis on Virginia State University's out-of-state tuition to states where the University receives the majority of its out-of-state student enrollment. Nine states and the District of Columbia represented 85.43% of the total out-of-state student enrollment (California, Connecticut, District of Columbia, Illinois, Maryland, New Jersey, New York, Pennsylvania, North Carolina and South Carolina) in which two public universities were selected from each for comparison purposes. In all cases, Virginia State University's out-of-state tuition and fees exceeded in-state costs, indicating that cost is not the only

factor considered by out-of-state families and students when choosing to attend Virginia State University. VSU is a destination of choice.

Mr. Meadows highlighted the process of developing goals of the required annual VSU Six-year Plan.

### **Development Committee**

On behalf of the **Development Committee**, BG (RET) Cade asked Dr. Robert Turner to provide an update on major gifts totaling \$1,076,434.0 as of September 8, 2011. Dr. Turner also highlighted the fund comparison summary report, and the endowed summary report.

Dr. Turner discussed the Inaugural Ball fundraising initiative, the Hugo A. and Helen W. Owens endowed scholarship fund and the Thompson Hospitality endowed professorship fund, all of which were scheduled for approval by the board during the afternoon session.

### **AFTERNOON SESSION**

Following lunch, Ms. Katherine E. Busser, Vice Rector, reconvened the meeting of the Virginia State University (VSU) Board of Visitors (“Board”) in the Board Room in Virginia Hall at 1:40 p.m.

### **ROLL CALL**

A quorum was present.

#### *Board Members Present:*

Mr. Felix Davis, Jr., Rector (*absent*)  
Ms. Katherine E. Busser, Vice Rector  
Brigadier General (RET) Alfred J. Cade, Secretary  
Mr. George K. Anas, II  
Mr. Jerry B. Bias (*absent*)  
Mr. Harry Black  
Mr. Allyn Myles Carnam  
Ms. Catherine H. Gillespie  
Mr. Terone Green  
Mr. E. Ray Murphy  
Ms. Daphne M. Reid  
Mr. James H. Starkey, III (*absent*)  
Ms. Barbara Steverson  
Mr. Spencer L. Timm

Dr. Emmanuel Omojokun, Faculty Member Representative  
Mr. Brandon Randleman, Student Government Association Representative

*Administration Present:*

Dr. Keith T. Miller, President  
Dr. W. Weldon Hill, Vice President for Academic Affairs  
Dr. Michael M. Shackelford, Vice President for Student Affairs  
Dr. Robert L. Turner, Jr., Vice President for Development  
Mr. David J. Meadows, Vice President for Administration and Finance  
Mr. Cortez K. Dial, Chief of Staff  
Dr. Elliott L. Wheelan, Associate Vice President for Human Resources  
Ms. Joanne Curtis Taylor, Chief Audit Executive  
Mr. Jesse Vaughan, Special Assistant to the President

*Legal Counsel Present:*

Mr. Roscoe C. Roberts, University Legal Counsel  
Ms. Bonnie N. Degen, Legal Assistant, University Legal Counsel  
Ms. Christy G. Brown, Paralegal, University Legal Counsel  
Mr. Travis Edmonds, Office of Information Technology

*Other Attendees:*

Mr. Walter J. Kucharski, Auditor of Public Accounts  
Ms. Staci Henshaw, Project Manager, Auditor of Public Accounts

**APPROVAL OF MINUTES**

Vice Rector Busser called for approval of the minutes of the Board meeting held April 14-15, 2011. A motion for their approval was made by Mr. Murphy, seconded by Ms. Reid, and the minutes were approved by roll call voice vote.

**OPENING REMARKS**

On behalf of the board, Ms. Busser presented Dr. Ben Nwoke and Ms. LaJessica Stringfellow with resolutions in recognition of their service to the Board of Visitors as faculty representative to the board and as student representative, respectively.

**REPORT OF AUDITOR OF PUBLIC ACCOUNTS**

Mr. Walter J. Kucharski, the Commonwealth's Auditor of Public Accounts, discussed the state's audit report ending June 30, 2010. The University received an unqualified opinion on its financial

statements for the year ending June 30, 2010. Mr. Kucharski expressed some concern, however, in five areas; Oracle database security, the information security program, strengthening access controls over eVA, strengthening controls over reporting federal expenditures, and ensuring Title IV refund calculations are accurate. The Vice Rector thanked him for his presentation.

### **PRESIDENT'S REMARKS**

The President discussed some of the highlights of the year to include the University's involvement with the Commonwealth Center for Advanced Manufacturing (CCAM) and the Virginia Logistics Research Center. The President also highlighted the successful SCHEV visit.

President Miller introduced Ms. Naimah Miller, Senior, Business Management Major student here at VSU. Ms. Miller's accomplishments include serving on the Executive Board of the Business Management class, being a part of The Ladies of Sister to Sister, Inc., and service as a Presidential Intern. Ms. Miller shared with the Board her reasons for selecting VSU as her school of choice, discussed her experiences at the University and how it has given her the skills to transfer from college to a career.

Dr. Miller shared with the Board a media segment from the upcoming VSU Today series, scheduled to premiere October 1, 2011, featuring board member Daphne Reid.

### **Academic and Student Affairs**

Ms. Barbara Steverson, Chair of the **Academic and Student Affairs Committee**, presented on behalf of the committee promotion and tenure recommendations for Dr. Christopher M. Caldwell and Dr. Sherman Ward. The motion carried by roll call voice vote.

On behalf of the committee, Ms. Steverson presented for approval the following Professor Emeritus recommendations: David Dussere, Conrad Gilliam, Giles Hall, Dilip Sen, Claiborne Shelton, Shaukat Siddiqi, Carl Wright, Valery Bates-Brown, Mel Krohn, Alan Boese, Gollakota Jagannadham, and Gloria Young. The motion carried by roll call voice vote.

On behalf of the committee, Ms. Steverson presented for approval the Student Military Deployment Policy, reviewed earlier by the board. The motion carried by roll call voice vote.

### **Resource and Governance Committee**

On behalf of the committee, Ms. Daphne M. Reid, Chair of the **Resource and Governance Committee**, presented the committee assignment recommendations, reviewed earlier by the board. The motion carried by roll call voice vote.

**Facilities, Finance, and Audit Committee**

Mr. E. Ray Murphy, Chair of the **Facilities, Finance and Audit Committee**, presented on behalf of the committee the Quad Phase II Debt 9C Issuance resolution for approval. The motion carried by roll call voice vote.

On behalf of the committee, Mr. Murphy presented for approval the 2012-2014 Biennium Six Year Plan. The motion carried by roll call voice vote.

On behalf of the committee, Mr. Murphy presented for approval the Audit Committee Charter. The motion carried by voice vote.

On behalf of the committee, Mr. Murphy presented for approval the Internal Audit Charter. The motion carried by voice vote.

On behalf of the committee, Mr. Murphy presented for approval the Three-Year Internal Audit Plan Goals and Objectives. The motion carried by voice vote.

Ms. Joanne Curtis Taylor indicated that closure had been brought to the review of the changes to the University's grade change/appeals process made by Academic and Student Affairs. Discussion ensued.

**Development Committee**

On behalf of the **Development Committee**, Ms. Reid presented for approval the Inaugural Ball fundraising initiative. The motion carried by roll call voice vote.

On behalf of the committee, Ms. Reid presented for approval the amended Hugo A. Owens, Sr. and Helen W. Owens Endowed Scholarship Fund. The motion carried by voice vote.

On behalf of the committee, Ms. Reid presented for approval the Thompson Hospitality Endowed Professorship Fund. The motion carried by voice vote.

**MISCELLANEOUS**

Ms. Steverson formally introduced Dr. Emmanuel Omojokun, Faculty Representative to the Board, and Mr. Brandon Randleman, Student Government Association Representative to the Board. Both representatives provided the Board with a statement highlighting their backgrounds and initiatives.

