



BOARD OF VISITORS

AUDIT, FINANCE AND PLANNING COMMITTEE

FRIDAY JANUARY 26

11:10-12:25

Turman Room

Preston Library

**BOARD OF VISITORS
AUDIT, FINANCE AND PLANNING COMMITTEE
Friday, 26 January 2024
AGENDA**

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VIRGINIA MILITARY INSTITUTE
Lexington, Virginia
Board of Visitors
Audit, Finance and Planning (AFP) Committee
Tuesday, 12 September 2023

MINUTES

Board Members Present:

Mr. John D. Adams '96
Mr. Hugh M. Fain III '80
Mr. J. Conrad Garcia
Mr. Thomas E. Gottwald '83 (Committee Chair)
Ms. Gussie A. Lord '01
Lt. Col (Ret.) James G. Joustra '76
Maj. Gen. James W. Ring '88

Others Present:

MG Cedric T. Wins '85, Superintendent
BG Dallas B. Clark '99, Deputy Superintendent for Finance and Support
COL Gary A. Bissell '89, Assistant Superintendent for Operations and Planning
Ms. Pamela S. Brown, Assistant Director, Finance and Budget
Mr. Darrell C. Campbell, Interim Chief Information Officer
Mr. Andrew C. Deal '12, Chief Operating Officer, VMI Keydet Club
Ms. Crissy S. Elliot, Chief Financial Officer, VMI Alumni Agencies
Ms. Emily E. Fulton '18, Assistant Athletics Director/Senior Woman Administrator
Mr. T. Keith Jarvis '82, Director, Facilities Management
Mr. Jeffrey L. Lawhorne, Director, Finance and Budget
COL Kimberly C. Parker, Government Relations Director
Mr. David L. Prasnicky, Chief Executive Officer, VMI Alumni Agencies
Mr. David G. Sigler, Financial Analyst
COL Kathleen H. Tomlin, Director of Procurement Services and Accounts Payable

Mr. Gottwald, AFP Committee Chair, presided and called the meeting to order at 2:17 PM in the Turman Room, Preston Library.

1. Minutes from the 28 April 2023 BOV-AFP Committee Meeting.

The Committee unanimously approved the minutes.

Mr. Gottwald asked BG Clark to inform the Committee of the recent passing of a great friend and impactor of VMI. BG Clark shared that retired Deputy Superintendent for Finance, Administration and Support, Brigadier General Robert L. Green '67, died on Sunday, 10 September. BG Clark remembered BG Green's significant loyalty, support, and profoundly positive impact on VMI. He also uplifted Mrs. Carole Green, a

longtime employee of the VMI Alumni Agencies, and acknowledged the true partnership of BG and Mrs. Green in service to the Institute.

Board Motions

2. *Delegations of Contractual Authority*

An update to the delegations of contractual authority was shared with the Committee representing organizational changes to the current Institute senior executives in order to align with the Superintendent's guidance.

The Committee unanimously agreed to recommend the VMI Board of Visitors approve the Delegation of Contractual Authority and Approved Signatory dated 12 September 2023.

3. *SWaM Plan*

Detailed information on the Institute's SwaM spending plan for the utilization of disadvantaged businesses was briefed for FY24. Discussion included FY23's SwaM results and an explanation of the components (small business, woman-owned business, minority-owned business, and others comprised of micro, employment service organization, and service-disabled veterans) measured annually.

The Committee unanimously agreed to recommend that the VMI Board of Visitors approve the 2023-2024 SwaM Plan.

4. *Audited Financial Statements for FY22*

The APA issued an unmodified opinion on FY22 Financial Statements. Findings related to internal controls outlined for specific remediation actions include 1) a requirement for Information Technology to conduct a Security Audit that meets the Government Auditing Standards or "Yellow Book" standards, and 2) the development of a baseline configuration for the operating system server environment.

The Committee unanimously agreed to recommend the VMI Board of Visitors approve VMI's audited financial statements for the fiscal year ending 30 June 2022.

5. *Six-Year Plan*

The Institute's Six-Year Plan, which was developed during the summer and presented to the OP-Six (Secretary of Education, Secretary of Finance, Director of SCHEV, Senate Finance Committee Director, Director of Department of Planning and Budget, and Staff Director of the House Appropriations Committee) in August was discussed.

The Six-Year Plan is developed and presented during odd years and updated during even years. It contains financial projections on tuition and fees and operational and capital priorities. Mr. Gottwald asked about the order of priority of proposed capital projects and encouraged staff to review and confirm the order. Mr. Fain shared he was part of the presentation in Richmond and was complimentary of the preparation and presentation by MG Wins and staff. He also shared the feedback from the OP-Six was positive.

The Committee unanimously agreed to recommend that the VMI Board of Visitors approve the VMI's updated Six-Year Plan for FY24 to FY29.

