Integrity and Compliance Annual Report

FISCAL YEAR 2024

Contents

Introduction

Welcome to the fiscal year (FY) 2024 Annual Report of VCU's Integrity and Compliance Office (ICO), a unit of Audit and Compliance Services. The purpose of this report is to summarize for the Board of Visitors and our stakeholders our FY 2024 activity and impact as well as relevant trends and focus for FY 2025. The objective of our program is to foster an organizational culture that encourages ethical conduct and a commitment to compliance with the law. We accomplish this, together with our compliance partners across the university, by engaging leaders and employees to support a speak-up culture through communications, training and guidance, by building effective policies and processes, by assessing and mitigating risks, and by executing best-in-class reporting and investigative processes. We seek to create an environment characterized by robust employee reporting, no fear of retaliation, reduced misconduct, and a commitment to integrity in every transaction.

Program Structure and Resources

In FY 2024, ICO continued convening the Compliance Steering Committee for quarterly meetings to discuss current issues, share information, and ensure effectiveness in our compliance system at VCU. We completed the first comprehensive documentation of our compliance program as twenty key compliance functions documented a comprehensive summary of their program. We plan to ensure these summaries are updated regularly. The engagement of the CSC also led to several actions to close compliance gaps. First, as explained in the policy section below, we created a committee and policy for the review of foreign gifts and contracts to ensure that the data VCU submits to the Department of Education is well-reviewed for risks and accurate. Second, we updated and streamlined our attestation process which captures key filings made by various compliance partners each year to federal and state authorities. Next, we worked with human resources and other functions to consolidate annual required training on key compliance topics into one clearly assembled package for employees to review online, and VCU is well on the way to 100% completion. Finally, through the internal reporting of a compliance partner, we uncovered critical process deficiencies in our statistical reporting required by the Clery Act. In response, VCU leadership quickly supported a bold action plan to remediate our Clery Act reporting processes and rebuild a strong foundation for VCU's Clery Act reporting and compliance, including the appointment of a Clery Compliance Administrator who joins ICO.

Three-Year Workplan Areas of Focus

Program Structure

Culture

Policies

Investigations and Accountability

Training and Communications

Risk Assessment and Monitoring

In FY 2025, we will focus on completing our Clery Act transformation project and focus the CSC on improving risk assessment and monitoring processes based on lessons learned from the Clery situation.
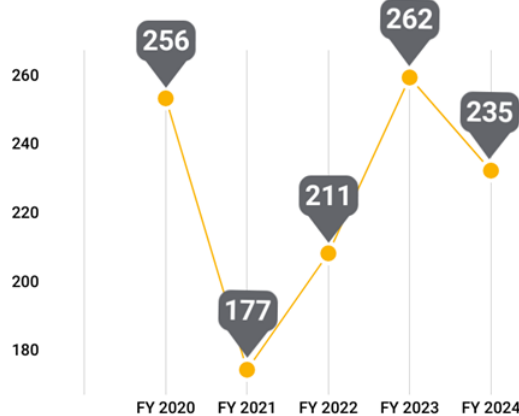
Culture and Data Analysis
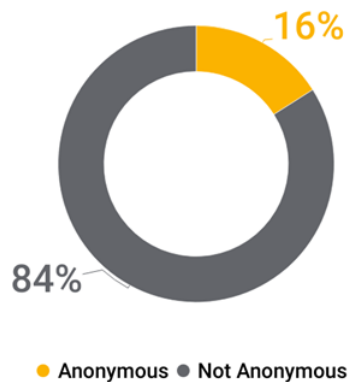
Total Volume Reported Concerns 235 ↓ **10.2%** from FY 2023

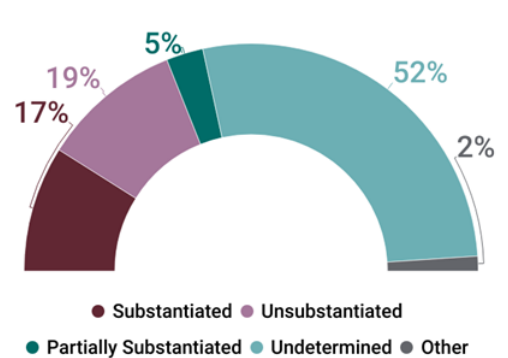**Reporting Route** 55% Compliance Partners | 34% VCUHelpline | 11% ICO Phone/Email

