

Transcript Audit, Risk and Compliance Committee Meeting – April 20, 2021

0:02

The Audit Risk and Compliance Committee meeting and Miss April, if you are in the room, will you please establish a quorum for us?

0:12

Bishop Brown –

0:13

I am here.

0:15

Mr. Blake – Here. Ms. Blunt – Here. Dr. DiCroce – Here. Mr. Fulton – Here. We have a quorum.

0:25

Thank you, Ma'am. Hopefully, everyone has received the minutes from March 18.

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And if so, if there are no corrections, um, we, we'd like to entertain a motion that we ratify and approve the minutes from March 18th Committee meeting minutes and the February 18th Committee, um,

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minutes. So moved. So moved. Second. Second (laughter).

0:51

All right. Miss April or Ms. Pam, do we have to,

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can we do just an "Aye" or do we have to call the roll? Roll call (laughter).

1:00

Some how I knew you were going to say that. While we are on virtual. Bishop Brown – Yes. Mr. Blake – Yes.

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Ms. Blunt – Yes. Dr. DiCroce –

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Yes. Mr. Fulton – Yes.

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All right, motion has been carried.

1:23

Um, so thank you so much for that, and with that said. Man, my screen just did something.

1:33

Woe.

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Can ya'll still hear me? Yes. okay?

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Sure.

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(pause)

1:46

All right, let's see.

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All right, with that, I'm going to work on trying to get my picture back up. Can we move to the discussion items, and I'm going to start and release, um, if you will, see, um, Dr. Derika, if you will get us started.

2:06

I think there's an introduction, or I don't know if, um, the President, Dr. J, you want to make the introduction?

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Now I'm going to let Derika make the introduction, but I think that I have had a chance to say to you all that

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Dr. Dawn Hess has is our new executive for Compliance, and we are very happy to have her, and I think that, um, Derika is just going to say a few words about her, but we just really pleased to have her with us. Good afternoon, everyone.

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Um, so, actually, Dr. Hess has created her own slide, and I'll do a short introduction as she is the newest member of our Audit Committee meeting.

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You can share your screen.

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Derika, oh, well let me say this before, Dr. Hess begins to present.

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I was blessed to be on the interview process with Mary, and Mary did a great job of leadership.

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I don't know why I would have expected that Dr. Dawn did not have a slide deck (laughter).

3:15

If you were part of the interview, you would have expected her to have a slide deck. So with that said.

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Can you all hear me?

3:26

Yes. Yes. Great.

3:28

Thank you so much for the kind words, and I feel very welcome, so I thank you very much for that.

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Um, those, um, Ms. Mary and, and Bishop Brown, yes,

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I do remember fondly to our, our time of interviewing, and I was very surprised and very pleased at the depth that with, of which, the questioning and, um, our discussion. I could tell that you are very serious about compliance, and it just energized the conversation, so I thank you for that.

4:04

Um, this slide is really just, a little bit of a highlight of some of the things that I've done over the years, and it's intended for individuals who maybe weren't on the committee, or

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didn't have an opportunity to review some of the things that, um, that I talked about previously (pause).

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My intent and, um, my assignment as a Chief Compliance Officer, my responsibilities, will be to implement a comprehensive compliance program.

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And, with that, promote a culture of compliance that will require educational measures and data driven, driven processes, which we will work toward in the very near future.

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This is a little bit of a background on some of the things that I've done previously.

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I have extensive experience in the compliance arena, but additionally, I have interest in teaching. I've been an adjunct professor for 20 years.

5:06

I also have just recently been awarded a grant focused on risk disruption and business continuity, and I serve on the advisory board for the United Educators, which is probably the largest insurer of higher education institutions.

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Um, and I serve in an advisory capacity on their board, specifically, focused on risk and business continuity.

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Um, and I put in here a couple of fun facts. I do have a couple of patents in my name.

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I've worked on handicap accessible office products when I was with Xerox, and,

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um, I, I, one day just watched one of my colleagues struggle because she was sitting in a wheelchair, and just a couple of things occurred demand, we ran with that,

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and it resulted in some, some patents. So, that was fun.

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And um, when I did my first dissertation with my Masters, I did a thesis, excuse me, with my Masters, um, part of that work was adopted by NASA. So those are a couple of little fun facts.

6:12

So, thank you for the opportunity to talk a little bit about myself, and so much for the warm welcome. Thank you. Derika.

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All right. Thank you, Dr. Hess.

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Now, I'd like to discuss the action plan timelines.

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Um, to support the most effective use of audit resources, we're going to review our current audit and reporting structure, but more specifically, our corrective action plans.

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So, the IIA Standard 2500 monitoring progress requires Audit to establish and maintain a system to monitor, but stops short of prescribing time limits for performance management action plans. And then, ISO 9001 for internal audit only requires process owners to take corrective action without undue delay. So, our current practices to have all matters that require immediate attention be implemented within six months. Matters requiring attention to be implemented within nine months, and observations be implemented within 12 months.

7:08

So, that's our current structure.

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So, with that, sorry, note page here (pause).

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Um, the risk rating determines the timeframes for the corrective action, however, this has created several challenges.

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Findings continue to remain outstanding, namely due to the complexity of the actions we agreed upon with management, or a lack of resources required to address those findings, and the unrealized time commitment needed to address these issues. So, I believe to propose some changes that will address these challenges.