Ms. Busser discussed and presented for approval resolutions recognizing the service of former board members Dr. Mary Hatwood Futrell, Ms. Maureen Massey and Ms. Erika Davis. The motion was seconded by Ms. Reid and carried by voice vote.


**CLOSED SESSION**


In accordance with §§ 2.2-3711(A)(1), (A)(7) and of the *Code of Virginia*, the Board convened in closed session at 2:38 p.m. to discuss personnel matters and for consultation with legal counsel. The motion provided that President Miller and Attorney Roberts attend the closed meeting as their presence was deemed necessary to aid the Board in its deliberations.

The Board reconvened in open session at 3:29 p.m., in accordance with § 2.2-3712(D) of the *Code of Virginia*. BG (RET) Cade conducted the poll in which all Board members certified that the Board only discussed personnel matters and consulted with legal counsel, as authorized by law. All Board members present certified compliance with the Freedom of Information Act.


Ms. Busser presented for approval a motion consistent with the items discussed in closed session regarding the President's compensation and contract. The motion carried by voice vote.

There being no further business, the Vice Rector adjourned the meeting of the Board at 3:42 p.m.

  
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Katherine E. Busser, Vice Rector

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Alfred J. Cade, Secretary

  
\_\_\_\_\_  
Date



**RESOLUTION OF THE  
VIRGINIA STATE UNIVERSITY BOARD OF VISITORS**

**RESOLUTION APPROVING THE STUDENT MILITARY DEPLOYMENT  
POLICY**

**WHEREAS**, Virginia State University is required to comply with the implementation of § 23-9.6:2 and § 23-9.2:3.7 of the *Code of Virginia* in providing guidelines and procedures for tuition relief, refunds, and reinstatement, as well as the opportunity to receive full course credit for students who are suddenly called to service in the uniformed services during an academic semester; and

**WHEREAS**, § 23-9.6:2 of the *Code of Virginia* and the State Council of Higher Education for Virginia (SCHEV) has directed each institution of higher education to establish a policy providing for tuition relief, refunds, and reinstatement for students whose service in the uniformed services during a defense crisis has required their sudden withdrawal or prolonged absence from their enrollment at the University and shall provide for the required re-enrollment of such students by the relevant institutions; and

**WHEREAS**, § 23-9.2:3.7 of the *Code of Virginia* requires that each public institution of higher education implements policies that grant students called to service in the uniformed services during an academic semester the opportunity to earn full course credit; and

**WHEREAS**, the University Administration has developed the Student Military Deployment Policy which complies with § 23-9.6:2 and § 23-9.2:3.7 of the *Code of Virginia* and the SCHEV requirements;

**NOW, THEREFORE, BE IT RESOLVED THAT**, upon the recommendation of the Virginia State University Administration, including the Office of the Provost and the Board of Visitors' Academic and Student Affairs Committee, the Board of Visitors of Virginia State University hereby approves the attached "Student Military Deployment Policy" effective September 22, 2011.

  
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Katherine Busser, Vice Rector

Sept 22, 2011  
Date

  
\_\_\_\_\_  
Alfred Cade, Secretary

22 Sept 2011  
Date

## **Purpose**

The purpose of this policy is to define terms and provide guidelines and procedures for tuition relief, refunds, and reinstatement of students whose service in the uniformed services require a sudden withdrawal or a prolonged absence from their enrollment in Virginia institutions of higher education.

## **Authority, Responsibility, and Duties**

Pursuant to § 23-9.6:2 of the Code of Virginia, The Higher Education Opportunity Act, and in accordance with the State Council of Higher Education, this policy is established to ensure the uniform application of criteria in providing tuition relief, refunds, and reinstatement as it relates to sudden withdrawal or a prolonged absence from enrollment at an institution of higher education to meet uniformed service requirements.

The Office of the University Registrar is responsible for the process of withdrawal for students due to uniformed service requirements.

## **Definitions**

For the purpose of this policy, the following definitions shall apply:

“Withdrawal” the formal process by which a student is separated from the University.

“Service in the uniformed services” means service (whether voluntary or involuntary) on active duty in the Armed Forces, including such service by a member of the National Guard or Reserve, for a period of more than 30 days under call or order to active duty of more than 30 days.

“Tuition” means the actual price of education charged to a student for the term in which service in the uniformed services caused his or her sudden withdrawal or prolonged absence from enrollment at a Virginia institution of higher education.

“Reinstatement” means the re-admittance and re-enrollment of a student whose service in the uniformed services has caused his or her sudden withdrawal or prolonged absence from enrollment.

“Sudden withdrawal” means leaving an institution after a semester has begun or after the tuition and required fees for a term have already been billed to or paid by the student.

## **Policy Statements**

Sudden withdrawal from the University due to service in the uniformed services must follow procedures established by the Office of the Registrar.

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## **REQUIRED DOCUMENTATION**

The Office of the Registrar requires students to meet the following requirements in order to have their withdrawal processed in accordance with this policy:

- Provide a copy of official orders or enlistment contract.
- For verification purposes, student must present a valid active duty military ID.
- Complete an exit interview with the Office of Student Financial Aid.
- Sign the Return of Financial Aid Title IV funds statement.
- Return a completed withdrawal form to the Registrar's office.

## **TUITION AND FEES**

Once the withdrawal process is complete, the Bursar's office will adjust the student's account.

- Sudden withdrawals taking place prior to mid-term will result in a full refund of tuition and fees. If the student has received a refund, they may retain the refund. Credits created by the removal of charges will be refunded to the source of payment. Payment plans will be cancelled.
- Sudden withdrawals taking place after mid-term will result in all charges remaining. Payment plans will remain in effect, and the Bursar may close the plan with the balance due remaining on the student's account.

## **ROOM AND BOARD**

Upon the completion of the withdrawal form, the Department of Residence Life will amend the student's account:

- Sudden withdrawals taking place prior to mid-term will result in the student being charged for room and board expenses incurred prior to withdrawal.
- Sudden withdrawals taking place after mid-term will result in the student being charged the full room rate and prorated board.

## **DEPOSITS**

Once the withdrawal process is complete, any deposit held in the student's account will be released and applied to any remaining balance due. Credit balances will be refunded and forwarded to the student's permanent address.

## **ACADEMIC CREDIT**

- A student taking advantage of a sudden withdrawal before the add/drop period may elect to drop all courses before the end of the add/drop period and receive a refund in accordance with the University's Withdrawal and Refund Policy.

Virginia State University  
Policies Manual

Title: Student Military Deployment Policy

Policy: 5003

- A student taking advantage of a sudden withdrawal who chooses not to withdraw from the University may choose to be assigned a final grade of Incomplete "I" at the end of the semester. Resolution of grades of "I" (Incomplete) must be worked out with the instructor within one (1) calendar year of the withdrawal.
- Students who have completed 75 percent of a course's requirements at the time of sudden withdrawal, and not withstanding certain exceptions noted below, and meet requirements as determined and agreed upon by the instructor and the student may receive full credit for that course.
  - (1) The instructor is responsible for determining what percentage of the course requirements have been completed based on factors to include but not limited to contact time, examinations, projects, work experience and clinical experience.
  - (2) The awarding of full credit cannot be made where the incomplete requirements are an essential part of the course or are program components that are mandated by law or regulatory bodies, are necessary for competency in the workplace, or are required to complete licensure examinations.
- Student/Teacher Agreements – If a student is deployed prior to mid-term and wishes to continue studies via technology, this must be worked out with the instructor. If for any reason this cannot be an option for the instructor, the student may withdraw from that class and receive a "W" (Withdrawal).

## **TEXTBOOKS**

The State Council of Higher Education encourages generous return and refund policies for textbooks purchased by students who are forced to withdraw from class due to service in the uniformed services.