Briefing/Discussion Items

6. Report from the Alumni Agencies

Summary information on overall endowment growth and performance was provided by Mr. Prasnicki, Chief Executive Officer of the VM Alumni Agencies. At present, the endowment stands at \$705 million and will provide VMI \$26.2 million in FY24 (including the \$1 million to support the Call of Duty Scholarships). In FY23, \$23.8 million was provided to VMI, and in FY22, \$22.6 million. Mr. Prasnicki shared that several low-performing financial market quarters currently used within the endowment spend-rate calculation will rotate out of the calculation in FY25. He also highlighted FY23 fundraising results compared to the five-year average (FY18-FY22), which showed increases in cash (9.5%), pledges (44.4%), and planned gifts (16.1%). Discussion occurred regarding alumni (giving) participation rates and the Alumni Agencies' quality and positive messaging were complimented.

7. Information Technology Report

The Information Technology Report was presented by Mr. Darrell Campbell, Interim Chief Information Officer. Mr. Campbell discussed VMI's PCI (payment card industry) attestation, security awareness training, server and network infrastructure vulnerability scanning, ongoing efforts to upgrade the Colleague database, and improvements to cadets' email and login processes. Mr. Campbell also updated the committee on recent staff turnover and efforts to fill key roles.

8. Budget Performance Reports FY23 and Key Financial Indicators

Key Financial Indicators and Budget Performance Reports were provided as supplementary information to the Committee. Due to time constraints, there were no specific discussions on this topic however the reports were referenced during the discussion of the FY24 – FY29 Operating Budget.

9. VMI Operating Budget Discussion FY24 - FY29

Mr. Gottwald introduced the discussion and complimented the staff's work in saving almost \$6 million through vacancy savings and other strategies during FY23.

BG Clark presented year-end FY23 budget actuals showing significant savings compared to budgeted expenditures, resulting in carrying forward unspent funds into FY24. In the approved FY24 budget, expenditures are largely similar to FY23, but revenues will be impacted due to increased enrollment and increased funding from the Alumni Agencies. Additional proposed state funding of \$832,000 is not included in the FY24 budget and will help the Institute rely less on the Auxiliary Fund Balance. BG Clark noted the approved FY24 personal services budget will realize budget savings since it includes an additional whole-year 2% salary increase and one-time bonus, whereas the proposed FY24 state budget institutes an additional 2% salary increase effective 10 December and does not include the previously legislatively proposed bonus.

BG Clark then provided an overview of the projected use of fund balance in future years to offset decreased revenues resulting from smaller-than-normal class sizes progressing toward graduation. Mr. Gottwald commented the overall projections have improved since the April Board meeting but acknowledged the athletics budget has not improved, remains unsustainable, and requires additional review. Members discussed the cost drivers within the athletics budget and agreed Institute staff should continue working on this issue.

10. Agency Risk Management & Internal Control Standard FY23 Assessment and Certification

A brief summary of activity was included in board materials, however, due to time constraints, there were no discussions on this topic.

11. Financial Dashboards

Charts depicting key metrics were included in the Agenda book provided to the Committee. Due to time constraints, there were no discussions on this topic.

12. Compliance Reporting

An overview of Compliance Reporting, resulting from the VMI Accounting Policies and Procedures was included in the Agenda book provided to the Committee. Due to time constraints, there were no discussions on this topic.

13. Capital and Non-Capital Projects Update

The Capital Projects and Planning Update was included in the Agenda book provided to the Committee. Due to time constraints, there were no discussions on this topic.

14. Real Estate Update

The Non-Capital Projects and Planning Update was included in the Agenda book provided to the Committee. Due to time constraints, there were no discussions on this topic.

Standing Informational Items

15. AFP Committee Charter

The AFP Committee charter was included in the Agenda book provided to the Committee as information.

16. AFP Motions and Standing Reporting Summary

The AFP Duties Summary chart was included in the Agenda book provided to the Committee as information.

17. Other Matters

Mr. Garcia referenced the Committee's charter and asked about the Committee's responsibility to provide oversight of all matters relating to safety. BG Clark shared that Mr. Paul Kastner was recently hired as the new Director of Emergency Management and that a safety and security overview involving Mr. Kastner and Chief Michael Marshall, VMI Police, would be provided at an upcoming Committee meeting (The Institute's Crisis & Emergency Management Planning (CEMP) is briefed annually during the April/May Audit, Finance, and Planning Committee meeting).

Mr. Gottwald concluded the meeting by thanking BG Clark and his team for working through numerous complex topics to support the Committee's work. He then thanked MG Wins for his work on the budget to deliver the significant \$5.9 million savings, as it will better position the Institute in FY24 and future years.

There being no further business to come before the Committee, the meeting adjourned at 3:41 PM.