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The first one being, we should enable management to, the ability to develop action plan timeframes that will not exceed one year.

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The purpose of this increases accountability by asking management to commit to a timeframe of their own choosing, not, um, what they view as an arbitrary date.

8:03

So, right now they feel that the 6, 9, 12 was the arbitrary date because it's based on the risk finding, rather than the complexity of the corrective action.

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Secondly, if that corrective action exceeds greater than 12 months, then each exception will require documentation and approval by upper management.

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Um, thirdly, in addition, we would ask for root causes for each finding.

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This will be done in an effort to assist with the efficient use of resources and the effectiveness of these actions.

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Um, right now, we do not ask for root causes, but should we identify root causes, this allows management to discover the underlying systemic issues rather than reacting to the report with a generalized or immediate fix.

8:46

Um, so, Internal Audit would like to implement these changes with our next audit report.

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So, I wanted to review these topics with you, and see if there's any questions, or any concerns with changing our timeframe for management action plans.

9:04

Um, Derika, um, this is Mary.

9:07

And so, I have a concern. Okay. That was taken on the Audit Committee, almost a year and a half, two years ago, and the current timeframes were in place,

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but yet, the action plan development, not, not even, um, meeting the MRIAs, or MRAs, just the action plan development was exceeding two years.

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And so, I'm a little hesitant to give them more room, to walk towards, to not have the discipline, to develop the action plans, and implement the actions.

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And then, I guess the other concern is that there are some issues that we'll have seen through the audit process that leave the university subject to, um, um, some negative outcomes if they are not rectified soon.

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And so, I'm a little concerned about that.

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And, is this something that you are seeking, as the Director of Audit? Is this the request from management?

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This is something that I'm seeking to try to increase our effectiveness. Um, I have reached out to sister schools, and they to allow managers to determine the timeframe.

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Um, instead of giving them, like we have now, arbitrary dates, um, based on the risk rating. As we stated before, some of the challenges, so we have not been able to meet these timeframes.

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Um, I do not want them to extend the time. As you indicated, should that happen beyond the 12 months, as we're seeing now, then we would have to escalate that to their direct support.

11:01

We don't do that. For the time being, we haven't, we haven't been doing that in our process.

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We've just been trying to work with the manager of that, or the process owner of that area to, um, trace, um, their response time.

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So, so, this is an effort to be more efficient? Yeah, Mary,

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I think, I think maybe I can hopefully bring some clarification.

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What, what Derika, Dr. Derika is, asking us to do, is, give her some teeth to be able to enforce, because, although the time appears to be longer, the other dates were so arbitrary that

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she wanted to be able to say, okay, if I give you a date up to 12 months, so say, for instance, and it doesn't have to be 12 months. If she gives them three months to correct it, and they haven't corrected it, it gives her now some strength, to be able to go to the next

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in line leadership, that the guidelines were too ambiguous, before this, although the dates seemed smaller.

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Hopefully, that was clear.

12:09

Correct me if I'm wrong.

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Bishop. Yes. My initial reaction was right on the money to what Mary's was, because this has just been going on for so long.

12:21

Um, but I, it, correct me, if I'm wrong. Is the idea that what, what you're doing is starting over.

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And, that gives you the flexibility then to have that accountability, um, built-in to the model in a way that you think is reasonable, etcetera, etcetera.

12:47

And, um, you, you, then, hold them, it's like, you've reset the clock. Is that the idea?

12:54

That is the idea that I think, and I don't want to presume to speak for Derika, but although, all of us agree, that it's been very relaxed. There has been limited accountability.

13:05

So, what she's suggesting is, give me the ability to put a hard date,

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not an arbitrary date, but a hard date on these things must be corrected by this time. And, that way she can hold people more accountable

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then what the Audit and Risk Office has been able to do prior to. Derika, I don't know if you can explain it a little clearer than that.

13:31

Yes. Well, you explained it perfectly.

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As you mentioned, we have not been able to escalate things that have gone outside of the 3, 6, 9 timeframe, because they were arbitrary dates, just because it was the MRIA. Right?

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Say for instance our cameras, that's the MRIA we have right now, but there's no way he's going to get that done in three months.

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There's just a date we throw out there because it is an MRIA. But because of the complexity of that finding he's going to need more time. There's going to be more resources. It's going to require more collaboration with everyone on this campus.

14:01

Um, and then, you know, should he need more resources, I can escalate that and say, hey, this is the date we're looking at, what can we do to make this happen for the police department.

14:09

But the reality is, the biggest change, like Dr. DiCroce said, is we're kind of resetting, trying to reset culture as well. That now, they'll know this is not just an arbitrary date.

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This is a date that is a hard stop, and then it gives the Auditor, the authority to be able to upload her findings to the next in line.

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So, we're hoping that it's going to create a culture of more accountability.

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And, one thing just I want to ask or point out is the way it looks like it's shaping up here.

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Um, Derika, correct me if I'm wrong, but let's say for talking purposes, there is a very significant finding, as a result of one of your audits, that in your estimation, would require something shorter in terms of the time to get resolved.

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And so, that would give you the flexibility to also, I guess, increase the intensity on that, if it would require more resources in order to satisfy the requirements that you deem appropriate

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from a timeframe perspective. Is that fair? Yes, sir.