## **REINSTATEMENT**

In accordance with The State Council of Higher Education guidelines, any student whose sudden withdrawal or prolonged absence from the University as a result of required service in the uniformed services shall be entitled to re-admission under the following conditions:

- the cumulative absence is not more than five (5) years, and
- the student provides notice of intent to return not later than three (3) years after the completion of the period of service.

Relevant exceptions to these timelines can be found in the Higher Education Opportunity Act.

The student may be reinstated in the same program of study which they had been enrolled prior to withdrawal upon meeting with their advisor and/or the Dean in order to determine the impact the absence from the program has on the ability to resume study. If the program is no longer available or suitable, the student is encouraged to meet with their advisor or Dean to discuss options.

The same process applies if the student was admitted to a program but had not begun attendance. The student in effect is allowed to defer their enrollment.

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Revision Date: 9/22/2011

Page No:

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**REFERENCES**

Military Service Withdrawal Procedures

Virginia Tuition Relief, Refund, and Reinstatement Guidelines

*Code of Virginia* § 23-9.6:2

The Higher Education Opportunity Act

**Item I.A.**

**RESOLUTION OF THE RECTOR AND VISITORS OF  
VIRGINIA STATE UNIVERSITY  
9C FINANCING – CONSTRUCT QUAD PHASE II**

**WHEREAS**, there have been passed by the General Assembly of Virginia and signed by the Governor acts entitled “Commonwealth of Virginia Higher Educational Institutions Bond Act of 2011” (the “2011 Act”);

**WHEREAS**, pursuant to the Act, the Treasury Board of the Commonwealth of Virginia (the “Treasury Board”) is authorized, by and with the consent of the Governor, to sell and issue bonds or bond anticipation notes of the Commonwealth of Virginia (the “Commonwealth”) for the purpose of providing funds, together with other available funds, for paying the cost of acquiring, constructing, renovating, enlarging, improving and equipping certain revenue-producing capital projects at certain institutions of higher learning of the Commonwealth and for paying issuance costs, reserve funds and other financing expenses (the “Financing Expenses”), all in accordance with the provisions of Section 9(c) of Article X of the Constitution of Virginia;

**WHEREAS**, for **VIRGINIA STATE UNIVERSITY** (the “Institution”), such revenue-producing capital projects include **Project 17895 Construct Quad Phase II (the “Project”)**; and

**WHEREAS**, the Treasury Board is proposing to sell and issue bonds or bond anticipation notes pursuant to the Acts for such revenue-producing capital projects, in one or more series;

**NOW, THEREFORE, BE IT RESOLVED BY THE RECTOR AND VISITORS OF VIRGINIA STATE UNIVERSITY:**

**Section 1.** The Board of Visitors of the Institution (the “Board”) requests the Treasury Board to sell and issue bonds (the “Bonds”) or bond anticipation notes (“BANs”) in an aggregate principal amount not to exceed **\$30,816,000** to finance all or a portion of the costs of each Project plus Financing Expenses (for the Project, or “Project Notes” and, collectively, the “Project Borrowings”). The Project Borrowings will be identified by amount by the State Treasurer upon issuance of any Bonds or BANs.

**Section 2.** With respect to each Project, the Board (a) covenants to fix, revise, charge and collect a **ROOM** fee and other rates, fees and charges, for or in connection with the use, occupation and services of such Project and (b) pledges such rates, fees and charges remaining after payment of (i) the expenses of operating such Project and (ii) the expenses related to all other activities funded by the **ROOM** fee (“Project Net Revenues”) to the payment of the principal of, premium, if any, and interest on the Individual Project Borrowing relating thereto. The Board further covenants that it will fix, revise, charge and collect such rates, fees and charges in such amounts so that the Project Net Revenues will at all times be sufficient to pay, when due, the principal of, premium, if any, and interest on the related Project Borrowing and on any other obligations secured by such Project Net Revenues (such payments collectively the “Required Payments”).

The Project Borrowing shall be secured on parity with other obligations secured by the Project Net Revenues relating to such Project Borrowing (other than any obligations secured by a prior right in the Project Net Revenues). The Project Net Revenues pledged herein in excess of the Required Payments for the Project Borrowing may be used by the Institution for any other lawful purpose.

**Section 3.** It is hereby found, determined and declared that, based upon responsible engineering and economic estimates and advice of appropriate officials of Virginia State University, as shown on the Financial Feasibility Study attached hereto as **Exhibit A**, with respect to the Project, the anticipated Project Net Revenues pledged herein will be sufficient to pay the Required Payments for such Project so long as the aggregate amount of net debt service on the Project Borrowing for such Project actually payable in any bond year does not exceed the amounts assumed in the Financial Feasibility Study relating thereto.

**Section 4.** The Board covenants that Virginia State University will furnish the Treasury Board its general purpose financial statements, within 30 days of their issuance and receipt, audited by a firm of certified public accountants or the Auditor of Public Accounts which shall include a schedule of revenues and expenditures for auxiliary enterprise systems. If the Project Net Revenues are insufficient to pay Required Payments for such Project during such period, Virginia State University shall provide evidence of a plan to generate Project Net Revenues for such Project sufficient to make such Required Payments in the future.

**Section 5.** The Board covenants that so long as any of the Project Notes are outstanding, the Institution will pay to the State Treasurer, not less than 30 days before each interest payment date, an amount estimated by the State Treasurer to be due and payable on such date as interest on the Project Notes. The Board covenants that so long as any of the Project Bonds are outstanding, Virginia State University will pay to the State Treasurer, not less than 30 days before each interest or principal payment date, the amount certified by the State Treasurer to be due and payable on such date as principal of, premium, if any, and interest on the Project Bonds.

**Section 6.** The Board covenants that Virginia State University will pay from time to time its proportionate share of all expenses incurred in connection with the sale and issuance of any series of Bonds that includes Project Bonds or Project Notes and all expenses thereafter incurred in connection with the Bonds, including without limitation the expense of calculating any rebate to the United States of the earnings derived from the investment of gross proceeds of the Bonds, all as certified by the State Treasurer to the Institution.

**Section 7.** The Board covenants that Virginia State University will not take or omit to take any action the taking or omission of which will cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, including regulations issued pursuant thereto (the “Code”), or otherwise cause interest on the Bonds to be includable in the gross income of the owners thereof for federal income tax purposes under existing laws. Without limiting the generality of the foregoing, the Institution will pay from time to time its proportional share of any rebate to the United States of the earnings derived from the investment of the gross proceeds of the Bonds.

**Section 8.** The Board covenants that the Institution will proceed with due diligence to undertake and complete the Project and that Virginia State University will spend all of the available proceeds derived from the sale of the Project Borrowings for costs associated with the Project and appropriated for the Project by the General Assembly.

**Section 9.** The Board covenants that Virginia State University will not permit the proceeds of each Individual Project Borrowing to be used in any manner that would result in (a) 5% or more of such proceeds being used in a trade or business carried on by any person other than a governmental unit, as provided in Section 141(b) of the Code, (b) 5% or more of such proceeds being used with respect to any output facility within the meaning of Section 141(b)(4) of the Code, or (c) 5% or more of such proceeds being used directly or indirectly to make or finance loans to any persons other than a governmental unit, as provided in Section 141(c) of the Code. Virginia State University need not comply with such covenants if written approval is obtained from the State Treasurer and an opinion of nationally recognized bond counsel acceptable to the Treasury Board that such covenants need not be complied with to prevent the interest on the Bonds from being includable in the gross income of the owners thereof for federal income tax purposes.

**Section 10.** The Board covenants that for so long as any of the Bonds are outstanding Virginia State University will not enter into any operating lease, management contract or similar agreement with any person or entity, other than a state or local governmental unit, for all or any portion of any of the Projects without first obtaining the written approval of the State Treasurer and an opinion of nationally recognized bond counsel acceptable to the Treasury Board that entering into such agreement will not cause the interest on the Bonds to be included in the gross income of the owners thereof for federal income tax purposes.