Case Volume Over Time

- FY 2020: 256
- FY 2021: 177
- FY 2022: 211
- FY 2023: 262
- FY 2024: 235

Anonymous Reporting Rate

- 16% Anonymous
- 84% Not Anonymous

Overall Substantiation Rate

- 17% Substantiated
- 19% Unsubstantiated
- 5% Partially Substantiated
- 52% Undetermined
- 2% Other

The ICO continues to monitor university wide reported concerns and responses to misconduct through Convercent, an online data management system. Convercent also contains the VCUHelpline, a third-party reporting tool with an anonymous reporting option. In addition to reports that come directly to Audit and Compliance Services (ACS), the ICO tracks investigations and reports from compliance partners in offices across VCU, including Employee Relations, Equity and Access Services (EAS), the Office of the VP for Health Sciences, and the Office of the Provost. This collaboration allows our office to monitor and respond to misconduct trends across the university.

Reporting of misconduct declined in FY 2024, with 235 total reports. 55% of those reports came to partnering offices, and 45% came directly to ACS as an independent reporting option. This represents an increase in reports made directly to ACS from previous years, as well as an increase in reports made directly to the Helpline. In FY 2024, the ICO team continued efforts to improve visibility and communication to the entire university via events, workshops, trainings, the blog, and email blasts. These efforts, along with consistent collaboration and partnership with other regulatory offices across VCU, may account for the increase in reporting directly to our office. According to NAVEX Global, one of the largest providers of hotline and case management systems, "Research shows organizations with high adoption of their internal hotlines see fewer external whistleblower reports to regulatory agencies and other authorities." The ICO continues to reduce risk for VCU by establishing the Helpline and our office as a trusted independent reporting option and ethical advisor[1]. When issues are reported and substantiated by effective investigations, appropriate consequences and remediation can follow to prevent future issues.

Top Five Substantiated Issues

17 Ethics Violations
17 substantiated/30 closed

6 NCAA Rules Violations
6 substantiated/7 closed

5 Employee Relations
5 substantiated/18 closed

3 HIPAA Compliance
3 substantiated/4 closed

3 Bullying
3 substantiated/8 closed

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[1] NAVEX Global, Inc., 2024 Regional Incident Management Benchmark Report

The overall full and partial substantiation rate for the total case volume was 22%, with almost 60% of closed cases resolving as "Substantiation Undetermined," or "Other." The vast majority of the cases in these categories were not investigated due to lack of response from the reporter or procedural blockers in offices with reporter-driven processes, such as Equity and Access Services. The most commonly reported issue types were Discrimination Based on Protected Class, Ethics Violation, and Sexual Misconduct. However, the top five substantiated issue types were Ethics Violation, NCAA Rules Violations, Employee Relations, HIPAA Compliance and Bullying.

Data Benchmarking

VCU's case volume per 100 employees of 2.03 exceeded the external benchmark in FY 2024 but was below the 3-year VCU average, our internal benchmark. Our anonymous reporting rate (the rate of those reporting without giving their name) continues to remain well below the NAVEX benchmark and remained below the 3-year internal benchmark for the second year in a row, dropping to 16% from 21% last year. This confirms that our employees tend to trust our system as more than 80% of those reporting identify themselves.

VCU's raw substantiation rate is significantly below both the external and internal benchmarks, reflecting a large portion of reports that were unable to be substantiated. The most common reason for a lack of substantiation was either a report not containing any allegations of policy violation, or a reporter not following up with the investigating office to participate in an investigation or to provide enough information to investigate. When controlled for these reports that could not be investigated, the percentage of cases that were fully or partially substantiated rises to 53%, exceeding the NAVEX and the internal benchmark. VCU's rate of retaliation reporting fell this year to 3.4%, down from 7% last year but is still higher than the external benchmark. No retaliation reports were substantiated in FY 2024 but one case remains open. The ICO is engaged in multiple proactive strategies to encourage a speak-up culture and educate employees about retaliation. For example, the ICO continues to facilitate Psychological Safety workshops to leaders from a large range of units, with more planned in FY 2025. We will continue to educate VCU employees, especially leaders, on preventing retaliation in the workplace.