15:23

Um.

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May I, may I just have one more point of clarification?

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So, you know, I'm just the cynic in me, says, well, what's the, what's, what's different here?

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I mean, you know, on some of this stuff, there's been more than a year to get it done and it's still not done.

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So, is the difference that, um, you've got, um, an accountability mechanism built in, that you control, and I guess by extension, the president controls, that wasn't there before. Is that the idea? Yes.

16:04

And, someone also mentioned the culture. Now that we're giving management the authority, or the ability to develop their own timeframes. Hopefully, they will take greater accountability. So, if you're telling me it's going to take several months, then I'm looking for you to have completed in seven months. If I tell you, I want it done in three, they're going to look like at me and well, I can't get it done in three.

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You know, so, we're automatically off the bat in the disagreement stage.

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So, hopefully, you know, go ahead.

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Well, one of the things that Derika, I think we talked about, is some stuff is a professional estimate based upon what they know. So, we can say it, in three months

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you've got to have this right, but they'll come back and say, well, we couldn't do it in three months because of X, Y, and Z.

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So, at this point, what we're saying is, okay, you tell us then up to one year what it takes, and that way, when we come back and say, okay, it's six months now, and you still haven't gotten it done. They can't say, well, that was an arbitrary date that you all gave me. No, this is the date that you told us you would have it corrected by knowing all of your knowledge and your expertise.

17:10

But if it's something that is critical, to, you know, the ongoing accreditation or something like that, Derika has the ability to, you know, take it to a higher level than the one year.

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Exactly. And, the additional root cause will also identify any of those resources, or those critical points that you're talking about. So, at that point, yes, we would accelerate it, we would not give them the 12 calendar days. Right. Based on that root cause.

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And, from a procedural standpoint and comparative to the other institutions in the Commonwealth, um, do they have similar provisions like this? Or, was it all over the map? What was quoted? Well, I spoke to two schools that was willing to share with me, and they follow this exact model.

17:56

They don't have a 3, 6, 9 out there like we do. Um, they allow management to give them the timeframe. They have a discussion, if it is excessive, in the time. Then they have a second discussion with the higher up to determine what is needed to move that timeframe forward.

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So that's what I'd be proposing as well.

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And this, as far as it, I'm just thinking ahead, to the level three, level two, level one, um, you

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know, path that we are on, or actually, the other way around. Um, doesn't hinder us.

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It doesn't cause any? No. So far as, to put up the standards up here for IIA and ISO. Right. They don't give us a timeframe. It is, really is judgment based. You know, as long as we are doing it without delay. So, we can document with that root cause why we're taking the 12 months or shorter then we should be fine.

18:47

Got it. Really, right now with 3, 6, 9.

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What we're saying is, we're 3, 6, 9, and 12, now. Right?

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But the difference is they are telling us, they are telling Derika is 3, 6, 9 or the 12.

19:00

Rather than Derika telling them, it's 3, 6, 9.

19:02

So, we're putting the burden on them, so that we can hold, so that she can hold them more accountable, because they selected the date for the timeframe, if you will.

19:16

Um, Derika, a couple of questions. When would the action plans be required?

19:21

The action plans are required before the final report is issued. Now, they are not part of the final report. Um, we, we do the draft first, we take it to management. And, that, at that time, they start developing action plans that they are due by the time the final draft is released.

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So, they are internally provided to the, um, Audit Department, although, they are not published within the report. Um. If you, if you, um, looked at the prior, um, tool that Audit used to, um, measure their, the, effectiveness in meeting timelines, the thing that wasn't done was the action plan for two years.

20:03

So, where is that reflected in this document as to when the action plans are, would be required to be done?

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Well, to be honest with you, Ms. Blunt, we should have been enforcing. It is supposed to be part of the final draft that is kept within the office.

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We're not supposed to release the final draft without the action plans, but, um, management wasn't always prepared to provide those. And, in order to stay on track with our audit plan, we would release that final draft without the action plans,

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and ask them to give it to us retroactive. Which, as we know, isn't always the best solution.

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So, I guess I need to add to this, that they need to have those action plans completed before we can release that final draft.

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So, I want you to think about that a little bit. Okay. In terms of how you actually state it, because, you could end up saying,

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um, it's required for the final draft and never get it, and you never release the final draft.

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So, at some point, you're still going to have to put some more teeth upfront, with some requirements on timeliness of the action plans.

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So, I'm going to, I'm going to,

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Dawn, since you're on this call, I'll put you on the spot.

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Tell me what you have seen relative to Audit in your prior jobs?

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It's a very, very good question.

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And, actually, you're not the first to ask it surprisingly. Derika and I had a very in-depth conversation about this, as well.

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And, I had also never seen a structured timeline enforced with the 6, 9, and 12 months. Um, and in all of my experience, it's been an agreed upon with a not to exceed.

21:58

Um, and so, Derika and I did, did discuss that, and as far as the action plan not being, excuse me, the final draft, not being released until the action plan was developed,

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I do see that that could be a concern, and if we structure the process and some language around timeframe requirements for final drafts as well, there's a possibility for us to potentially address that before it becomes an issue.

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But, but within that, I do want to say that I think Derika needs to be very much involved in that, that timeframe discussion, as well, because she's the one, ultimately is showing that final draft.

