CALL TO ORDER
Mr. Michael Flemming, Committee Chair, called the meeting of the Virginia State University (VSU) Board of Visitors (Board) Facilities, Finance and Audit Committee (Committee) to order in the President’s Residence meeting room on the campus of Virginia State University at 10:00 a.m.

ROLL CALL
A quorum was present.

Committee Members Present:
Mr. Michael Flemming
Dr. Valerie Brown
Mr. Paul Koonce (absent)
Mr. Jay Stegmaier
Mr. Gregory Whirley (absent)
Mr. Charlie Hill
Mr. Wayne Turnage (absent)
Mr. Huron Winstead, Rector

Administration Present:
Makola M. Abdullah, Ph.D., President
Donald Palm, Ph.D. Provost/Vice President, Academic Affairs
Hubert Harris, Vice President, Administration
Sheila Alves, Chief Audit Executive
Kevin Davenport, Vice President, Finance
Reshunda L. Mahone, Vice President, Institutional Advancement
Letizia Gambrell-Boone, Ed.D., President, Student Success & Engagement
G. Dale Wesson, Ph.D., Vice President, Research & Economic Development
Dr. Elsie Weatherington, Dean of Libraries
Annie C. Redd, Ed.D., Special Asst. to President/Board Liaison

Legal Counsel Present:
Ramona Taylor, Asst. Attorney General/University Legal Counsel

Others Present:
Travis Edmonds, IT Specialist
Malika Blume, Internal Audit
Marlo Green, Internal Audit
Benjamin Houck, Finance
Dr. Kimetta Hairston, ACE Fellow
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APPROVAL OF AGENDA
The Committee approved the agenda.

APPROVAL OF PREVIOUS MEETING MINUTES
The Committee approved the minutes from the February 7, 2019 Committee meeting.

PRESIDENT'S REMARKS
None

REPORTS AND RECOMMENDATION

Division of Administration

Mr. Harris presented an update on notable security breaches that have taken place recently at other organizations nationally, including Microsoft Live, Georgia Tech, Facebook, Blue Cross of Idaho, and Wipro. He provided an overview of a recent discussion with military contacts on industry best practices. He pointed out that with the increases in attacks such as phishing, hacking for sport, and state sponsored cyberterrorism, he plans to increase information security training for employees and contractors and as well as reassess staffing needs with respect to information security.

Mr. Harris discussed the University's IT infrastructure needs in the coming months including updates to the VOIP system, outdated technology in certain classrooms, and the need to relocate data center to a "tier 3 data center." He then provided summary points on the difference between the University's current data center and the additional redundancy found in tier 3 data centers. Committee members asked follow up questions on the origin of these requirements and options for relocating the data center. Mr. Harris also discussed a plan for deploying solutions for automated testing.

Mr. Harris stated the need to increase network bandwidth to ensure adequate service to academic buildings as well as residence halls. The goal of upgrading to 8 gigabyte speed may require an upgrade of the fiber optic cable infrastructure. Committee members asked for specifics on what were the issues with the old fiber. Mr. Harris stated that in certain instances, the quality of the fiber on campus has degraded.

Mr. Harris discussed the IT budget and funding timeline. Committee members asked for clarification regarding APA related IT needs and VITA related IT needs and what was included in the $10 million cost figure presented. Discussion followed about technology obsolescence, especially with respect to the classroom and what portion of these expenditures would be recurring; the impact of the Six Year Plan and Strategic Plan with respect to total IT costs and specifically how much funding would be required in addition to the $10 million figure to meet the needs these plans; and annual contract costs and how they might be expected to increase as services are added and the Board reiterated the need to see a total figure.

Mr. Harris discussed the differences in buying IT assets with respect to the VASCUPP contract versus a VITA contract. He elaborated on the mechanics of the Equipment Trust Fund and how long this mechanism would take to fund IT needs. Committee members inquired about this procurement process for other institutions and timeframe for procurements of this nature and how attaining Level II status would impact procurements of this
nature. Mr. Harris responded that, if VSU were to attain Level II status, it would no longer be required to solely purchase off of the VITA contract for IT purchases.

Dr. Abdullah discussed his meeting with the Secretary of Administration regarding what would be required of VSU for the University to attain Level II status. He also discussed the possibility of a provisional status somewhere between Level I and Level II that could grant certain freedoms in IT, while issues are still being resolved in Procurement. Committee members reemphasized the importance of attaining Level II status, stressing that the kind of flexibility afforded by Level II status would allow the University to give the best return to the Commonwealth and taxpayers, and that the responsibility lays with us to meet the required benchmarks.