**Section 11.** The Board covenants that for so long as any of the Bonds are outstanding, Virginia State University will not sell or dispose of all or any part of any of the Projects without first obtaining the written approval of the State Treasurer and an opinion of nationally recognized bond counsel acceptable to the Treasury Board that such sale or disposition will not cause interest on the Bonds to be included in the gross income of the owners thereof for federal income tax purposes.

**Section 12.** The officers of Virginia State University are authorized and directed to execute and deliver all certificates and instruments and to take all such further action as may be considered necessary or desirable in connection with the sale and issuance of the Bonds.

**Section 13.** The Board acknowledges that the Treasury Board will rely on the representations and covenants set forth herein in issuing the Bonds, that such covenants are critical to the security for the Bonds and the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, that the Board will not repeal, revoke, rescind or amend any of such covenants without first obtaining the written approval of the Treasury Board, and that such covenants will be binding upon the Board so long as any of the Bonds are outstanding.

**Section 14.** This resolution shall take effect immediately.

The undersigned Secretary of the Board of Visitors of **VIRGINIA STATE UNIVERSITY** does hereby certify that the foregoing is a true and correct copy of a resolution adopted at a meeting of the Board of Visitors of **VIRGINIA STATE UNIVERSITY** duly convened and held on



September 22, 2011 at which a quorum was present and voting, and that such resolution is now in full force and effect. IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Virginia State University the 22<sup>nd</sup> day of September, 2011.

*Katherine E. Bensusan for Felix Davis*  
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Felix Davis, Jr, Rector

*Alfred J. Cade*  
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Alfred J. Cade, Secretary

*Sept 22, 2011*  
\_\_\_\_\_  
Date

*22 Sept 2011*  
\_\_\_\_\_  
Date

**RESOLUTION OF THE  
VIRGINIA STATE UNIVERSITY BOARD OF VISITORS**

**AUTHORIZING SIX-YEAR PLAN FOR 2012 - 2018**

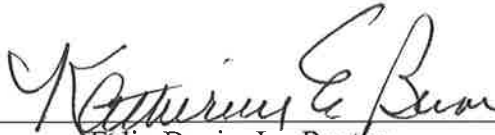
**WHEREAS**, Section 23-9.2:3.03 of the *Code of Virginia* requires that “governing boards of the public institutions of higher education shall develop and adopt biennially a six-year plan for the relevant institution.”

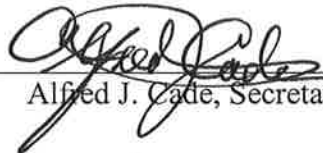
**WHEREAS**, every biennium, Virginia State University must submit a Six-Year Plan for consideration by the State Council of Higher Education for Virginia (SCHEV), the Governor, and the respective chairs of the House Appropriations Committee and the Senate Finance Committee, and

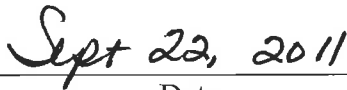
**WHEREAS**, each plan must address the institution’s academic, financial, and enrollment plans and prioritize programs for the next three biennia, and

**WHEREAS**, the Board of Visitors adopts a Six Year Plan that is consistent with the University’s revised 20/20 Vision Plan.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the Board of Visitors of Virginia State University hereby approves the University’s Six Year Plan covering the fiscal years 2012-2018.

  
\_\_\_\_\_  
Felix Davis, Jr., Rector

  
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Alfred J. Cade, Secretary

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Date

VIRGINIA STATE UNIVERSITY  
Virginia State University, Virginia

Resolution of  
The Board of Visitors of  
Virginia State University  
Audit Committee Charter  
Approved April 13, 2007  
Reaffirmation September 22, 2011

**WHEREAS**, the primary purpose of the Audit Committee is to assist the Board of Visitors in discharging its oversight responsibilities; and

**WHEREAS**, the Audit Committee will review the University's financial accounting and reporting processes, assess the effectiveness of the systems of internal control and risk management, governance, internal and external audit processes, and the University's process for monitoring compliance with laws and regulations and the Code of Ethics; and

**WHEREAS**, the Audit Committee Charter prescribes the purpose, authority, composition, meeting schedule, responsibilities, independent oversight of internal audit, relationship with external auditors, review of the effectiveness of compliance monitoring by management, reporting and other responsibilities assigned to members of the Audit Committee; and

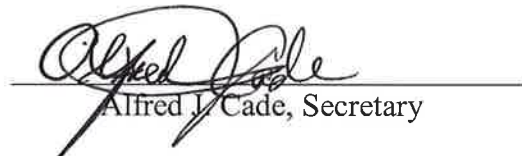
**WHEREAS**, the Board of Visitors has reviewed the Audit Committee Charter; and

**NOW THEREFORE BE IT RESOLVED THAT** the Board of Visitors of Virginia State University reaffirms the Audit Committee Charter.

**BE IT FINALLY RESOLVED** that the Audit Committee should continue effective efforts designed to assist the Board of Visitors in discharging its oversight responsibilities and to keep the Board of Visitors informed of matters of importance.

  
Katherine E. Busser, Vice Rector

September 22, 2011  
Date

  
Alfred J. Cade, Secretary

September 22, 2011  
Date

# Virginia State University Audit Committee Charter

Approved By The Board Of Visitors On April 13, 2007

Reaffirmation September 22, 2011

**VIRGINIA STATE UNIVERSITY  
BOARD OF VISITORS**

**AUDIT COMMITTEE CHARTER**  
(Adopted April 13, 2007)  
Reaffirmation September 22, 2011

**INTRODUCTION**

**I. PURPOSE**

The primary purpose of the Audit Committee is to assist the Board of Visitors in discharging its oversight responsibilities. The Audit Committee will oversee the University's financial accounting and reporting processes, the effectiveness of the systems of internal control and risk management, governance, the internal and external audit processes, the University's process for monitoring compliance with laws and regulations, and the Code of Ethics.

**II. AUTHORITY**

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Appoint, compensate, and oversee the work of the Chief Audit Executive and the internal audit staff.
- Resolve any disagreements between management and the internal and external auditors regarding financial reporting or findings.
- Establish a relationship with the external auditors for the purpose of developing effective two-way communications between the external auditors and those charged with governance in relation to the financial statement audit to gain a mutual understanding and discussion of the scope, conduct, and the results of the audits, and to report results of those audits to the full Board.
- Pre-approve the Internal Audit annual audit plan and significant revisions to the plan.
- Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation.
- Have unrestricted access to members of management, faculty and employees, as well as to all books, records and facilities of the University.

**III. COMPOSITION AND INDEPENDENCE**

The Rector shall appoint the Audit Committee which shall consist of no fewer than 3 members of the Board of Visitors, one of whom designated by the Rector shall serve as Chair. The Rector and Vice Rector shall serve as ex-officio members. At least one

member shall be designated as the “financial expert,” as defined by applicable legislation and regulation and each member shall be independent and financially literate.

Each Committee member’s term of office shall coincide with term of office on the Board of Visitors.

A majority of the members of the Committee shall constitute a quorum for the transaction of business.

#### **IV. MEETINGS**

The Audit Committee shall meet at least four times a year, with authority to convene additional meetings, as circumstances require. The Committee shall invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. The Committee may hold closed meetings as authorized by law. Meeting agendas shall be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

#### **V. RESPONSIBILITIES**

In performing its oversight responsibilities, the Audit Committee shall:

##### **A. Financial Statements**

1. Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
2. Review with management and the external auditors all matters required to be communicated to the Committee under Generally Accepted Governmental Auditing Standards, the results of the audit, including any difficulties encountered.
3. Review the annual financial statements with management, and interim financial statements if prepared, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
4. Understand how management develops annual and interim financial information, and the nature and extent of internal and external auditor involvement.