Auditor of Public Accounts
Audit Engagement Memorandum
Virginia Military Institute
December 15, 2023

Audit Staff:

- April Cassada, Project Manager
 - Sydney Rampey, Auditor In-Charge
 - Niamh Haines, Staff
 - Bailey Lien, Staff and Data Analysis Auditor
 - Nathan Anderson, Staff
 - Rhys Brown, Information Systems Security
 - Keaghan Plaugher, Information Systems Security
 - Gracie Davidson, Debt Auditor
 - Ashley George, Pension/OPEB Auditor
-
- Audit Period – July 1, 2022 through June 30, 2023
 - Planned Audit Timing – January 2024 through April 2024
 - Audit Deadline (or Anticipated Report Issuance Date) – Late April/May 2024 (Board meeting May 2-4, 2024)
 - Audit Objectives
 - The financial statements present fairly the financial position, the changes in financial position, and (where applicable) the cash flows for the period under examination in conformity accounting principles generally accepted in the United States of America.
 - Disclosures in the financial statements are adequate and fairly stated.
 - Management has appropriately reviewed the financial statements, accruals and adjustments, and disclosures.
 - Adequate internal controls exist over material account balances and transactions.
 - The agency is in compliance with applicable laws, regulations, and provisions of contracts or grant agreements.
 - The agency has addressed deficiencies identified in the prior year audit report:
 - Ensure Proper Documentation over Bank Reconciliations (Issued FY21)
 - Improve Controls over Terminated Employees (Issued FY20)
 - Conduct IT Security Audits
 - Develop a Baseline Configuration for the Operating System Server Environment
 - Audit Scope

- The audit will include a review of internal systems, Acquisitions and Contract Management, Capital Assets, Cash and Investments, Debt, Information Systems Security, Payroll and Pensions, and Revenue, Trial balance, VNAV, and follow up on prior year findings.
- Student Financial Aid will not be performed during fiscal year 2023 – performed on a 3 year cycle and will be performed next for fiscal year 2024
- Audit Report
 - At the conclusion of our audit, we will issue the Auditor’s Opinion on the Institute’s Financial Statements and the Report on Internal Control.
 - The APA will be responsible for providing the financial statement opinion to the Institute for inclusion in its annual report, which the Institute will be responsible for distributing.
 - The APA will be responsible for the distribution of the report on internal control to those individuals documented on the distribution list provided by the Institute.
- Other Items
 - Audit contact person
 - Audit staffing (number of staff and responsible audit areas)
 - Any significant changes in operations or any anticipated problem areas
 - Use of outside service providers
 - Are there changes from prior year and how does management know the quality of the internal controls at each service provider?
 - For this purpose, a service provider is another agency (Service Provider Agency) or a third-party service provider that performs significant processes or functions for the agency that relate to the audit objectives listed above.
 - Timing of component unit audits
 - Entrance with the Board or Audit Committee/Chair – Board meeting January 25-27, 2024
 - Meeting with Major General Wins
 - The interval and manner in which current year management points will be distributed (if any), the period of time in which the agency will provide the auditor with a written response to the management points and to whom the points should be addressed
 - Any required agency assistance to the auditors (i.e., electronic copies of documentation) and running request list file
 - Reminder to management to establish a secure method of communication when providing requested documents with sensitive information (i.e., encrypted email or FTP server)
 - APA or client-imposed deadlines or scheduling issues/vacations of key staff
 - Working conditions (i.e., access to computer systems, parking, seating, hours of operation, etc.)

- Access to Internet
- Any matters the client would like us to address through our audit or other client requests
- Obtain security clearance and building access for all audit staff members
- Obtain computer access (ID and passwords) for the Network and read-only access to the systems needed.
- Agency's safety & emergency process (i.e., audit team getting signed up for alerts regarding emergency situations in the buildings, what are evacuation procedures, etc.)
- Acknowledgement of the terms of the engagement and that management understands their responsibilities, as documented in this memo under "Management's Responsibilities"

Terms of the Engagement

Responsibilities during the audit process:

Auditor's (APA) Responsibilities

Overall Audit Objectives

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and standards for financial audit contained in the *Government Auditing Standards*. The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with U.S generally accepted accounting principles. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

Accounting Principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB) require that certain information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We will apply certain limited procedures to the required supplementary information (RSI) in accordance with GAAS, which will consist of inquiries of management about the methods of preparing the RSI and comparing the RSI for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the following RSI based on these limited procedures:

- Management Discussion and Analysis (MD&A)
- Schedule of Employer's Share of Net Pension Liability
- Schedule(s) of Employer Contributions
- Schedule(s) of Employer's Share of Net OPEB Liability
- Schedule of Employer's Share of Total OPEB Liability
- Notes to the Required Supplementary Information

Audit Procedures - General

As part of an audit conducted in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable, rather than absolute assurance, about whether the financial statements are free of material misstatement whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they require auditors to provide reasonable assurance of detecting waste or abuse. An audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial activity.