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I, I would agree with you on that. The, um, Derika, now the, whatever, the times are 3, 6, 9,

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um, were developed, um, I don't know, 3 or 4 years ago, and I'm not sure what the driver was around that, but it's certainly been in place since, since I've been on the Audit Committee. I, I would like to see a little more in depth, um, not on this page, but

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where's that other place where you talk about the new process. A little bit more, I want you to, I would like to see you address under the proposed changes,

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what will happen relative to the action plans?

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Because, management is going to be accountable, then they need to understand the significance of the timeliness, developing the action plan, because, that's what the Board is looking at.

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Um, the action plans. What? What are we doing about these things?

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And um, and so, that's one of the pieces that was missing before, when we headed down the road to (inaudible).

23:57

And so, my, you know,

24:01

I don't know if there's an urgency to do this vote on this today, but I would really like to see that before we go off the, um, the cliff here, and a little bit more in here about your proposed changes

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that would garner management accountability.

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Bishop? Yes ma'am. To embellish just a bit upon Mary's point, I mean, it sounds to me and again, this is the cynic in me.

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It sounds to me like what has happened is the feedback you're getting from the people responsible is that, well, they weren't involved in the timeline; therefore, it didn't get done.

24:51

Um, when in fact the issue is it didn't get done. It's, it's not the timeline to us.

25:00

It is it didn't get done. And, a lot of these things have been dangling for much, much more than a year.

25:07

So, I think Mary's onto something.

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I think it's in the, the action plan and then very strong accountability that while you can have that accountability, the accountability has to come through the President who holds the staff, whoever they are accountable in, for getting it done.

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You know, as an auditor, I don't think it's as an Internal Auditor, I don't know that you can ever do that.

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You would, you would have to have this, the President doing that, and I guess, maybe within that spirit, I'd appreciate a comment, or two from the, um, President on, um, um,

25:56

her role, in, in this management accountability.

26:01

And, the only reason I'm saying that is it's not a lack of trust. It's history, um, on this very issue.

26:09

And thank you, Dr. DiCroce, I was, um, planning to speak as soon as you were finished. So, thank you for inviting me. Um, one of the things that I would say is when Derika first came to me and said this is what she would like to propose. I thought about it a lot, because I know what the history has been here at the institution. However, I think that her point, and the point, I guess, is shared by Dr. Hess, um, by Dawn that the,

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this is, we're out of sync with where we need to be. What our real issue has to be is the action plan.

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And so, if we write that action plan into this change, which would allow for us not to be always looping around issues that are unresolvable in a three month period, or a six month period, but must be completed within the 12 months with an action plan.

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Then, I feel very comfortable and confident that we'll be able to continue to make movement, and when Harry was here that's one of the things that we really worked on, was making that

movement, and what could I do as the, um, CEO of the organization, to ensure we were moving things forward.

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And, he and I spent a lot of time on that.

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So, do you think that we're there, where, whatever that timeframe is that we're going to have that accountability moving forward in that in the action plan will, will be developed and approved in a reasonable amount of time, so that it can be included in the audit report. And then, secondly, that the action plan will be followed.

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I think for sure, we are at a place where, um, people will know that the action plan must be followed.

27:58

I think that the issue that we had is not creating a system that we have to keep, um, extending, or changing, but if we work with the managers to make sure that they are on track for what is needed in a time period no greater than 12 months, and I stress no greater than 12 months, because every one of these is not going to be 12 months long, but we need that internal accountability. So that I also can say, you know, you decided that.

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And so, I expect that that will be met.

28:34

And so, that gives us, I think, what we're trying to achieve, which is accountability and action.

28:46

Okay, I think, I, I mean, I'm okay with that.

28:49

But, I do think that the focus should be more on the action plan versus on the, the timing of the action plan.

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I mean, you can incorporate the time into it,

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but, but, the issue is the action plan, I guess.

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I mean, that's not getting done (inaudible).

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I would agree with that Dr. DiCroce.

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That, I think, Dr. J, one thing you could potentially do as well to ensure that, you know, you've got some, some, some teeth to back you up, is, um, I don't know if they're, whatever employment reviews or what, or what have you with your teams. But whatever area that this particular audit hits (that's in their goals), included in the goals of, um, you know, if there are audit findings in their area, that they are fully compliant with the requirements that are being laid out here. And that way, give you some ability to, um, to enforce that during your review cycles. Right. Thank you.

29:56

I, I think one of the biggest changes is I agree with everything that you all have said, action plan is important.

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But even if I go back to, if we just redact the process for action plan and we don't have an auditor that's holding people accountable and pushing it to management, we still have the same problem.

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I think the biggest change is going to be the brief time that I've known Derika

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in this role, I think she's going to hold people accountable. Now, now, it will go up line, and I'm confident of that. And so, I felt good about that part. I really believe that.

30:35

Thank you.

30:37

You can pay me after, um, you get it all done (laughter). Okay. I got my work cut out for me, but thank you (laughter). Okay, we're going to move on to the next topic which is the Clery. Woe, woe, woe, woe.

30:51

Where are we leaving that topic? So, I'm to come back to you with a more definitive, um, change. Process for the action plans. Yes, for the action plans.

31:01

All right, thank you. No problem.

31:09

All right, so now we're moving on to the next topic of the Clery Audits.