##### **B. Risk Management, Internal Control and Governance**

1. Require management to report on procedures that provide assurance that the University’s mission, values, and Code of Ethics are properly communicated to all employees.
2. Review the process for communicating the Code of Ethics to University personnel and for monitoring compliance therewith, to include compliance by senior management and the Board.

3. Evaluate whether management is setting the appropriate tone of the control environment by communicating the importance of internal controls.
4. Review and evaluate the University's processes for assessing significant risks and exposures.
5. Make inquiries of management, University Counsel, the Chief Audit Executive and the external auditors concerning the significant risks or exposures to the University and how risks are managed through methods of identification, assessment, and mitigation.
6. Consider the effectiveness of the University's internal control system, including information technology governance, information assurance, security, and control. Obtain regular reports from management.
7. Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses. Follow up on findings and recommendations to ensure corrective action is feasible, adequate and complete.
8. Monitor the University's conflict of interest policies and related procedures.

**C. Internal Audit**

1. Review annually, with management and the Chief Audit Executive the charter, plans, activities, staffing, and organizational structure of the internal audit function.
2. Approve the internal audit department charter. The charter should be reviewed annually and updated as necessary.
3. Review and approve the Internal Audit annual audit plan and any significant changes to the plan, to include completed audit reports and progress reports on executing the approved audit plan, with full reporting to the Board of Visitors.
4. Review annually the qualifications of the internal audit staff and the level of staffing. Assess the effectiveness of the internal audit function, including its independence, reporting relationships, budget, staffing required to complete the audit plan, and compliance with The Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*. Ensure there are no unjustified restrictions or limitations on the internal audit function.
5. Review and concur in the appointment, replacement, or dismissal of the Chief Audit Executive. At least once per year, review the performance of the Chief Audit Executive and concur with the annual compensation and salary adjustment.
6. On a regular basis, meet separately with the Chief Audit Executive (without members of senior management present) to discuss any matters that the Committee or Chief Audit Executive believes should be discussed in closed

session or privately. Refer significant internal audit findings and issues to the full Board.

**D. External Audit**

1. Meet with the external auditors and University management to review the proposed scope of the external audit, including coordination of audit effort with internal audit. The auditors should inform the Audit Committee of any significant changes in the original audit plan.
2. 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. As required, and consistent with state law, meet separately with the external auditors (without members of senior management present) to discuss any matters that the Committee or auditors believe should be discussed privately.
5. Meet with the external auditors at the completion of the audit to receive the audit report. Ensure that significant findings and recommendations made by the external auditors and the University's proposed responses are received, discussed, and acted upon appropriately.

**E. Compliance**

1. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any fraudulent acts or instances of noncompliance. Monitor of the results of compliance efforts.
2. Review the findings of any examinations by regulatory agencies, and any auditor observations.
3. Obtain regular updates from management and legal counsel regarding compliance matters.


**F. Reporting and Other Responsibilities**

1. Regularly report to the Board of Visitors about Committee activities, issues, and related recommendations.
2. Provide an open avenue of communication between internal audit, the external auditors, and the Board of Visitors.
3. Review any other reports the University issues that relate to Committee responsibilities.



4. Adopt a formal written charter that specifies the Committee's scope of responsibility. Review and assess the adequacy of the Committee charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
5. Confirm annually that all responsibilities outlined in this charter have been carried out.
6. Perform other activities related to this charter as requested by the Board of Visitors.
7. Evaluate the Committee's and individual member's performance on a regular basis.

APPROVED THIS 22nd DAY OF September, 2011.

  
\_\_\_\_\_  
E. Ray Murphy  
Chair, Facilities, Finance and Audit Committee

  
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Katherine E. Busser  
Vice Rector, Board of Visitors

  
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Alfred J. Cade  
Secretary, Board of Visitors

VIRGINIA STATE UNIVERSITY  
Virginia State University, Virginia

Resolution of  
The Board of Visitors of  
Virginia State University  
To Approve  
The Internal Audit Charter  
September 22, 2011

**WHEREAS**, the Facilities, Finance and Audit Committee, a subcommittee of the Board of Visitors, shall have control and oversight over all facilities of the University and financial affairs, and

**WHEREAS**, the Committee will review the University's financial accounting and reporting processes, assess the effectiveness of the systems of internal control and risk management, governance, internal and external audit processes, and the University's process for monitoring compliance with laws and regulations and the Code of Ethics; and

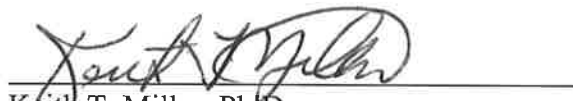
**WHEREAS**, the Committee's Charter prescribes the independent oversight of internal audit and the approval and annual review of the Internal Audit Department Charter, and

**WHEREAS**, the Institute of Internal Auditors' Standard 1000: Purpose, Authority, and Responsibility require the Internal Audit Department Charter to be periodically reviewed and presented to senior management and the Board for approval.

**THEREFORE BE IT FINALLY RESOLVED THAT** the Facilities, Finance, and Audit Committee of the Board of Visitors of Virginia State University, the Board of Visitors, and the President approve the Internal Audit Department Charter.

  
Felix Davis, Jr.  
Rector

  
Alfred J. Cade  
Secretary

  
Keith T. Miller, Ph.D.  
President

Sept 22, 2011  
Date

# Virginia State University Internal Audit Charter

September 22, 2011

# **VIRGINIA STATE UNIVERSITY**

## **INTERNAL AUDIT DEPARTMENT CHARTER**

Approved September 22, 2011

### **INTRODUCTION**

Internal Auditing, as defined by the Institute of Internal Auditors (IIA), 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 Virginia State University Internal Audit Department has prepared this charter to serve as a guide in the performance of its duties. The charter does not include, nor is it intended to include, all of the Department's duties and/or responsibilities as they may exist from time to time. As defined by the IIA, the charter of the internal audit activity is a formal written document that defines the activity's purpose, authority, and responsibility. The charter

1. Establishes the internal audit activity's position within the organization;
2. Authorizes access to records, personnel, and physical properties relevant to the performance of engagements;
3. Defines the scope of internal audit activities, and
4. Includes guidelines and directives received from the Department of Account's Division of the State Internal Auditor (DSIA), as appropriate.

The Chief Audit Executive shall annually assess whether this charter continues to be adequate to enable the internal auditing activity to accomplish its objectives. The result of this periodic assessment shall be communicated to the Board of Visitors and the University President.

## **OBJECTIVE AND SCOPE**

The Virginia State University Department of Internal Audit is an independent function established by the VSU Board of Visitors (BOV) with the objective to assist the University's President, management and its Board of Visitors in the effective performance of their responsibilities. The mission of the Internal Audit Department is to provide independent, objective assurance and consulting services designed to add value and improve the University's operations. These services help the University to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The scope of internal auditing encompasses the examination, evaluation and contribution to the improvement of the adequacy and effectiveness of the University's systems of internal control and risk management, governance, and the quality of performance in carrying out assigned responsibilities. The scope of internal audit includes:

1. Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify, and report such information;
2. Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws, and regulations which could have a significant impact on operations and reports, and determining whether the University is in compliance;
3. Monitoring and evaluating the adequacy and effectiveness of controls in responding to risks within the University's governance, operations, and information systems regarding the: reliability and integrity of financial and operations information; effectiveness and efficiency of operations; safeguarding assets; compliance with laws, regulations, and contracts; and risk management system;
4. Reviewing the economy and efficiency with which resources are employed;
5. Reviewing operations or programs, to include technology governance, to ascertain whether results are consistent with the University's established objectives and goals and whether the operations or programs are being carried out as planned;
6. Evaluating the potential for the occurrence of fraud, investigating such instances, and how the University manages fraud risk or the deterrence of fraud;
7. Reviewing or consulting on specific operations or activities at the request of the Facilities, Finance, and Audit Committee or University management; and
8. Coordinating audit efforts with the Auditor of Public Accounts and other external auditors.