We will also conclude, based on the audit evidence obtained whether there are conditions or events considered in the aggregate, which raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

Audit Procedures - Internal Control and Compliance

We will obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we will express no such opinion. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will communicate in writing to management and those charged with governance any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Also, as part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion.

Audit Procedures – Group Audits

Our audit will include obtaining an understanding of the consolidated group, sufficient to assess the risks of material misstatement of financial information derived from significant components to design the nature, timing, and extent of further audit procedures, including the basis for the decision to make reference in our audit opinion to audits of significant components performed by other auditors.

Audit Procedures – Risk of Material Misstatement and Significant Risks

Our audit will identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control. Significant risks represent events or transactions where inherent risk of material misstatement is elevated due to the likelihood and magnitude of potential misstatement. Based on our existing understanding of the Virginia Military Institute and its environment, and preliminary planning procedures performed as of the date of this memo, we have identified the following significant risks requiring special audit attention:

- Management Override of Control – management is in a unique position to perpetrate fraud because of management’s ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is, nevertheless present at all entities.
- Improper Revenue Recognition – revenue may be overstated by recognizing revenue before it is earned or understated by shifting revenue to a later period.
- Subscription-Based Information Technology Arrangements (SBITA’s) – Changes to the accounting and reporting of SBITA’s due to the implementation of GASB 96 are complex and may not be properly identified or considered when preparing the financial statements.

Audit planning and risk assessment is an iterative process throughout the audit. Therefore, we will communicate any additional significant risks identified throughout fieldwork that may warrant the attention of management and those charged with governance if and when those circumstances arise.

Communication with Those Charged with Governance

We are responsible for communicating significant matters related to the financial statement audit that are, in the auditor's professional judgment, relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. GAAS and *Government Auditing Standards* do not require the auditor to design

procedures for the purpose of identifying other matters to communicate with those charged with governance.

Management's Responsibilities

Our audit will be conducted on the basis that Management **acknowledge and understand that they have the following responsibilities:**

- Selection and application of accounting principles and preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America
- Design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- Identify and ensure compliance with applicable laws, regulations, contracts, and grant agreements
- Informing the APA about all known or suspected fraud affecting the entity involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements
- Informing the APA (and others as required by the Code of Virginia § 30-138) of knowledge of any allegations of fraud or suspected fraud affecting the Virginia Military Institute received in communications from employees, former employees, regulators, or others
- As received, forward copies of each federal audit performed on agency or institution programs or activities to the Auditor of Public Accounts as required by Chapter 2, §4-8.02a., of the 2022 Virginia Acts of Assembly. To forward these reports to the Auditor of Public Accounts, use APAFederal@apa.virginia.gov. If the federal report is only available in hardcopy or contains FOIA exempt information, DO NOT email the report, use this same email account to notify the Auditor of Public Accounts of the federal report and provide the contact information of the individual with the report.
- Informing the APA of any potential documents that are FOIA exempt
- Ensuring that financial information is reliable and properly recorded
- Making all financial records and related information available to the APA
- Providing the APA with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence
- Responding to audit findings and recommendations, as well as providing your planned corrective actions and the timing and format for providing that information

- Providing the APA at the end of the audit with a written letter confirming certain representations made during the audit
- Adjusting the financial statements to correct material misstatements and providing the APA with a representation that the effects of any uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole
- For Group audits, management is responsible for the following:
 - Informing the component’s management of any matter that the group engagement team becomes aware that may be significant to the financial statements of the component, but of which component management may be unaware.
 - Implementing procedures to determine if there are subsequent events for components through the APA’s audit report date.
 - Implementing procedures to identify and disclose the component’s related parties and related party transactions.
 - Implementing policies and procedures related to the consolidation of group financial information.

Audit Committee

- Project Manager will meet with Audit Committee and/or Mr. Thomas Gottwald
- Communicate with APA about audit scope
- Communicate with management and internal audit regarding progress
- Receive reports and findings from management and external audit

Other Elements of the Audit Process

Overall planned scope of the audit

- **Approach to internal control** – We review internal controls to identify those areas where we can replace substantive testing with transactional testing. We look for management to have written formal policies and procedures and check for the implementation of those procedures.
- **Concept of materiality** – We do not review all transactions or accounts in detail. We use materiality to focus our work on those financial statement line items and those transactions that are material or significant to the Virginia Military Institute.

Identification of potential fraud risks

- **Approach to fraud** – Most of our audit is focused on our opinion on the financial statements and materiality. Our primary interest related to fraud would be in how it may affect the financial statements and those controls that the financial

statements rely upon. The audit is not designed to detect error or fraud that is immaterial to the financial statements. However, we review policies and procedures for fraud risk and may direct our testwork towards addressing fraud risk.