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OSIG notified all higher education institutions in the State of Virginia that it will conduct a performance audit of its implementation of the Clery Act during fiscal year 2021.

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The potential focus will be on improving the timeliness and accuracy of reporting, and ensuring that higher education institutions are taking actions to address trends identified in the report.

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Now Norfolk State has not been selected yet in this process, but we are preparing and ramping up for it.

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Um, this is also right in line with our 2020 audit plan, which is highlighted in yellow. We already had this our audit plan, so we're moving that timeframe forward. We began our internal review on April 7th,

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and Norfolk State's Internal Review objective is to take a comprehensive look, um, at

32:00

our compliance and all the identifiable requirements within Clery Act. To date, only one of the schools has performed a similar audit internally, but never before has it been done by the State.

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So, we kicked that off April 7th.

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Um, Derika, could you, um,

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explain to me what the Clery Act is again?

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So, that is criminal activity and fire reports that is done by the police department.

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Um, we are to track, and, um,

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the timeliness and accuracy of all criminal activity on campus, including sexual assault, sexual assault, and domestic violence. Um, and then that info, that data is uploaded to the Department of Education.

32:50

Okay, thank you.

32:57

Um, can I just ask? This is just a point of information.

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Why has the State taken this on? Is, is it, um,

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is it a Federal push for it, or is it the State?

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Does the State just think that this needs to be done?

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Yes, ma'am? It's the State. Okay. Um, yeah, Pam is going to talk to you a little bit. So, um, Dr. DiCroce what happened is, um, this past General Assembly session, um,

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there was a movement afoot for

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more information. Um, the AG's Office is, is dealing with that on all several fronts, including dealing with, um, FOIA when there's a desire to have more numbers, have to give their addresses, etcetera.

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Um, as a result, the General Assembly

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also gave the Office of the Inspector General, a lot of the autonomy to take on a lot of issues.

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So, now what you have is that, um, before like you might have Harry doing an internal investigation like the Audit department itself.

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Now, they've given that authority, even more power than before to the Office of the Inspector General.

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And so, um, that's one of the first actions that they took, was to take on the issue of Clery.

34:15

They wanted the reporting. There was a lot of concern in the Office of the Attorney General about that. Some of his team that's been talking to the Governor about it, about the concerns regarding it, because it was thought that it would cause exposure for the universities in regards to actually publishing and putting out there the actual information.

34:39

However, the deadline was April 6th, I believe. Yes. April 6th.

34:45

And so, you know, all the universities waited till the last minute, including ours, before we had the produce it, and we did. So that's where that is, right now.

34:56

And, if you all remember, Jeanne Clery was a student at a large institution, um, who was killed, raped and killed. And after that, for the last 30 years, we've really been looking at how to alert the community of things that happen.

35:14

And so, um, it's the university community, and, however, the State decides to draw the line around what is outside of the gates of the university. And, some of that was pulled back during the Trump administration significantly.

35:31

And so, it's not surprising that there is a move afoot to increase the report.

35:40

Or, go back to where we were somewhere in between there.

35:45

In addition, Norfolk State, you know, had a matter to come up several years ago where some reporter came to the Police Department and, um, looked at the number of sexual assaults, and there had been a reporting of zero. It was just a clerical error, but that didn't help us. It was a clerical error in that actually the Police Department did make the reports to the State, but there's also the requirement that you have it there in your Police Department for anybody who walks in. They have to be able to come in and look at it. So, it hit the news here. It was reported on the television and it made

36:24

big press on the news and the Police Chief here went and explained that it was a clerical error, and so, um, they checked it and found that it was. (inaudible), the news continued to report on and finally it died out.

36:39

But, I don't think, that's not a problem today. Right Gerald. But, it's not a problem today, but it's, it's part of the parcel of what you get this Clery audit report.

36:52

All right. Any other questions for Derika on that?

37:00

If you remember, I believe it was the last audit and compliance meeting, we began to have some dialog as well, about cyber. Well, Derika, I'm sorry, I'm jumping in (laughter). I know that it's near and dear to you to so and we are about to go there right now. Okay. All right. So, we're going to talk about the cyber, um, security insurance, liability insurance.

37:22

And, um, so, I'll let Ms. Hess discuss what we've been learning so far (pause).

37:40

My mute button.

37:42

Can hear me now Derika< Yes. Yes, great. Okay. Um, I had just, um, had the pleasure of being with NSU for about two weeks when we had this meeting. So, like some of you, I also had some questions about the current state of our insurance program, and I think that that was really advantageous, because I came to this really with no pre-conceived notions, which gave us on the informal committee, um, informal group, it gave us an opportunity, you know, I would just ask the question and it gave people an opportunity to share what they already knew. And, I think it also allowed us all to say, hmm, I wonder what the answer is to that, and then to add additional questions to it.

38:27

Um, some of the things that we were able to find out, and actually, Derika did quite a bit of the legwork on this and I really don't want to take credit for that. Thank you, Derika.

38:38

She, we were able to confirm that we currently have a million dollars worth of coverage, and that we pay nearly \$20,000 as our portion of part of a larger premium that is for schools across the State.

38:59

Moving on. Go ahead. Did someone have a comment about that?

39:06

Okay. Derika, I believe, also had the discussion with the risk management area for the Virginia Department of Treasury, a fellow named Brian Chamberlain.