## **PROFESSIONAL STANDARDS**

The Internal Audit Department of Virginia State University endorses and hereby adopts the following auditing standards as an integral part of its internal audit function.

### **International Standards for the Professional Practice of Internal Auditing**

The Institute of Internal Auditors (IIA), an international organization dedicated solely to the advancement of the internal auditing profession, has adopted the International Professional Practices Framework (IPPF) which includes the following mandatory guidance elements: Definition of Internal Auditing, Code of Ethics, International Standards for the Professional Practice of Internal Auditing (Standards); and the following strongly recommended guidance elements: Position Papers, Practice Advisories, and Practice Guides.

### **Generally Accepted Auditing Standards**

The American Institute of Certified Public Accountants has promulgated Generally Accepted Auditing Standards (GAAS) through statements of auditing standards, industry audit guides, and other professional releases.

### **Government Audit Standards**

The United States General Accounting Office (GAO) recommends Governmental Audit Standards ("Yellow Book" or "GAGAS," Generally Accepted Governmental Auditing Standards) for use by auditors who audit government organizations, programs, activities and functions.

### **The Information System Auditing Control Association Standards, Guidelines and Procedures**

The Information System Auditing Control Association (ISACA) requires standards that apply specifically to Information Systems (IS) auditing. ISACA defines, develops and promulgates IS auditing standards and their associated guidelines and procedures. Standards define mandatory requirements for IS auditing and reporting; Guidelines provide guidance in applying IS Auditing Standards; and Procedures provide examples of procedures an IS auditor might follow in an audit engagement. A source of best practice guidance which provides a detailed set of controls and control techniques for the information systems management environment is *Control Objectives for Information and related Technology* (COBIT®), an IT governance framework and supporting toolset that allows managers to bridge the gap between control requirements, technical issues and business risks published by the Information Technology Governance Institute (ITGI) with the support of ISACA.

## **INFORMATION SYSTEMS (IS) AUDITING**

The Internal Audit Department will participate (advisory capacity only) in planning, development, implementation, and modification of major computer-based and manual systems to ensure that:

1. Adequate controls are incorporated in systems; the objective is to assist management by providing assurance that the computerized systems function as management intended with an appropriate level of internal control;
2. Sufficient testing of the system is performed at appropriate stages;
3. System documentation is complete and accurate; and
4. The intended purpose and objective of the system implementation or modification have been met.

The internal auditor participating in such review should ensure that the extent of participation does not affect independence.

Specifically, the scope of the IS audit function includes, but is not limited to:

1. Providing support to the Internal Audit Department by:
  - a. Creating report formats.
  - b. Extracting data from electronically generated files.
  - c. Training of Internal Audit staff in the use of automated auditing tools.
2. Performing application reviews of programmed and user control procedures to ensure that appropriate controls are in place to provide for:
  - a. Adequate internal control systems.
  - b. Compliance with policies, plans, procedures, standards, laws and regulations.
  - c. Detection and correction of errors and omissions.
  - d. Proper authorization of processed transactions.
  - e. Processing results within management's range of expectations.
3. Participating in the System Development Life Cycle of major projects as a consultant in order to ensure the presence of adequate internal controls, risk assessment and mitigation, documentation, and audit trail in the new system.
4. Performing Information Processing Facility reviews including the organizational structure, staffing practices, information technology standards, operating procedures, information and technical security, program and data libraries, telecommunications, and disaster recovery and business continuity plans.

In order to maintain the IS audit function's independence and objectivity, the IS Auditor(s), should not develop or install systems, prepare records, or otherwise engage in any activity that they would normally review or that could reasonably be construed to compromise the independence of the IS audit function. This will not limit the IS Auditor's ability to determine and recommend standards of control to be applied to development of systems and procedures being reviewed. The Chief Audit Executive participating in such a review should ensure that the extent of participation does not impair independence.

The IS audit function should not be responsible for the activity being audited.

### **INTERNAL AUDIT STAFF CODE OF ETHICS**

Internal Audit staff has a responsibility to conduct themselves so that their good faith and integrity should not be open to question. While having due regard for the limit of their technical skills, they will promote the highest possible internal auditing standards to the end of advancing the interest of the University. The ultimate quality of the Internal Audit Department's performance is directly related to the quality of the people employed. Internal Audit should be directed by and staffed with qualified and competent personnel. Minimum qualifications for each position within the audit function have been established. However, additional experience, training, specialized skills as well as intelligence, adaptability, promotability, and analytical ability should be considered in the employment process.

Standards of professional behavior and conduct are based upon the Code of Ethics issued by the Institute of Internal Auditors. Internal Audit staff shall realize that individual judgment is required in the application of these standards. Internal auditors are expected to apply and uphold the following principles and rules of conduct:

1. Integrity

Internal auditors:

- a. Must perform their work with honesty, diligence, and responsibility.
- b. Must observe the law and make disclosures expected by the law and the profession.
- c. Must not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the University.
- d. Must respect and contribute to the legitimate and ethical objectives of the University.



## 2. Independence and Objectivity

Internal auditors:

- a. Must be objective in performing their work, and the internal audit activity must be independent. Internal auditors must not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the University or which would prejudice their ability to carry out objectively their duties and responsibilities. To achieve individual objectivity, internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest.
- b. Must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities (organizational independence). The chief audit executive must confirm to the Board, at least annually, the organizational independence of the internal audit activity.
- c. Must not accept anything that may impair or be presumed to impair their professional judgment.
- d. Must disclose to appropriate parties, the details of impairment if independence or objectivity is impaired in fact or appearance.
- e. Must disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

## 3. Confidentiality

Internal auditors:

- a. Must be prudent in the use and protection of information acquired in the course of their duties.
- b. Must not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the University.

## 4. Proficiency, Due Professional Care and Competency

Internal auditors:

- a. Must perform engagements with proficiency and due professional care and engage only in those services for which they possess the necessary knowledge,

skills, and experience. The Chief Audit Executive must obtain competent advice and assistance when other expertise is required to perform an engagement.

- b. Must perform internal auditing services in accordance with the *International Standards for the Professional Practice of Internal Auditing*, to include the use of technology-based auditing and other data analysis techniques.
- c. Must continually improve their proficiency and the effectiveness and quality of their services.

Internal auditors are responsible for continuing their education in order to maintain their proficiency. They should keep informed about improvements and current developments in internal auditing standards, procedures, and techniques. The Internal Audit Department recognizes the need for continuing education through membership and participation in professional societies, attendance at conferences, seminars, college courses, and in-house training programs, and participation in research projects.

Members of the Internal Audit staff will be required to obtain at least forty (40) hours of continuing education credits annually.

The Chief Audit Executive will report to the Board of Visitors annually when the audit plan is considered, as to the effectiveness of the present staff, in fulfilling the stated objectives of the Internal Audit Department and during such times of interim and annual performance evaluations in concert with the University's administration of performance management.

### **QUALITY ASSURANCE AND IMPROVEMENT PROGRAM**

The Chief Audit Executive must develop and maintain a quality assurance and improvement program. The Chief Audit Executive is accountable for implementing processes designed to provide reasonable assurance to management, the President, and the Board of Visitors that the internal audit activity:

1. Performs in accordance with the internal audit charter, which is consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards;
2. Operates in an effective and efficient manner; and
3. Is perceived by management, the President, and the Board of Visitors as adding value and improving the University's operations.

These processes include appropriate supervision, periodic internal assessments, and ongoing monitoring of quality assurance, and periodic external assessments.

The Chief Audit Executive shall obtain external assessments at least once every five years and shall communicate the results of the external assessments to the Board of Visitors and the University President.