- **Responsibility for identifying fraud risks and fraud** – Auditing standards require us to assess fraud risk, interview management and staff about their knowledge of fraud and fraud risk, and review exceptions for indications of possible fraudulent transactions. Auditors should be looking for red flag fraud indicators. Even though government entities are not always profit oriented, the auditors remain vigilant about financial statement fraud.
- **Report fraudulent transactions as required by Code of Virginia § 30-138** - Agencies are responsible for reporting circumstances that suggest a reasonable possibility that a fraudulent transaction has occurred involving funds or property under their control, where an officer or employee of the state or local government may be involved. Items should be reported to the Auditor of Public Accounts, the State Inspector General, and the Superintendent of State Police.

Audit Reporting

We will issue a written report upon completion of our audit of the Virginia Military Institute's financial statements. We will make reference to the Component Auditor's audit of VMI Alumni Agencies and VMI Research Laboratories in our report on the Institute's financial statements. Our report will be addressed to the board of directors of the Institute. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal

control and compliance. Accordingly, this communication is not suitable for any other purpose.

VIRGINIA MILITARY INSTITUTE

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OFFICE OF THE SUPERINTENDENT

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11 January 2024

MEMORANDUM

TO: VMI Board of Visitors

THROUGH: The Audit, Finance and Planning Committee

FROM: Major General Cedric T. Wins

SUBJECT: Amendment of the 2023-2024 Operating Budget

Board budget policy provides that the operating budget shall be the Institute's spending plan for the year. The proposed budget amendment results in a net revenue budget increase of \$1,933,000 or 1.7% of the total revenue budget. The net revenue increase consists of additional State General funds (\$126,000), additional E&G tuition revenues (\$1,175,000), additional Auxiliary fees (\$1,045,000), additional UMA fees (\$172,000), additional restricted support from the Keydet Club (\$600,000), and additional cadet athletic fees/revenues (\$291,000). These increases are offset by lower than planned use of reserve funds totaling \$1,476,000.

The proposed budget amendment also results in a net expenditure budget increase of \$1,933,000 or 1.7% of the total budget. The net increase consists of an E&G budget increase (\$225,000), a State Auxiliary Enterprise budget increase (\$1,045,000) primarily related to several large maintenance projects, and an Athletic budget increase (\$663,000) directly related to one-time special projects funding from the Keydet Club.

We recommend that you amend the 2023-2024 Operating Budget as described above.

Recommended Motion:

It is moved that the VMI Board of Visitors amend VMI's 2023-2024 Operating Budget revenues and expenditures by \$1,933,000 as outlined in Attachment A.



Cedric T. Wins '85
Major General, U. S. Army (Retired)
Superintendent



VMI Operating Budget--FY 2024
Proposed Amendment--January 2024

ATTACHMENT A

	Amendment				Total	Amended Budget	% Inc(Dec)
	Budget	State Funds	Cadet Tuition/Fees	Fund Bal			
State Funds Revenue							
<i>Educational and General</i>							
General Funds (GF)	21,730,000	126,000			126,000	21,856,000	0.6%
Cadet Tuition/Other Income	30,871,000		1,175,000	(1,076,000)	99,000	30,970,000	0.3%
Total E&G	52,601,000	126,000	1,175,000	(1,076,000)	225,000	52,826,000	0.4%
<i>Unique Military Activities</i>							
General Funds	5,860,000				-	5,860,000	0.0%
Cadet Fees/Other Income	4,774,000		172,000	(172,000)	-	4,774,000	0.0%
Total UMA	10,634,000	-	172,000	(172,000)	-	10,634,000	0.0%
<i>Auxiliary Enterprises</i>							
Cadet Fees/Other Income	22,248,000		1,045,000		1,045,000	23,293,000	4.7%
Auxiliary Fund Balance	1,746,000				-	1,746,000	
Total Auxiliary	23,994,000		1,045,000	-	1,045,000	25,039,000	4.4%
<i>Cadet Financial Assistance</i>							
General Funds	1,418,000				-	1,418,000	0.0%
Cadet Tuition/Fees	2,300,000		-		-	2,300,000	0.0%
Total Cadet Financial Assist	3,718,000	-	-		-	3,718,000	0.0%
Total State Funds Revenue	90,947,000	126,000	2,392,000	(1,248,000)	1,270,000	92,217,000	1.4%
Local Funds Revenue							
Restricted Funds	29,201,000		600,000		600,000	29,801,000	2.1%
Unrestricted Funds	13,288,000		291,000	(245,000)	46,000	13,334,000	0.3%
Total Local Funds Revenue	42,489,000		891,000	(245,000)	646,000	43,135,000	1.5%
Total All Funds	133,436,000	126,000	3,283,000	(1,493,000)	1,916,000	135,352,000	1.4%
Less: Cadet Financial Assist	(18,919,000)	-	-		-	(18,919,000)	0.0%
Total Revenue	114,517,000	126,000	3,283,000	(1,493,000)	1,916,000	116,433,000	1.7%