39:19

And, he shared with, with her, and with, and she shared with our group, that Virginia's state schools, and that includes us, because we are part of this larger policy. They are looking to take a complete change, a complete change in their approach for coverage for all of Virginia's state schools, and they advised us not to seek supplemental insurance right now.

39:46

And, told us that the public schools have not sought supplemental insurance. The reason that we were asking about that is because that one million dollar limit seemed very low.

40:00

Um, Mr. Chamberlin also shared that, beginning in May of this year, which is right around the corner, DRM will be taking bids for different tier offerings at the \$2 M and \$4 million levels. I'm not sure how firm those levels were.

40:21

But the point here is that we are expecting them in the very near future to have the opportunity to see some higher coverage is offered to us. Now, we also know that that means a higher premium. We don't know how much right now we're at,

40:38

we are just at the mercy of DRM.

40:44

As an added, to add an update, Norfolk State has been invited to a meeting on May 4th to work with the Broker Marsh and McLennan, and the Department of Treasury to discuss the current cybersecurity coverage market and guidance on getting supplemental insurance. Apparently, we're not the only school to reach out to them this concern, and so they're going to set up a meeting with all tiers. Um, in addition, those tiers are not, um, VITA, um, governance and oversight as James will talk to in a minute, but it's based on the size of the school. So, we're in the same group with William and Mary. Same group with Longwood, and we all have that single one million dollars coverage.

41:23

Um, so, that being said, all of those public schools, no matter what tier will be on this call on May 4th to discuss, hopefully, increasing our insurance.

41:34

I'm sure James is going to tell us this, but, and you've already heard it, \$1M is ridiculously low.

41:43

\$2 million is low.

41:46

I just want to make sure you all, um, just from some experience, I'm just (pause).

41:55

A question to is, does, does that \$2M or \$4M million, is that available per occurrence?

42:01

So, no matter which institution gets hit with an event, you know, is not, you know, the single limit that applies to everyone.

42:08

Or, is it per occurrence and feels like, to me, this, um, this is something that probably needs to be at least \$20 to \$50M, \$25 to \$50M, to get some comfort, because these things can really blow up in your face real quick, um, especially for, you know, large institutions.

42:24

So, um, if the guys, the guys at Marsh, the guys at Marsh really understand the market and what the opportunities are,

42:31

um, hopefully, they can put something forward that the Commonwealth can expand because um. One of the things, Dwayne, by the way I just got my letter from an HBCU, who just sent me a letter saying there is a potential risk to my data,

42:48

because of my relationship with the university. They were required to send that out.

42:53

And, here is the challenge, and, I know obviously James is the expert. Here is the big challenge. You could spend a \$1M just on a forensic person to come in to try to determine what your data has been breached.

43:07

Um, what we, you know, notice is, it's just, that, is a deep, deep dialog. Um, and, I would be interested like Dwayne to know is this \$1M for all of the schools together?

43:21

So, if one school has a breach and that million dollars is gone, or, is it a million dollars for each school for each incident, um, because this makes me nervous. It was, um, per occurrence.

43:37

And um, Derika, the retention for each occurrence was, was that \$25,000? Yes, \$25,000.

43:47

When you say retention, that would be like our deductible? Deductible. Yeah. We agree that this is not a great. In, in fact, is to very bad, and, from my experience, I can tell you, it can be many, many millions of dollars

44:04

on how deep they go? So, we agree that this is a very bad policy.

44:08

It is, however, what Virginia is, um, at this point, requiring, and, I think, after the, at the May review, and I'm really, really pleased to hear that we were invited. I don't know that we've ever been invited before to my, at least as far as anyone has shared with me.

44:31

Um, so, it's the beginning. I'm not sure that \$2M, and I'm not even sure \$4M is

44:36

really enough. So, I'm very, very concerned that, um, the State is sort of asking us not to get additional support in a time where there's such vulnerability.

44:51

And, it feels like, from a Commonwealth perspective, um,

44:55

if the insurance market won't support, um, coverage at reasonable premiums, then the alternative for the Commonwealth could be to self-insure this risk.

45:05

And, that means that, you know, they can choose to, in the event of any, of something occurring, they can provide the appropriations to support it, but then that's a whole other,

45:18

another challenge for them. But it's, um, something that they, I'm sure, will potentially have to explore once they get some intel from the Marsh guys certainly.

45:28

One thing that, um, um, we're trying to determine as whether or not levels apply here, like level three gets to do something else. I'm guessing they do, but we're trying to determine that.

45:41

That, that's what I was just going to ask you, I'm going to bet that, you know, let's take UVA as an example.

45:50

I'm going to bet they are covered more than \$1M. Yes. Absolutely. And you know, it might be good, I don't know what, what, what your relationship is with the president over there,

46:03

but it might be good just to ask him, to, to point you all in the right, to the right staff member over there, who oversees that, and to see what they have done,

46:19

because I would be absolutely shocked,

46:22

if they did not have more than that, and in that, the only way you're going to get it that is to ask them directly.

46:32

Ask the institution directly. And, the reason I'm selecting them is, you know, that they are in that highest category.

46:43

Um, but, but more to the point, they, they tend to be, um, more attune than most, or they were

46:57
to, to that sort of thing.

46:59

So, I think that they give us a good gage and you, as well, Dr. J, for where that is.