	Cases per 100 Employees	Anonymous Reporting Rate	Substantiation Rate	Concerns of Retaliation	Most Common Issue Type
NAVEX Benchmark	1.78	54%	45%	1.13%	HR, Diversity, and Workplace Respect
VCU Internal Benchmark	2.27	23%	49%	8%	Ethics Violation
Current Fiscal Year	2.03	16%	22% raw / 53% adj'd	3.4%	Discrimination Based on Protected Class

Integrity Survey

Research has demonstrated clearly that strong ethical cultures produce positive ethical outcomes including robust employee reporting, reduced misconduct, reduced retaliation, and reduced pressure to compromise standards.[2] Research also demonstrates that organizations must measure culture over time to drive improvement. VCU has recognized this and since 2019, VCU's Culture and Climate Survey measured employee perceptions and outcomes on diversity, inclusion, and engagement via "indexes" to focus progress.

Due to organizational changes in IRDS, the Culture and Climate Survey was not administered in 2023. Instead, ICO engaged the Ethics and Compliance Initiative to host a survey focused on integrity. The survey was fielded in April, 2024, and we recently received the results. Highlights include:

- ➢ 81% of VCU employees overall are aware of resources for E&C advice.
- ➢ VCU employees have a positive perception of their immediate supervisor as acting as a good role model of workplace ethics and supporting them in following VCU's policies.
- ➢ VCU scored very positively on three of four key ethics outcomes:
    - +Only 4% of employees felt pressured to violate VCU's policies or the law
    - +Only 15% of VCU employees observed behavior they thought was misconduct
    - +31% of employees perceived retaliation after reporting misconduct
- ➢ 80% of VCU employees "proud to be a member of VCU community"
- ➢ Compared to the U.S. benchmark, VCU employees have a less favorable perception of senior leadership acting as a good role model of and talking about the importance of workplace ethics.
- ➢ Many employees at VCU do not feel they can question the decisions of management without fear of retaliation (46% positive, 64% neutral/negative).
- ➢ 62% of employees who observed misconduct reported it. (key ethics outcome)
- ➢ Only 22% of employees who reported misconduct were satisfied with the University's response to their report.

The survey provides baseline data for improvement and robust benchmarking to compare VCU with similar institutions. VCU received the data broken down by 26 departments and schools, and ICO will work with those units to understand their results and take actions to improve and sustain a culture of integrity and openness over time.

One resource that ICO will identify is our workshop on Psychological Safety. We have now facilitated this workshop for more than 20 units across the university, and we will seek to make it available even more widely in FY 2025. Based on the groundbreaking work of the researcher Amy Edmondson, author of *The Fearless Organization* (Wiley, 2019), the workshop focuses on the value and criticality of creating work environments without interpersonal fear. It also focuses on simple, practical habits that leaders can adopt to create those environments. ICO will also continue to work with VCU leadership to support them in making integrity a regular topic of conversation across the institution.

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2 Measuring the Impact of Ethics and Compliance Programs, Global Business Ethics Survey 2018, pages 13-14 (Ethics and Compliance Initiative 2018)
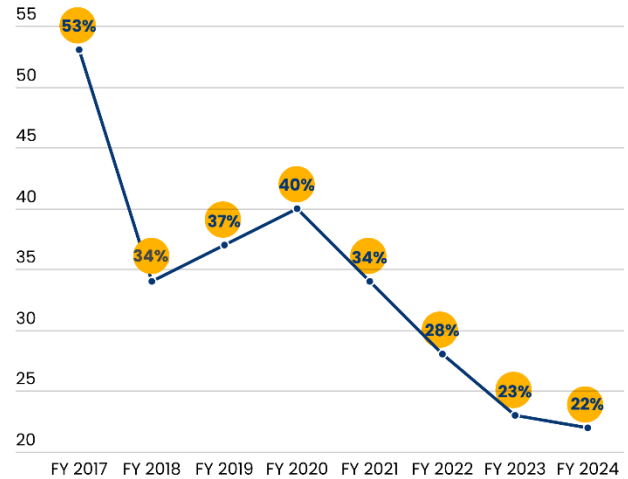
Policy Program Update

161

TOTAL POLICIES

14

New or Substantially Revised

26

Minor Revisions Made

39

Past Due or Under Review

7

Retired

The Policy Program continued to support policy owners across campus in both the development and revision of policies. Significant policy accomplishments this year included creating a new policy concerning the prominent issue of gifts and contracts from foreign entities. We also adopted a new policy concerning the acceptable use of VCU social media accounts. We finished the comprehensive updating of Global Education policies which caused several outdated policies to be retired. The GEO policy review included a new, updated policy governing faculty and student travel abroad. Finally, we are also, at the time of the printing of this report, assisting the President's Office in finalizing edits to both university and local policies owned by that office.   Currently, 22% of all policies remain out-of-date. Of those out-of-date policies 36% are the responsibility of the Faculty Affairs Office in the Provost's Unit. The rest are scattered among units across campus. The ICO is working with all of our partners to continue to bring all policies up to date as required by VCU policy.