	Amendment					Amended Budget	% Inc(Dec)
	Budget	State Funds	Cadet Tuition/Fees	Fund Bal	Total		
State Funds Expenditures							
Educational and General	52,601,000	126,000	1,175,000	(1,076,000)	225,000	52,826,000	0.4%
Unique Military Activities	10,634,000	-	172,000	(172,000)	-	10,634,000	0.0%
Auxiliary Enterprises	23,994,000		1,045,000	-	1,045,000	25,039,000	4.4%
Cadet Financial Assistance	3,718,000		-		-	3,718,000	0.0%
Total State Funds Expenditures	90,947,000	126,000	2,392,000	(1,248,000)	1,270,000	92,217,000	1.4%
Local Funds Expenditures							
Educational and General	17,193,000				-	17,193,000	0.0%
Auxiliary Enterprises	10,095,000		891,000	(245,000)	646,000	10,741,000	6.4%
Cadet Financial Assistance	15,201,000				-	15,201,000	0.0%
Total Local Funds Expenditures	42,489,000	-	891,000	(245,000)	646,000	43,135,000	1.5%
Total All Funds	133,436,000	126,000	3,283,000	(1,493,000)	1,916,000	135,352,000	1.4%
Less: Cadet Financial Assist	(18,919,000)	-	-		-	(18,919,000)	0.0%
Total Expenditures	114,517,000	126,000	3,283,000	(1,493,000)	1,916,000	116,433,000	1.7%

Notes:

1. The "State Funds" amendment is an increase of \$126,000 and reflects higher than budgeted State central appropriations for the State share of salaries, benefits, and other E&G costs.
2. The "Cadet Tuition/Fees" amendment reflects increased revenue from greater enrollment than budgeted.
3. The Fund Balance amendment reflects lower than budgeted use of reserve funds made possible due to the increased revenues from larger enrollment.

VIRGINIA MILITARY INSTITUTE

LEXINGTON, VIRGINIA 24450-0304

OFFICE OF THE SUPERINTENDENT

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26 January 2024

MEMORANDUM

TO: Audit, Finance and Planning Committee of the Board of Visitors
FROM: Major General Cedric T. Wins, Superintendent
SUBJECT: *Post Facilities Master Plan Update* January 2024

The *Post Facilities Master Plan Update* is published and provided to the Board of Visitors for approval on an annual basis. The January 2024 plan includes a summary of revisions and updates that have occurred since the January 2023 plan.

This update is provided for approval by the Audit, Finance and Planning Committee.

Recommended Motion

It is moved that the Board of Visitors approve the Post Facilities Master Plan dated January 2024.



Cedric T. Wins '85
Major General, U.S. Army (Retired)
Superintendent



VIRGINIA MILITARY INSTITUTE

LEXINGTON, VIRGINIA 24450-0304

Department of Information Technology

Phone 540-464-7341

Fax 540-464-7222

9 January 2024

MEMORANDUM

TO: The Audit, Finance and Planning Committee

FROM: Darrell Campbell

SUBJECT: Information Technology Report

- Security
 - Security Assessment: An IT security assessment of sensitive systems was conducted by an external vendor as required by Commonwealth of Virginia IT security policies and was rejected by the APA. The assessment VMI had performed included policies and procedures around the families of controls designed to protect Institute sensitive data. The assessment concluded successfully with only minor changes to policy verbiage. No substantiative changes to any system were required or recommended. However, as noted it was rejected by the APA for not meeting “Yellow Book” audit standards now required by the Virginia audit standard SEC502. VMI is in process of searching for an acceptable vendor that can perform the required audit. We chose a vendor and inquired of their acceptability with the APA to meeting the needs. After a delay in receiving a response, the APA only is recommending whomever the vendor we choose, must have had a documented peer review as a requirement for that vendor to be able to perform a proper “Yellow Book” audit. The vendor VMI was working with has never had a “peer review” and they insist the “peer review” requirement is for financial audits only- not IT security audits. The APA differs. VMI is now continuing the search for an acceptable contracted vendor. The goal is to have this audit completed in the June 2024 timeframe.
 - The APA also issued a management point due to documentation of our Windows Operating system that support the systems VMI has deemed sensitive. VMI IT has completed this task of working on further documenting the documentation of system hardening to meet the APA expectations, and will be part of the engagement with the vendor chosen to perform the external audit.
 - The APA has started their annual IT audit on the week of 1/8/24 and at this time it has not been solidly determined what will be covered.