## **ORGANIZATIONAL INDEPENDENCE AND REPORTING RESPONSIBILITIES**

The Chief Audit Executive shall report directly to the Board of Visitors and administratively to the University President for day-to-day direction.

The Chief Audit Executive shall have direct access and communication to the Board of Visitors when the Chief Audit Executive believes that such access is needed to fulfill the stated objectives of the Department. At all times, the Chief Audit Executive should have open and direct access to the Rector, Chair of the Facilities, Finance and Audit Committee, or full Board if appropriate.

The Chief Audit Executive should meet privately with the Board of Visitors, without management present, to reinforce independence and the nature of this reporting relationship, at least annually.

The Administrative reporting line should enable adequate communications and information flow such that the Chief Audit Executive and the internal audit function have adequate and timely flow of information concerning the activities, plans, and business initiatives of the University, to include open and direct communications with executive and line management. The Chief Audit Executive should be able to communicate directly with any level of management, including the University President.

The Chief Audit Executive shall, at a minimum, meet with the Board of Visitors and the University President on a quarterly basis to discuss:

1. Audit reports issued;
2. Status of the audit plan;
3. Internal audit operational activities;
4. The propriety of any limitations on the scope of internal audits that may be imposed by management.

## **AUTHORITY**

In order to fulfill its responsibilities, the Internal Audit Department has unrestricted access to all personnel, facilities, records, reports, data bases, documents, or other University information or material that is needed to accomplish its audit objectives. No legitimate source of information is to be closed to the internal auditor.

The Internal Audit Department shall be free from control or undue influence in the selection and application of audit techniques, procedures, and programs.

It is understood that certain items are confidential in nature and special arrangements will be made by the Internal Audit Department when examining and reporting upon such items.

1. Access to Personnel, Documents, and Records. The Internal Audit Department's access to personnel, documents, and records will be unrestricted and unfettered by burdensome administrative requirements or screening procedures. The Internal Audit Department

shall be free from undue influence in the selection of areas, activities, personal relationships and managerial policies to be examined.

2. Access to Information Systems and Automated Data Processing Equipment. Access to information systems and related infrastructure, automated data processing equipment (including microcomputers and/or on-line workstations) and programming personnel shall be made readily available to the Internal Audit Department auditors to permit auditing of automated information. Necessary access to, and related training on, existing data retrieval and report generating capabilities shall also be provided to Internal Audit Department auditors.
3. Privacy Act. Under the Privacy Act of 1974, internal auditors have access to all records covered by the Act when discharging their official duties, i.e., when auditing activities, provided such access is exempt from disclosure requirements.

### **RESPONSIBILITIES FOR THE DETECTION OF ERRORS OR IRREGULARITIES**

The Chief Audit Executive and the internal audit staff have a professional responsibility to conduct reviews with an attitude of professional skepticism. The Chief Audit Executive must recognize that the application of internal auditing procedures may produce evidential matter indicating the possibility of errors or irregularities.

The Chief Audit Executive will discuss the potential errors or irregularities and their disposition with the University's President as appropriate. The detection and prevention of errors and irregularities which may occur is a responsibility shared by all members of the management team.

### **INVESTIGATIONS**

The Internal Audit Department shall be notified in all cases where assets have been lost (or suspected lost) or there is reasonable suspicion of fraud through defalcation or security breaches in financial and operating systems. Immediately upon such notification, the Chief Audit Executive will notify proper authorities within the University of the potential loss and to the Virginia State Police and Auditor of Public Accounts as appropriate.

Pursuant to the anonymous State Employee Fraud, Waste, and Abuse Hotline established by the Governor of Virginia and administered by the Department of Account's Division of the State Internal Auditor, for cases referred to the Internal Audit Department, the internal audit program over these cases must maintain the confidentiality and integrity of the hotline referral. All working papers must be clearly marked as "Confidential State Employee Hotline Documents" to provide the same level of confidentiality over hotline documents in order to maintain the integrity of the hotline program and must not be shared with anyone except those individuals who are directly involved in conducting the investigation. Those provided this information must also understand the confidentiality requirements.

Internal Audit will conduct an investigation based on the facts submitted to determine if a loss, fraud, waste or abuse has in fact occurred. Tests will be performed of the financial and operating

procedures to identify weaknesses which permitted the irregularity (if any) to occur. Improvements will be recommended to correct such weaknesses.

### **MANAGING THE INTERNAL AUDIT ACTIVITY**

The Chief Audit Executive should effectively manage the internal audit activity to ensure it adds value to the organization, to include establishing policies and procedures to guide the internal audit activity.

The Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the University's goals. The internal audit activity's plan of engagements will be based on a documented risk assessment, undertaken at least annually. The input of senior management and the Board shall be considered in the process.

The Chief Audit Executive should consider accepting proposed consulting and advisory engagements based on the engagement's potential to improve risk management, add value, and improve the University's operations of which the nature and scope is to be agreed by management, without the internal auditor assuming management's responsibility. Those engagements that have been accepted should be included in the plan. Internal auditors generally should not agree to conduct a consulting engagement simply to circumvent, or to allow others to circumvent, requirements that would apply to an assurance or audit engagement if the service in question is more appropriately conducted as an assurance or audit engagement.

Each year, the Chief Audit Executive shall communicate the internal audit activity's plan for the next fiscal year and resource requirements, including significant interim changes, to the President and to the Board of Visitors for review and approval and the resulting impact of resource limitations. The Chief Audit Executive will initiate audits pursuant to the plan.

### **COOPERATION WITH EXTERNAL AUDITORS**

The Chief Audit Executive is responsible for coordinating the audit efforts of the Internal Audit Department with those of the Auditor of Public Accounts and other external auditors as applicable.

The coordination of audit efforts should be planned and defined as part of the scope for proposed audits to ensure effectiveness. This coordination will provide reasonable assurance that the work of all auditing groups is complementary, providing proper coverage, and minimizing duplication of effort.

### **ASSURANCE AND CONSULTING SERVICES**

Assurance services include 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.

Consulting 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. The Internal Audit Department will perform consulting services, beyond internal audit's assurance services, to assist management in meeting its objectives. Examples may include counsel, facilitation, process design, training, and advisory services.

Consulting services objectives shall be consistent with University values and goals; focus on managing risk, adding value, and enhancing operations; and be understood by the client. Also, in the course of providing consulting services, Internal Audit will be alert to significant risks and control matters, incorporate knowledge gained into future engagements, and communicate issues to higher levels. These services will be provided at the discretion of the Chief Audit Executive where they do not represent a conflict of interest or detract from Internal Audit's obligation to the Board of Visitors or the President.

### **AUDIT REPORTS**

At the conclusion of each audit, the department or activity audited will be provided an opportunity to respond in writing to the findings, conclusions, and recommendations of the Internal Audit Department. An exit conference will be held with responsible management of the department or activity reviewed. All findings, conclusions, and recommendations will be discussed and any differences of opinion will be noted.

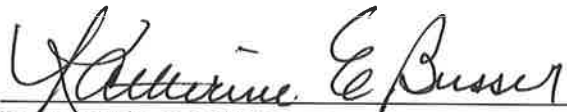
A formal audit report will be issued after the exit conference. This report will contain a summary of the department or area reviewed the objectives of performing the audit, methods used detailed explanations of findings and recommendations for improvement. A section of the report will also include management's response to Internal Audit's findings and recommendations when received within a reasonable timeframe.

Management's written corrective action plan shall include the individual responsible for implementing the recommendation, the timetable for anticipated completion of action to be taken and an explanation for any recommendations not addressed or agreed upon. In addition, management shall be given 10 business days from the date of the exit conference to provide written responses to the Chief Audit Executive.