Out of Date Policies Over Time

Data points: FY 2017: 53%, FY 2018: 34%, FY 2019: 37%, FY 2020: 40%, FY 2021: 34%, FY 2022: 28%, FY 2023: 23%, FY 2024: 22%

Conflicts of Interest & Commitment

During Fiscal Year 2024, the ICO completed Phase Three of the project to implement an effective and efficient university-wide Conflicts of Interest & Commitment (COI&C) reporting process to replace the current inconsistent and paper-driven process.

In Spring 2023, a permanent COI&C policy was approved, paving the way for Phase Three, the final phase of this project: university-wide implementation. The ICO built the administrative infrastructure to launch the use of Convercent within all academic units for faculty OPA reporting in Fall 2023, and the annual questionnaire went out to all employees in Positions of Trust (approximately 2031, including full-time faculty and select staff) in December 2023.   As of August 16, 2024, 1683 questionnaires (83%) were completed, and we have received 957 disclosures, 493 of which have been cleared, 1 rejected; 463 remain pending or in review.

An important principle of this process is that supervisors and leaders within units across the university have the responsibility to review and approve disclosures, allowing them to use their detailed knowledge of their employees and units to identify any conflicts that need to be managed. While the ICO is available to offer

assistance with any conflicts that need to be escalated, we are empowering managers to own this process through job aids, training, and communication. An area of improvement for FY 2025 will be working with units to encourage prompt disclosure and prompt and thorough review of disclosures, and we hope to see the percentage of cleared disclosures and the percentage of questionnaire completion rise. We also hope to begin reviewing and reporting aggregate data on the most common types of disclosures, for which issues typically require a conflict of interest or commitment management plan, and other useful trend data.

Regulatory Reporting Monitoring

This year, utilizing our document tracking software, DocTract, we implemented an improved attestation process. Units that are required to provide outside regulators with data, certifications, or attestations were asked to provide the ICO with a list of those attestations. Twice a year (July and December) a leader within the respective unit certifies via DocTract that all attestations in the provided list have been made. This allows the ICO to both maintain an updated list of required disclosures and ensure that the disclosures are made.

Investigations and Accountability
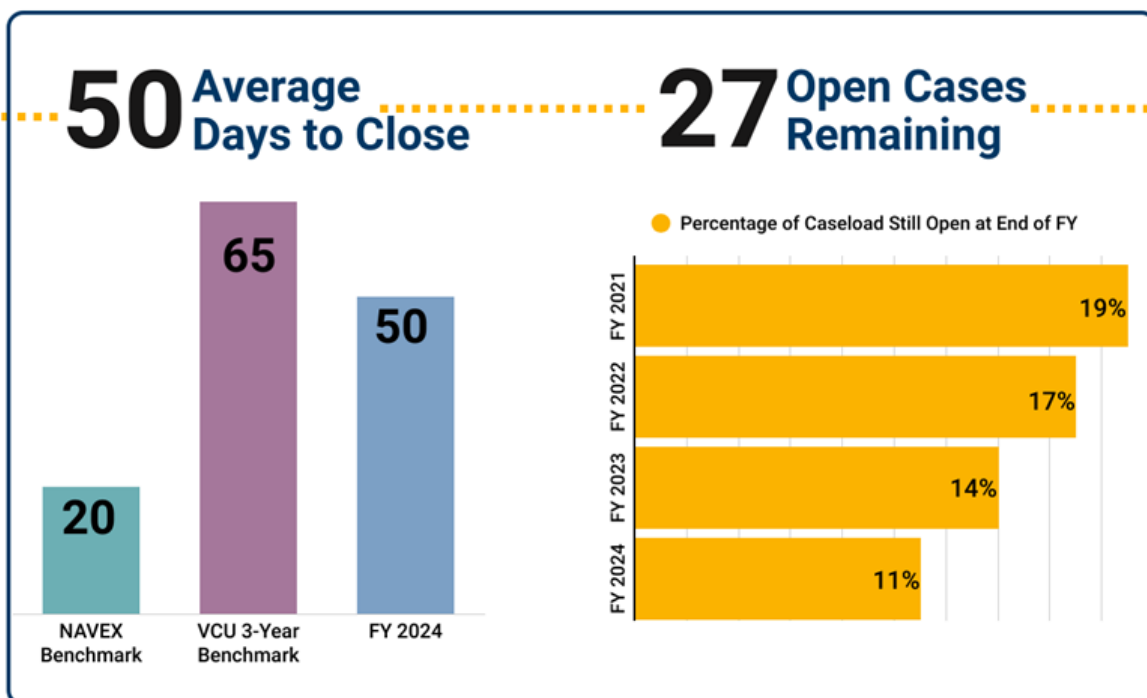
The ICO conducted approximately 26 independent reviews or investigations in FY 2024 and participated in approximately 7 collaborative investigations with partner offices. Metrics reflecting investigative cycle time were slightly less favorable in FY 2024, with an average case closure time of 50 days versus 48 last year, and 27 cases open at the end of the fiscal year versus 28 last year. The increase in closure time resulted in part from a lengthy external investigation and turnover in ICO; we look forward to continuous improvement in FY2025.