47:08

I mean, just because the State does not have, has a limit (umm hmm),

47:15

I don't know that that absolutely means that the institution can't, can't explore adding to that limit at its own cost. Um, but, but they should be able to educate us on that, the university would over there. I, I just think that that's where you're going to get the other side of the story from.

47:40

Yeah. I think that's true, Dr. DiCroce.

47:43

But I would also say that, um, the impression that we had is that they, they would not, namely the, the State would not,

47:54

um, at this point, approve us (approve it). Yes. Well, still. That's what's different between UVA at Level III, right? Yeah.

48:05

But, but I would still ask, ask UVA, because what that gives is, well, okay, we can't do that,

48:14

but here's another institution that has the option of going outside the fold.

48:22

And, here's what it's doing, so, right now, we've got this disparity where they're, they're protected at this level, and here we sit (that's right), and if nothing else, I don't know whether the State would kick back and say, we'll protect you. Um, but I would just explore that a little bit, so we can get a sense of what's there. Now, if they're in the same boat,

48:47

it'd be a surprise to me, but maybe at some, in somewhat of a comfort, as well, that it will be moved forward.

48:56

But, I wouldn't stop at,

48:57

I mean, I would talk to them on, about this.

49:03

Um, I'd get it straight from them.

49:06

Yeah. Yeah. I'll take to Jim Ryan, um, who's the president. Yeah, he should be able to point, point you then you can point your staff in the right direction of who to get the specifics, the specifics of it on.

49:18

James, did you have something to say?

49:21

Um, yes, um, so, after we met with, with, um, with Drika, we all have action items, and I started reaching out as well as to some point of contacts. I attend a monthly ISO, Information Security Officer Advisory Group, and in the month of March, they actually gave a presentation on cybersecurity insurance.

49:41

So, I've reached out to them and to get some point of contact information, and it led me back to, um, the same individuals at the same department that Drika and Dr. Hess ended up speaking with.

49:56

Um, so, um, but what they told me was the presentation that, um, was given in the month of March was actually focused on an executive branches, and not necessarily higher education.

50:11

There you go.

50:13

And so, this is where, I believe the training or the meeting seminar, whatever it is in May, came from,

50:20

because when we start asking questions. Also, um, the Director of IT

50:25

Security, and I am a member of an advisory group with others, just those from Virginia colleges, and we put a notification out, asking, requesting information. And, we got nothing, nobody responded. So, that was a signal to us, that we're not alone in this.

50:42

Um, and that is a little bit higher, than, than us.

50:47

So, I look forward to the May, May, event.

50:51

I will say, in looking at the policy, I'm not, no expert on the cost and how much. I do have, seen graphs that have showed people paying out for, for something like ransomware as much as \$10 million.

51:05

Um, so, I do agree, it's low, but that's not my area of expertise.

51:09

What I was happy to see with the policy is that it not only covered the university, but it also, also covered liability.

51:19

So, I was worried that, you know, if someone tries to sue us, we would have the ability to pay other people, but we don't, can't take care of ourselves. Sort of like car insurance, right?

51:28

Fix their car and mine. So, I was happy to see that as well as some other elements in it, um, such as network interruption, data involved extortion and things of that nature.

51:40

So, the contents of it, I think I'm impressed with.

51:44

It's just the amount that probably needs to be worked on, or increased.

51:54

Are there any other questions before we get into James' portion?

52:01

James, you're up.

52:03

All right, so, one of the things that I mentioned, um, the last time we met, um, well actually, you know, I didn't mention this. It's the next slide that, that I'll show that I mentioned.

52:14

We're conducting risk assessments on all of the applications, and this is almost the pretexts for getting what we would need for cybersecurity insurance.

52:25

Right, so you can't insure for anything and everything, right? No, no one has unlimited pockets.

52:31

So, what you're looking at the screen is some, is some of what we do when we conduct a threat assessment and to the rider, it's just a snippet of the threat list.

52:41

And so, when we meet with the system owners of these applications and the users, we go down this list and ask them, hey, what is the likelihood that you will encounter a threat?

52:52

And, then we will put that in the fill in the blank, and we will do low, medium, high. And, there are some in here,

52:58

if you look at the fifth one down pandemic. We conducted a risk assessment two years ago and I've mentioned a pandemic and how likely are you, is the threat of a pandemic will, is going to, will affect you probably

53:11

would have got laughed at. Now, it's a real thing. So, this is just a snippet.

53:16

There's more, um,

53:18

there's, it's broken out to natural disasters, or natural events, man-made events, and environmental events.

53:28

I think that was it.

53:30

Um, so, I just want to show you this and what we'll do, we can take this, and then we'll know what areas to insure.

53:37

I give an example, example, if they hold hostage one of our systems, the costs will be lower, but if they get our whole network, and all of our systems, then, um, then the price would be a lot, a lot higher.

53:52

So, what this does this say? All right. What are we dealing with here? What, what type of threats are we dealing with? And it, should be the same for each university. So, this is one of the things we're looking at.

54:02

If other universities, um, if it's a threat to other universities, it's a threat to us.

54:08

Next slide, please.

54:12

All right. What I mentioned last meeting when we met, one of the things that we're attempting to do is to insert some terms and conditions into our contract language when we sign a contract with a vendor.

54:26

Um, so, and what you see there is quite a few terms and conditions. The checkbox, the one with cybersecurity insurance to the right is your contract language.