Committee members asked about which Level II benchmarks specifically are not being met. Mr. Davenport discussed Internal Audit and Department of General Services (DGS) comments on small purchase charge card. He stated that significant progress has not yet been made to warrant DGS reviewing corrective action.

Mr. Harris discussed additional IT matters such as moves from on-premise to Desktop as a Service and the IT staffing plan.

The Chair stated that he would like to see a dedicated item presented to the Committee regarding what is needed to attain Level II status and a progress report for what has been done.

**Internal Audit**

Ms. Alves stated that, since the last Audit report was made to the Board, 18 new hotline cases have come in. She stated that it was her goal to devote most of her department’s time to audits as opposed to special investigations; however, due to the increase in hotlines and special investigations she has to change her plan to focus on investigations. Committee members asked how Internal Audit prioritizes these new cases versus prior cases. Ms. Alves stated that the cases are prioritized in terms of risk. She also stated that the need to take on additional hotline cases slows audits down, but her department balances the workload out so that progress is still being made on both audit and special investigations. Committee members discussed possible drivers for the increase in complaints and stressed the need to understand this trend.

Ms. Alves presented the Audit Plan for FY2020. She also presented the Plan in terms of expected hourly workload. Committee members asked for the percentage of reallocation from risk based audits to special investigations. Ms. Alves said she would prepare this detail for the Board meeting.

Committee members asked for more detail about audit comments with respect to procurement. Dr. Abdullah stated that he has asked the Procurement Director to create a document that creates a plan for addressing all procurement related comments from Internal Audit and the Department of General Services. He expressed his intent to meet Level II standards in the areas of Technology and Procurement. Committee members emphasized that they would like to see more information on what is required of the University to attain Level II status, what remains in the way of doing so, and what is being done to address those items that remain in the way. Committee members requested this summary report for the August meeting.
Ms. Alves stated that Internal Audit is currently working on audits of Capital Outlay and University Grants. She went on to present summaries of the corrective action plan based on audits that have closed and the audit findings broken out by entity. Committee members pointed out that procurement findings, and Purchase Card issues in particular, constitute a large percentage of audit findings. Ms. Alves stated that no items have been completed since the last board meeting and her department is still seeing unauthorized purchases and cases where the Public Procurement Act is not being followed. Committee members emphasized that it is not acceptable for these comments to remain unaddressed as a barrier preventing the University from attaining Level II status.

Committee members further inquired what is being done to address Procurement related audit findings and what is being done to help staff to implement corrections. Mr. Davenport responded with examples of training implemented in all departments and at the supervisory level to address some of these issues. He also stated that the Division of Finance is in the process of redoing its Procurement policies and they have another person helping with this effort. He stated that these issues are taken very seriously and accountability of end users will be increasingly stressed with respect to the Procurement process.

CLOSED SESSION

On behalf of the Chair, Dr. Redd read the motion for the Board to convene a closed meeting pursuant to §2.2-3711(A)(1) of the Code of Virginia at 11:46 a.m. involving the discussion of performance of departments of the University where such discussion will necessarily involve the performance of individual employees. Additionally, this information directly pertains to the preliminary investigative notes, correspondence, and information furnished to the University’s Internal Audit department, which is protected under Virginia Code §2.2-3705.3.7 of the Code of Virginia. The motion provided that Sheila Alves, Chief Audit Executive; President Makola M. Abdullah; Dr. Annie C. Redd, Board Liaison; and Ramona Taylor, University Legal Counsel, attend the closed meeting because their presence in the closed meeting is deemed necessary, and/or their presence will aid the Board in its deliberations.

The Board reconvened in open session at 1:45 p.m. in accordance with § 2.2-3712(D) of the Code of Virginia. Dr. Redd conducted the poll in which all board members certified that the Board only discussed 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. All board members present certified compliance with the Virginia Freedom of Information Act.

Due to time constraints, the chair requested that Kevin Davenport hold his presentation until the FFA Committee convenes as a Committee of the Whole at the Full Board Meeting on Thursday, April 25th.

There being no further business, the chair adjourned the meeting at approximately 1:50 p.m.

Michael D. Flemming, Chair
9-5-19
Date