

**UNIVERSITY OF VIRGINIA
BOARD OF VISITORS
MEETING OF THE
AUDIT AND COMPLIANCE
COMMITTEE
APRIL 3, 2009**

AUDIT AND COMPLIANCE COMMITTEE
(Open Session)

Friday, April 3, 2009
8:30 - 9:00 a.m.
Board Room, The Rotunda

Committee Members:

Austin Ligon, Chair

Helen E. Dragas

Robert D. Hardie

Vincent J. Mastracco, Jr.

Don R. Pippin

Warren M. Thompson

W. Heywood Fralin, Ex-officio

AGENDA

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- I. ACTION ITEM (Ms. Deily)
- The University of Virginia Program to Prevent, Detect, and Mitigate Identity Theft (Ms. Deily to introduce Mr. Stephen Kimata, Mr. Kimata to report) 1
- II. INFORMATION REPORT (Ms. Deily)
- Auditor of Public Accounts Audit Entrance Conference (Ms. Deily to introduce Ms. Helen Vanderland; Ms. Vanderland to report) 5
- III. EXECUTIVE SESSION - LIST OF ITEMS
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- APPROVAL OF SUMMARY OF AUDIT FINDINGS

UNIVERSITY OF VIRGINIA
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: April 3, 2009

COMMITTEE: Audit and Compliance

AGENDA ITEM: I. The University of Virginia Program
to Prevent, Detect, and Mitigate
Identity Theft

BACKGROUND: Under recent federal regulations, the Board of Visitors is required to approve a program to prevent, detect and mitigate identity theft for the University. This program must be in compliance with what is commonly referred to as the Red Flags Rule. The program is required to be approved by May 1st and will apply to the University and to the Medical Center as well as the College at Wise.

The Federal Trade Commission and several federal banking agencies issued the Red Flags Rule in late 2007 under section 114 of the Fair and Accurate Credit Transactions Act of 2003.

DISCUSSION: The Red Flags Rule requires that the University and the Medical Center adopt measures to comply with the 2003 Act. The Medical Center Operating Board will have approved "Medical Center Policy Number 0286, *Prevention, Detection, and Mitigation of the Theft of Patients' Identities,*" (on April 2nd); the Audit and Compliance Committee and the full Board are asked to approve the broader "University of Virginia Program to Prevent, Detect, and Mitigate Identity Theft," which covers the Medical Center and the College at Wise, in addition to the University's academic division.

In the Red Flags Rule, the Federal Trade Commission identifies a number of indicators of potential identity theft, (i.e., "red flags"). The University created an internal project team to review these red flags and assess how they might apply to operations.

The red flags fall into several categories:

- 1) Presentation of suspicious documents, such as an altered or forged identification card.
- 2) Suspicious personal identifying information, such as a fictitious address or telephone number.

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- 3) Unusual use of, or suspicious activity related to an account, such as mail sent to an individual which is repeatedly returned as undeliverable.

The proposed University program is composed of existing University policies and procedures related to identity theft, together with new policies and procedures which will be developed.

Ms. Deilly will introduce Mr. Stephen Kimata, the University Comptroller, who will explain the proposed program.

ACTION REQUIRED: Approval by the Audit and Compliance Committee and by the Board of Visitors.

APPROVAL OF THE PROGRAM TO PREVENT, DETECT, AND MITIGATE
IDENTITY THEFT

WHEREAS, Federal regulations require the University to approve a program to prevent, detect, and mitigate identity theft; and

WHEREAS, the University of Virginia Program to Prevent, Detect, and Mitigate Identity Theft, a copy of which is appended to this resolution, has been devised;

RESOLVED, the Board of Visitors approves the University of Virginia Program to Prevent, Detect, and Mitigate Identity Theft and assigns the Executive Vice President and Chief Operating Officer as the oversight executive for the Program; he shall be authorized to make appropriate revisions to the Program, and may delegate its administration to appropriate senior University officials.

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The University of Virginia Program to Prevent, Detect, and Mitigate Identity Theft

The University of Virginia Program to Prevent, Detect, and Mitigate Identity Theft is composed of existing University policies and procedures, related to identity theft and incident reporting, along with a plan for the development of new policies and procedures in specific areas.

The institution already has in place several core existing policies and procedures which address various aspects of identity theft. These policies and procedures include, but are not limited to:

- Protection and Use of Social Security Numbers
- Electronic Storage of Highly Sensitive Data
- Rights of Students at the University of Virginia Pursuant to the Family Educational Rights and Privacy Act (FERPA)
- Issuance and Use of University Identification Cards
- University Payroll Employee Responsibilities
- Release of Information from Faculty Personnel Records
- Confidentiality of Patient Information
- Patient Identification
- Verification for Release of Patient Information
- Information Technology Security Risk Management Program
- Electronic Data Removal Policy
- University Information Technology Security Incident Reporting Policy
- Reporting Fraudulent Transactions

These policies and procedures will continue to be in effect to reduce the risk of identity theft at the University of Virginia.

There are also new and proposed policies and procedures to further enhance the institution's compliance with the requirements of the Red Flags Rule. These new and proposed policies and procedures include, but are not limited to:

- Medical Center Policy: Prevention, Detection, and Mitigation of the Theft of Patients' Identities (NEW)
- Academic Division Policy: Prevention, Detection, and Mitigation of Identity Theft (PROPOSED)

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These policies will require relevant University departments to create procedures to:

1. Identify indicators of identity theft ("red flags") that are relevant to the University's operations;
2. Detect identified red flags and respond appropriately to detected red flags in order to prevent and mitigate identity theft;
3. Educate employees regarding their responsibilities under the Identity Theft Prevention Program;
4. Require vendors that perform activities involving accounts covered by the Red Flags Rule to have equivalent policies and procedures, and to report observed red flags to the University;

Responsible University Official

The Executive Vice President and Chief Operating Officer shall be the oversight executive for the Program and may delegate administration of the Program to appropriate senior University officials. The oversight executive or his designees shall exercise appropriate and effective management of the Program, and shall update it periodically to respond to evolving risks of identity theft.

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BOARD MEETING: April 3, 2009

COMMITTEE: Audit and Compliance

AGENDA ITEM: II. Auditor of Public Accounts
of the Commonwealth of Virginia

ACTION REQUIRED: None

BACKGROUND: Ms. Helen Vanderland, of the Auditor of Public Accounts of the Commonwealth, will conduct the 2009-10 Entrance Conference. Ms. Deily will introduce Ms. Vanderland who will give a report. This does not require formal action, but it is information of which the Audit and Compliance Committee should be made aware.

Ms. Vanderland thus will discuss the forthcoming audit with the Committee.