The ICO continues to support efforts to standardize and improve investigative practices throughout the university by providing investigative guidelines and training to VCU employees who engage or assist in workplace investigations. Most recently in May 2024, ICO led a workshop on investigative best practices attended by 23 such employees which received excellent reviews for usefulness and building relationships across university silos.

In FY 2022, the ICO worked with Employee Relations to align and standardize sanction (the consequence that results from misconduct) recording in Convercent. In FY 2024, the top sanction was Required Training, followed closely by Verbal Counseling. There were three terminations related to misconduct represented in our data in FY 2024, and four resignations, most of which took place in lieu of termination or another sanction.
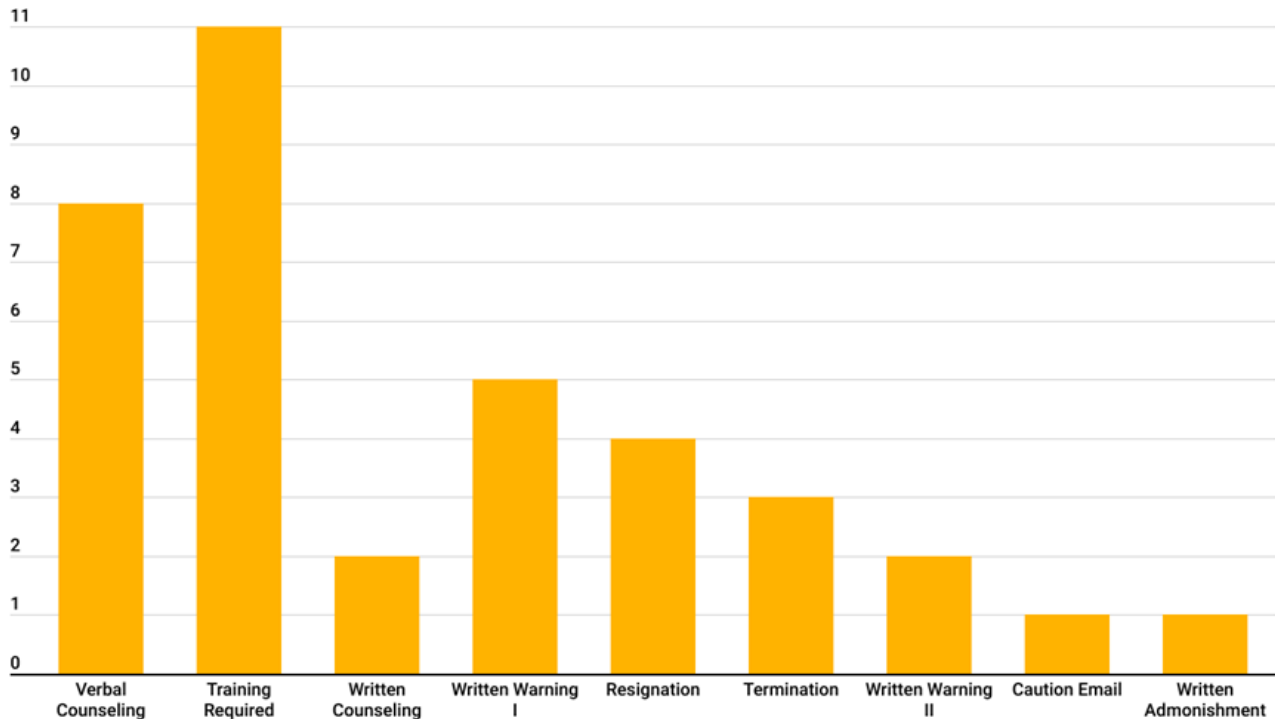
More than half of substantiated concerns in FY 2024 were about a VCU employee who manages other people, and 40% of substantiated concerns involved a subject with a senior leadership title such as "Chair," "Assistant Dean," or "Director." Of the reports about a leader, half of them came directly to the ICO through our Helpline, email, or telephone. Speaking up about misconduct observed involving someone in a position of leadership can carry real or perceived risk for employees. The ICO is filling a vital role in the university by providing a safe and neutral option for employees to report misconduct, and by conducting thorough investigations that find the facts and deliver actionable recommendations when misconduct is substantiated.