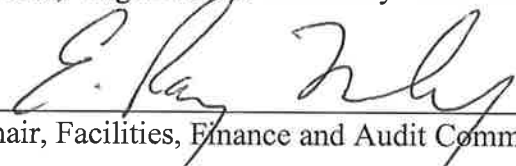
Audit reports will be addressed to the senior manager of the department or activity reviewed. Copies will be forwarded to the Board of Visitors, the University President, and other persons deemed necessary.

The Internal Audit Department will conduct follow-up reviews on audits performed to ensure that recommendations to address the most significant risks have been considered and acted upon. Distribution of the follow-up report will be the same as the original report.

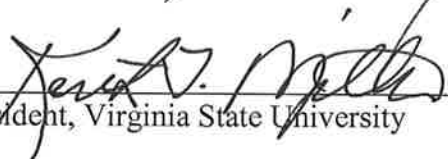
APPROVED THIS 22, DAY OF September, 2011.



*VICE* Rector, Virginia State University Board of Visitors



Chair, Facilities, Finance and Audit Committee



President, Virginia State University

VIRGINIA STATE UNIVERSITY  
Virginia State University, Virginia

Resolution of  
The Board of Visitors of  
Virginia State University  
To Approve

Three-Year Internal Audit Plan (inclusive of the FY 2012 Audit Plan) and FY 2012 Goals and Objectives  
September 22, 2011

**WHEREAS**, the Chief Audit Executive has prepared Three-Year Internal Audit Plan based upon the results of a risk assessment and in concert with the Institute of Internal Auditors' Standards for the International Professional Practice of Internal Auditing and the Commonwealth of Virginia Division of the State Internal Auditor, along with consideration provided by the Board of Visitors, President, senior management of the University, and the Internal Audit staff; and

**WHEREAS**, the Chief Audit Executive will propose a new audit plan each fiscal year that reflects the current risk environment at the University; and

**WHEREAS**, the Board of Visitors, with input from the Chair of the Facilities, Finance, and Audit Committee and the Chief Audit Executive, may find it necessary to modify the audit plan scope of work and/or allocate Internal Audit Department resources to other areas based upon new discovery or vulnerability; and

**WHEREAS**, the Chief Audit Executive has prepared the Internal Audit Goals and Objectives for 2011-2012 which are an integral part of the ongoing internal assessment within Internal Audit's Quality Assurance and Improvement Program; and

**WHEREAS**, the Board of Visitors has reviewed the proposed Three-Year Internal Audit Plan, and related Goals and Objectives, identified as such and attached; and

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Visitors of Virginia State University approve the Three-Year Internal Audit Plan, inclusive of the fiscal year 2011-2012 Internal Audit Plan and related Goals and Objectives.

  
Felix Davis, Jr.  
Rector

Date

Sept 22, 2011

  
Alfred J. Cade  
Secretary

Date

22 Sept 2011



**VIRGINIA STATE UNIVERSITY**  
**Virginia State University, Virginia**

**Resolution of**  
**The Board of Visitors of**  
**Virginia State University**  
**to**  
**Approve a Fundraising Initiative**

**WHEREAS**, in order to promote and encourage the continuing growth of private support to Virginia State University, and to further enhance its fundraising initiatives, the University's Development Office, in cooperation with other units of the campus, will be hosting a gala celebration to celebrate the inauguration of the Thirteenth President of Virginia State University, Keith T. Miller, Ph.D. The gala will be held on Friday, September 23, 2011 at the Science Museum of Virginia.

**WHEREAS**, the purpose of the Inaugural Ball celebration is to celebrate the inauguration of the president of the University, and

**WHEREAS**, the goal of the fund-raising initiative is to assist the University's efforts to increase educational opportunities for students with all net funds collected being directed toward the establishment of an endowed scholarship fund; and,

**WHEREAS**, in compliance with the Board of Visitors' policy, all fundraising initiatives with a goal of \$25,000.00 or more, must receive Board approval.

**THEREFORE, BE IT RESOLVED**, that the Board of Visitors of Virginia State University endorses this initiative and authorizes all fund-raising efforts necessary to promote and present the Inaugural Ball Benefiting Student Scholarships.

**BE IT FINALLY RESOLVED**, that proceeds from this effort will be invested with Virginia State University for the establishment of the Keith T. and Nicolette P. Miller Endowed Scholarship Fund.

  
Felix Davis, Jr., Rector

Date

Sept 22, 2011

  
Alfred J. Cade, Secretary

Date

22 Sept 2011

**VIRGINIA STATE UNIVERSITY**  
**Virginia State University, Virginia**

**Resolution of**  
**The Board of Visitors of**  
**Virginia State University**  
**to**  
**Confirm the Acceptance of the**  
**Hugo A. Owens, Sr. & Helen W. Owens Endowed Scholarship Fund**

**WHEREAS**, on January 6, 2009, Virginia State University received a gift in the amount of \$69,780.25 for the purpose of establishing the Hugo A. Owens, Sr. and Helen W. Owens Endowed Scholarship Fund; and

**WHEREAS**, Dr. Hugo A. Owens, Sr. earned a bachelor's degree from Virginia State University in 1939 and later served as a member of the University's Board of Visitors and served as its Rector from 1982 to 1986; and

**WHEREAS**, the Hugo A. Owens, Sr. and Helen W. Owens Endowed Scholarship Fund will be used solely for the purpose of attracting and providing financial awards for students enrolled and matriculating at Virginia State University; and

**WHEREAS**, the endowment fund is for the purpose of providing financial aid to students enrolled at Virginia State University; and

**WHEREAS**, § 23-170 of the *Code of Virginia* states that "[t]he board shall have power to take, hold, receive and enjoy any gift, grant, devise or bequest to the Visitors of Virginia State University or to or for the benefit of the University. Any such gift, grant, devise or bequest shall be used for the purposes designated by the donor, if any, or, if no purposes are so designated, for the general purposes of the board."

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Visitors of Virginia State University confirms the receipt and acceptance of the specific gift noted and filed with the permanent records in the Office of Development; and be it

**FURTHER RESOLVED**, that this gift will be invested with Virginia State University for the establishment of the Hugo A. Owens, Sr. and Helen W. Owens Endowed Scholarship Fund.

  
Felix Davis, Jr., Rector

Sept 22, 2011  
Date

  
Alfred J. Cade, Secretary

22 Sept 2011  
Date

**VIRGINIA STATE UNIVERSITY  
Virginia State University, Virginia**

**Resolution of  
The Board of Visitors of  
Virginia State University  
to  
Confirm the Acceptance of the  
Thompson Hospitality Endowed Professorship Fund**

**WHEREAS**, on April 22, 2011, Virginia State University received an initial gift in the amount of \$100,000 for the purpose of establishing the Thompson Hospitality Endowed Professorship Fund; and

**WHEREAS**, awards shall be made in the name of Thompson Hospitality Endowed Professorship Fund; and

**WHEREAS**, the Thompson Hospitality Endowed Professorship Fund will be used solely for the purpose of supplementing the salaries of scholars who are full or associate professors in the Hotel and Institutional Management Program; and

**WHEREAS**, § 23-170 of the *Code of Virginia* states that “[t]he board shall have power to take, hold, receive and enjoy any gift, grant, devise or bequest to the Visitors of Virginia State University or to or for the benefit of the University. Any such gift, grant, devise or bequest shall be used for the purposes designated by the donor, if any, or, if no purposes are so designated, for the general purposes of the board.”

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Visitors of Virginia State University confirms receipt and acceptance of the endowment funds on behalf of the Board of Visitors and that the specific contribution be noted and filed with permanent records in the Office of Development; and be it

**FINALLY RESOLVED**, that this gift will be invested with Virginia State University for the establishment of the Thompson Hospitality Endowed Professorship Fund.

  
Felix Davis, Jr., Rector

Sept 22, 2011  
Date

  
Alfred J. Cade, Secretary

22 Sept 2011  
Date