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- The Inspector General has notified VMI of a Cyber-Security Audit (of all state institutions). The audit for VMI was started on week of 12/18/23 by reviewing our automated Taegis XDR monitoring system.
 - PCI Assessment and attestation: FAS and IT staff in collaboration with our contractor, Campus Guard, are reviewing any necessary changes to suit the 4.0 version that will be required for the next attestation. VMI IT worked with our contractor for required penetration testing for the PCI related systems and passed. Campus Guard provided the training files to kick off our mandatory Annual PCI training for employees that handle credit cards in any fashion.
 - Security Awareness Training: IT will continue Security Awareness Training started in November for all faculty, staff, and cadets including role-based training for individuals possessing access to specific sensitive data.
 - Vulnerability scanning: Continuing with vulnerability scanning software utilizing the upgraded ability to scan for vulnerabilities on servers and network infrastructure. The scan produces reports based on various security policy testing and PCI requirements.
 - Further utilizing our upgraded detection and response system to detect malicious activity on the firewall and servers. The system notifies specified IT staff members of noted threats and recommended remediation.
- Operations and Equipment
 - VMI IT has purchased two new core routers for our data center. The installation of these new routers was implemented over the VMI break and will be 100% complete by end of January 2024. The hardware being replaced was over ten years old and the new hardware allows for 100G across the backbone of the network.
 - IT Staff Update

VMI IT has had significant turnover due to retirements and employees leaving the Institute. Two people retired- our CIO and our Desktop Support Manager and three other employees left VMI- our Information Security Officer and two additional PC Technicians.

The Desktop Support Manger was replaced with an internal candidate and her last position has been filled from another internal candidate The ISO position has been filled with an excellent external candidate. The CIO position was filled by the



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Interim candidate (DBA/Development Manager) and that DBA position has now been filled by an internal Programmer candidate. Due to qualified application pool, the PC technician position was changed to a multimedia position to assist with the growing Institute support needs in that area and applications are being accepted. VMI is also currently accepting applications for the open Programmer position.

- Services

- SharePoint Portal: IT staff have migrated and upgraded the SharePoint database on a new server. This action is in preparation for a future multistep upgrade to the Intranet / Portal. The current plan is for the migration of the VMI Portal to Office 365 SharePoint in the Cloud. The migration of the Cadet emails was the first stage of the overall project. The IT staff have been reviewing the status of the various SharePoint sites with the site owners in making plans to finalize the actual migration needs. The migration is targeted to be complete by June 2024.
- Scheduling software: The Institute issued an RFP for scheduling software proposals and is working to procure CollegeNET software to integrate with the Institute's Colleague system. This will greatly enhance the efficiency of scheduling general rooms and classrooms across the Post. This will be a Post wide project and will not be concentrated solely in IT. Multiple departments will be involved in the implementation to ensure success.



VMI

**Budget Performance
Reports**

FY 2024

**Finance, Administration and Support
26 January 2024**

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Key Financial Indicators

VMI Key Financial Indicators

As of 10 January 2024

	Budget	Actual/ Projected	Over (Under)	%	Notes
1. Enrollment					
<i>Fall 2023 Opening Day (Actual)</i>					
New Cadets	450	492	42	9.3%	
% VA Cadets	60.0%	59.3%			
Old Cadets	1,073	1,100	27	2.5%	
Total Cadets	1,523	1,592	69	4.5%	
% VA Total	63.8%	63.0%			
<i>Spring 2024 (Estimated)</i>					
Total Cadets	1,404	1,463	59	4.2%	
% VA Total	63.2%	63.6%			
% of cadets in Fall returning in Spring	92.2%	91.9%			
2. State Revenues					
<i>Educational and General (E&G)</i>					
General Funds	21,730,000	21,856,000	126,000	0.6%	
Cadet Tuition/Other	29,795,000	30,970,000	1,175,000	3.9%	
Total E&G Revenue	51,525,000	52,826,000	1,301,000	2.5%	
<i>Auxiliary Enterprises (AUX) Revenues</i>	22,248,000	23,293,000	1,045,000	4.7%	
<i>Unique Military Activities (UMA)</i>					
General Funds	5,860,000	5,860,000	-	0.0%	
Cadet Fees/Other	3,714,000	3,886,000	172,000	4.6%	
Total UMA Revenue	9,574,000	9,746,000	172,000	1.8%	
3. Total Full-time Employees	646	597	(49)	-7.6%	
4. Fund Balance (Cash Balance)					
	E&G	AUX	UMA	Total	
Beginning Balance, 7/1/23	6,646,121	18,004,820	1,470,677	26,121,618	
Estimated revenue over(under) budget	1,301,000	1,045,000	172,000	2,518,000	
Estimated expenditures (over)under budget	(225,000)	(1,045,000)	(888,000)	(2,158,000)	
Budgeted transfers to/from fund balance	(1,076,000)	(2,328,761)	(172,000)	(3,576,761)	
Projected Balance, 6/30/24	6,646,121	15,676,059	582,677	22,904,857	