Training and Communications

Annual Ethics & Compliance Training

The ICO launched our ethics and compliance training for FY 2024 as part of a new required training release curriculum from the Learning, Development and Organizational Culture team in Human Resources. Our intention for this training was to do less telling and more showing. We created a video about a department chair (Dr. Evans) who mistreated a new professor (Dr. Watkins) so viewers could experience bystander effect (Fig. 1), and included a reflective exercise at the end, so viewers could ponder how the behavior made the other employees feel and consider what they might do in that situation (Fig. 2). Questions we asked ourselves included: What does it look like when a leader is abusive, and how does it affect their colleagues and direct reports? When misconduct happens, do employees know their options for reporting? What about all the different responses we might see in

employees, from taking action to total apathy? The video and reflective exercise comprised the main portion of the annual training. It was followed by a link to the *Code of Conduct* with instructions to review it and a statement of attestation.
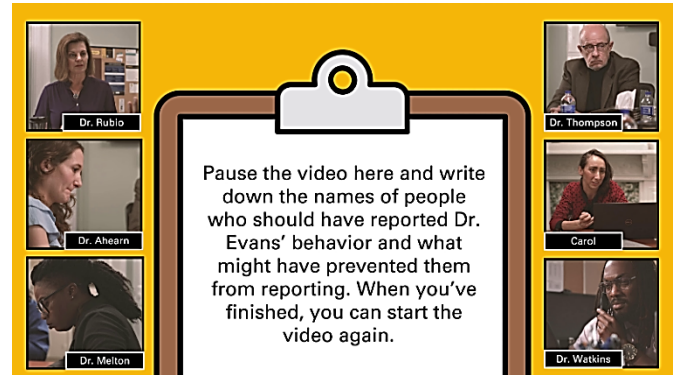

Fig. 1

Fig. 2

The majority of the feedback on our video and exercise was positive, though we received a few comments from people who felt we had triggered unpleasant memories for them. In an effort to show multiple reactions to the unethical behavior of the chair and to validate the feelings of each employee, as well as give guidance for steps they could take, we made a series of follow-up videos. These videos followed each of the seven characters from the original video, in confessional style, allowing them to share their perspectives (Figs. 3 and 4). At the end of each of these videos, we added commentary and suggestions for resources to support employees in this situation. We have distributed these follow-up videos through several channels; we created a playlist and added it to our Resource Library on our website, we featured 1-2 of them each month at the top of our blog, and we included a link to them in our monthly newsletter, encouraging our compliance partners to share them with their teams during meetings to spark conversation about speaking up.
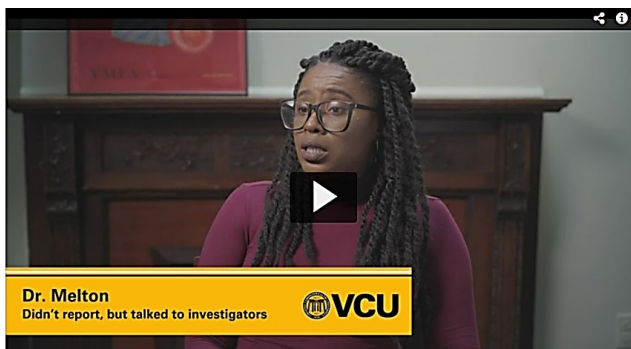