54:35

We just, um, that dollar amount is what's tricky, right? Um, we don't want to leave out small businesses, right? They still, they still need to compete, but they might not be able to afford insurance to the level of a large enterprise.

54:50

So, but, this is something we're aiming for. A lot of the systems that have undergone the egos process, which is

54:59

through VITA, already, have this in the contract.

55:04

So, these are just some, some, some remediation, or some, um,

55:09

some things that we're doing in lieu of not having the proper amount, or correct cybersecurity insurance.

55:19

Derika, we might want to, you know, this is just a suggestion –

55:23

TowneBank here in our region has become a leader in cyber insurance.

55:30

So, they might, they might have some wisdom, I don't know,

55:33

you know, as we start going down this road. If we get to the place where we're doing an RFP or something like that, it might be somebody that can help us. And also, let me add this,

55:44

so, a lot of these insurance companies have wised up in who they ensure, right?

55:49

So, it used to be a day where they just wanted the business. Right? And so, organizations didn't do their due diligence with security. And just said, hey, we're just transferred liability to the insurance company. Right?

56:03

And, the insurance company ended up paying a lot. Now, they're checking your IT security program to make sure you're doing what you need to do, um, so that they know, you know, they won't be spending a lot on you if something were to happen. So, the two slides I just showed you is a part of that, is a part of

56:19

what we're trying to do, under the IT security program.

56:23

Hey James. This is BK. If I, I were voting on this, I'd have to recuse myself as to Towne,

56:31

but if you decide to explore that relationship, I'm on the board and happy to make sure you get the right connection.

56:40

Thank you. I appreciate it.

56:43

Hey BK, I need a loan, but we can talk about that after (laughter). Absolutely (laughter). All right, Ms. Derika, anything else?

56:54

No, that's all I have for open session.

56:58

All right.

56:59

Anything else that you all have before we have a motion to go in closed session?

57:08

Um, does somebody have the motion?

57:11

Yeah. I got it.

57:12

That's what I figured it was you Dwayne. I didn't know for sure. I got you.

57:17

Mr. Chair, I move that we adjourn and reconvene in closed meeting pursuant to Section 2.2-3711

57:25

(A) 1, 4, 7 and 8 of the Code of Virginia, for the following purposes, pursuant to the noted subsections: 1) and 4) to discuss personnel matters, including more specifically, discussion of performance evaluations of specific, specific individuals and certain university employees;

57:44

and to discuss or evaluate, evaluate the performance of departments of the university that necessarily involve discussion regarding performance of individual employees,

57:53

more specifically related to reports, investigative notes, correspondence, and information furnished in confidence and records otherwise exempted, of the university Internal Order, Internal Audit Office;

58:04

and 7) and 8) consultation with legal counsel pursuant to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the university, along with any necessary consultation with legal counsel regarding matters

58:21

as noted in this motion; and further that the President, the Chief Audit Executive, unit, University Legal Counsel and the Assistant VP for Human Resources remain for the closing; and that any member of the NSU Board of Visitors be permitted to attend virtually or by phone to listen the closed meeting.

58:42

There's been a motion to go into closed meeting for the reasons stated. Is there a second?

58:50

Second.

58:52

All right. All those in favor? Well, I guess, um, I'm sure Pam is going to tell us that we got to do a roll call. Yes.

59:01

Bishop Brown – Yes. Mr. Blake – Yes.

59:05

Ms. Blunt –

59:09

Dr. DiCrocce – Yes. Mr. Fulton – Yes. All right. We will see you momentarily in closed session.

59:20

(inaudible).

59:24

Who do we have? Is everybody here?

59:32

It looks like everybody's here.

59:34

(inaudible)

59:36

Okay, Mr. Blake, would you do us the honors, please? Mr. Chair, that will be your duty, sir.

59:44

That's why that word in bold is Chair (laughter). I guess reading is truly fundamental.

59:53

Having reconvened in open meeting, we will now take a roll call vote on certification that 1) only public business matters lawfully exempted

1:00:02

from open meeting requirements, and (2) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed, or considered in the meeting by the Board.

1:00:14

Any member of the Board who believes that there was a departure from the requirements as stated above, shall so state prior to the vote, indicating the substance of the departure that in his, or her judgment, has taken place. Ms.

1:00:30

April, if you'd be so kind as to call the roll? Bishop Brown – I so certify.

1:00:39

Mr. Blake – I so certify. Ms. Blunt –

1:00:43

Dr. DiCroce – I so certify.

1:00:48

Mr. Fulton – I so certify.

1:00:53

That's it.

1:00:55

Right, I think Ms. Blunt was up here as well. Yeah – I so certify.

1:01:00

Okay, thank you. All right.

1:01:03

Um, I don't think there's any other business to come before the Committee. Is that correct?

1:01:09

Um, well, Derika is gone, I guess, but is that correct? No other further business? No, that's everything.

1:01:17

All right. Well, we can stand adjourned. Thank you all so much for your time (inaudible). Thank you. Good meeting. See you. (inaudible) Dawn.

1:01:25

Great job, Mr. Chairman.

1:01:27

Yeah. Thank you, sir. Great work sir. Y'all have a great night. Go watch television (laughter). To watch the verdict. Whoever hasn't read it yet. That's right, waiting on the verdict.