Fig. 3

Fig. 4

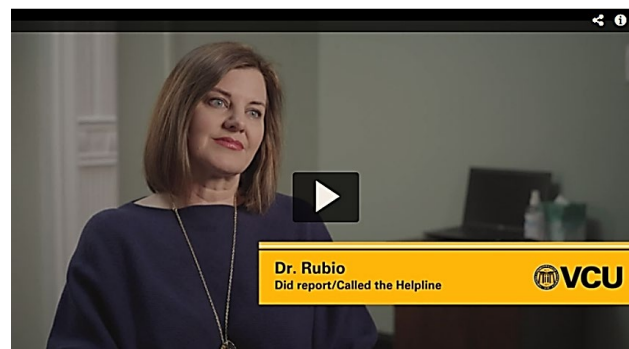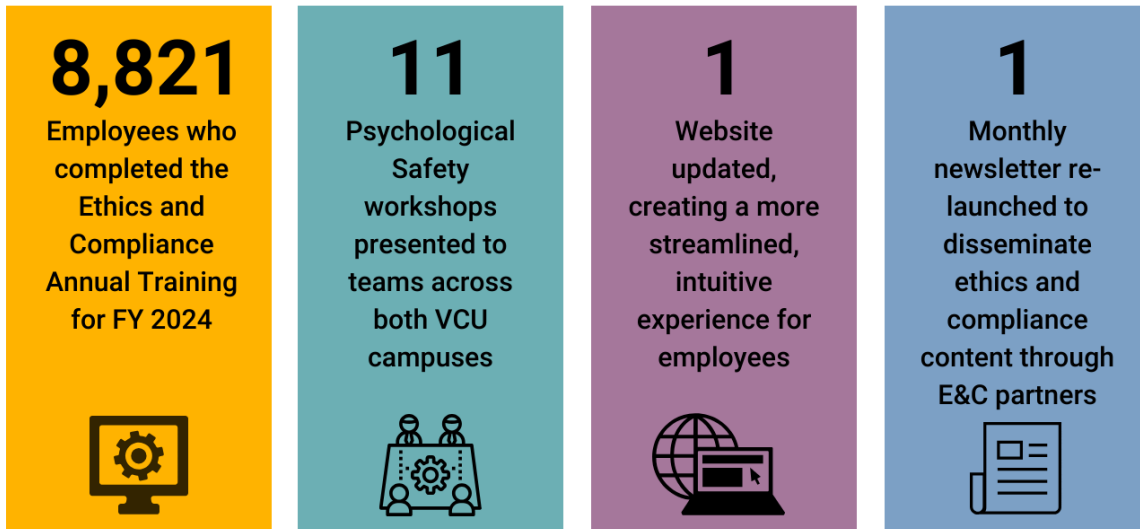Year over year completion rates for the annual training trended up slightly for FY 2024, with 98% of employees completing their training, compared to 95% during FY 2023. While we feel good about the number of employees who completed their E&C training, it was due in large part to the training being tied to performance evaluations and the efforts of the LDOC team who sent a series of automated reminders to employees who had not

completed the training. As of 8/7/24, there were 173 employees who had not completed the ethics and compliance training, and HR is following-up to determine why.[3]

8,821	**11**	**1**	**1**
Employees who completed the Ethics and Compliance Annual Training for FY 2024	Psychological Safety workshops presented to teams across both VCU campuses	Website updated, creating a more streamlined, intuitive experience for employees	Monthly newsletter re-launched to disseminate ethics and compliance content through E&C partners

Ongoing Training and Communication Efforts

As part of its mission to increase awareness about ethics and compliance issues and to connect more broadly with the university community, the ICO continued some existing education efforts and created some new ones. Highlights included the following:

- Facilitated our workshop on Psychological Safety for eleven teams across both campuses, including those in the School of Dentistry, School of Surgery, Campus Police, and Career Services. Several departments, including Faculty Affairs and Biology, also invited us to present this workshop at their annual retreats in August. Workshops are scheduled by request and are based on the work of Harvard Business School researcher Amy Edmondson.

- Updated our website (acs.vcu.ico) to streamline the content and allow employees to find information more easily. We also added new pages, like the Resource Library, which provides employees with access to downloadable and printable content as well as videos and eLearning modules with an ethics and compliance theme.

- Continued to publish the quarterly policy newsletter, now called *Policy Quarterly,* which highlights new and revised policies from the previous quarter.

- Relaunched *The Compass*, our monthly newsletter whose production ceased due to resource limitations and the pandemic. The new *Compass* is sent to a targeted audience, the Human Resource Professional (HRP) team and members of the Compliance Advisory Committee (CAC) and Compliance Steering Committee (CSC). By targeting this audience for our readership, we can disseminate key content and timely information through them and to their teams.

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[3] Some of those who have not yet completed training are term faculty whose appointments ended on May 15 who have received a three-week extension to complete training when the fall semester begins.

- Published our monthly blog containing *Compliance Corner,* an informative post on topics relevant to ethics and compliance and *Compliance Case Study,* based on actual cases handled by our team.

Outreach to compliance partners and other employees across the university took several forms this year.

- Consulted with several partners about creating tailored compliance training for their needs.

- Participated in a workgroup to coordinate required training across units for annual releases through Human Resources.

- Sponsored tables at university events like the Weeks of Welcome (WOW) and the Tech Fair to promote the VCU Helpline and educate the VCU Community about our mission.

Risk Assessment and Monitoring

Clery Act Compliance

As noted above, during FY 2024, VCU detected a significant deficiency in its Clery Act reporting processes. The initial discovery led to further inquiry that revealed systemic process and training deficits that require rebuilding. The effort will be led by a new Clery Act Compliance Administrator who is part of the ICO team. The remediation will ensure that VCU has clear policies and procedures around Clery matters, including clarity regarding roles and responsibilities in key departments and sound processes that limit manual work and promote cooperation across functions in this complex work. The new Administrator will also reinvigorate awareness about the Clery Act, why it matters, and how every member of the VCU community can contribute to a safer, inclusive and peaceful VCU.

Ethical Leadership and Sustaining a Speak-Up

As noted above in our report of our investigative data for FY 2024, substantiated cases of failures in ethical leadership point to a continuing risk and issue for focus. Ensuring ethical leadership that sustains a psychologically safe and speak-up culture remains a top priority. National trends indicate that leaders are under increased scrutiny, particularly top leaders of organizations and their governing boards. Employees are becoming more emboldened to report misconduct even as they experience the risk of retaliation and pressure to cut corners. The ICO's data indicates that VCU is not an exception to these trends. As our integrity survey results demonstrate, while VCU is making good progress in selecting leaders who support integrity and act in accordance with our Code of Conduct, we have an opportunity to ensure that differing perspectives are welcomed and celebrated and that integrity is a regular topic of discussion as we do our work. The ICO looks forward to sharing the full integrity survey results with departments and schools this fall and to offer support and options for improving cultures across the university.

Research Infrastructure

Again this year, several matters arising out of the Office of the Vice President for Research and Innovation (OVPRI) demonstrated the continuing need to assess and mitigate research infrastructure risk. As VCU continues to grow as a public research university, it must prioritize its research infrastructure and culture to manage increasing demands for research compliance and monitoring. This includes ensuring technological support for compliance systems, adequate training, and development of staff to support the full range of research being sponsored by

VCU, and a strong ethical culture. After a thorough audit by the Office of Human Research Protection of the U.S. Department of Health and Human Services, corrective actions continue to be implemented to improve processes and practices in OVPRI. This includes improving resources and accountability in the School of Medicine or other sponsoring units, improving the efficiency and transparency of processes for approval of research studies, closely monitoring space allocation/optimization during the transition to planned additional lab space in future, and continuing to build a strong speak-up culture across all research stakeholders that will support integrity and safety for patients while executing world-class research. ICO will continue to partner with OVPRI and others to support these actions.

We note that two risks we identified last year, Enterprise Risk Assessment and Conflicts of Interest and Commitment Reporting, are at this time "in tolerance" based on our new disclosure system and processes and the continued work of the Enterprise Risk Assessment Steering Committee and our compliance partners to identify and mitigate risk and to ensure risk discussions are integrated across units and the organization.

Conclusion

Like VCU as a whole, FY 2024 for ICO was challenging but productive.   We thank all our partners for the work they do every day to bring integrity into every transaction at VCU. We look forward to a productive FY 2025 with our new team members, Dave Gardner and Chad Beights, as we focus on creating a best-in-class Clery Program, continuing to monitor and mitigate risk, updating our Code of Conduct, and fostering a speak-up culture through training, guidance, collaboration and a mindset of continuous learning and improvement in our processes and programs.