State Programs

E&G Program

Budget Performance Report

For the six months ended 31 December 2023

	Budget	Year-to-Date Actual	Projected For The Year	Over (Under) Budget	%	Notes
Revenue						
General Funds	21,730,000	12,241,421	21,856,000	126,000	0.6%	1
Cadet Tuition/Other Income	32,095,000	19,826,537	33,270,000	1,175,000	3.7%	2
Total Revenue	53,825,000	32,067,958	55,126,000	1,301,000	2.4%	
Expenses						
Cadet Financial Assistance	2,300,000	1,989,282	3,875,475	1,575,475	68.5%	3
Personal Services	48,742,000	23,048,452	47,391,525	(1,350,475)	-2.8%	4
Nonpersonal Services				-		
Utilities/Insurance	3,990,000	1,858,749	3,990,000	-	0.0%	
Supplies/equipment/other	7,057,000	3,241,145	7,057,000	-	0.0%	
Contingencies	863,000	474,125	863,000	-	0.0%	
Total nonpersonal	11,910,000	5,574,019	11,910,000	-	0.0%	
Total Expenses	62,952,000	30,611,753	63,177,000	225,000	0.4%	
Indirect cost recoveries (Aux/UMA)	(8,051,000)	(4,025,500)	(8,051,000)	-	0.0%	
Net Expenses	54,901,000	26,586,253	55,126,000	225,000	0.4%	
Excess (Deficiency) Revenue	(1,076,000)	5,481,705	-	1,076,000		
Add Fund Balance, beginning	6,646,121	6,646,121	6,646,121	0		
Fund Balance, ending	5,570,121	12,127,826	6,646,121	1,076,000		

Notes:

1) The General Fund budget includes an amount from Central Appropriations that is an estimate. The actual allocation received was \$126k over the budget estimate.

2) Actual Fall 2023 enrollment was 42 cadets more than budgeted resulting in increased tuition and fee revenue for the fiscal year.

3) Fall semester actual cadet financial assistance was \$1,989,282. Currently, the projected awards for the Spring semester total \$1,886,193. The total for the year will be \$1,575,475 more than anticipated.

4) Vacancy savings estimate is expected to increase \$1,350,475 based on six months of actual expenditures.

Auxiliary Enterprises Program

Budget Performance Report

For the six months ended 31 December 2023

	Budget	Year-to-Date Actual	Projected For The Year	Over (Under) Budget	%	Notes
Revenue						
Cadet Fees/Other Income	22,248,000	12,746,666	23,293,000	1,045,000	4.7%	1
Expenses						
Personal Services	4,254,000	2,426,852	4,254,000	-	0.0%	
Nonpersonal Services						
Food Service	7,532,000	3,887,892	7,532,000	-	0.0%	
Other Operating	3,930,000	2,382,971	3,930,000	-	0.0%	
Capital/Maintenance Projects	500,000	229,562	500,000	-	0.0%	
Contingencies	750,000	1,004,991	1,795,000	1,045,000	139.3%	2
Debt Service	2,481,000	1,376,434	2,481,000	-	0.0%	
Total nonpersonal	15,193,000	8,881,850	16,238,000	1,045,000	6.9%	
Total Expenses before indirects	19,447,000	11,308,702	20,492,000	1,045,000	5.4%	
Indirect costs paid to E&G	4,547,000	2,273,500	4,547,000	-	0.0%	
Total Expenses	23,994,000	13,582,202	25,039,000	1,045,000	4.4%	
Excess (Deficiency) Revenue	(1,746,000)	(835,536)	(1,746,000)	-		
Add: Fund Balance, beginning	18,004,820	18,004,820	18,004,820	-	0.0%	
Less: Planned Transfers	-	(582,761)	(582,761)	(582,761)		
Fund Balance, ending	16,258,820	16,586,523	15,676,059	(582,761)	-3.6%	

Notes:

- 1) Actual Fall 2023 enrollment was 42 cadets more than budgeted resulting in increased tuition and fee revenue for the fiscal year.
- 2) The additional tuition and fee revenue will be used to fund contingency items as needed.

**Unique Military Activities
Budget Performance Report**

For the six months ended 31 December 2023

	Budget	Year-to-Date Actual	Projected For The Year	Over (Under) Budget	%	Notes
Revenue						
General Funds	5,860,000	3,494,123	5,860,000	-	0.0%	
Cadet Fees and Sales	3,714,000	1,971,883	3,886,000	172,000	4.6%	1
Total Revenue	9,574,000	5,466,006	9,746,000	172,000	1.8%	
Expenses						
Personal Services	3,576,000	1,790,461	3,576,000	-	0.0%	
Nonpersonal Services				-		
Cadet Uniform Purchases	1,300,000	809,963	1,300,000	-	0.0%	
Other Operating	4,388,000	1,430,063	4,388,000	-	0.0%	
Total nonpersonal	5,688,000	2,240,026	5,688,000	-	0.0%	
Total Expenses before indirects	9,264,000	4,030,487	9,264,000	-	0.0%	
Indirect costs paid to E&G	1,370,000	685,500	1,370,000	-	0.0%	
Total Expenses	10,634,000	4,715,987	10,634,000	-	0.0%	
Excess (Deficiency) Revenue	(1,060,000)	750,019	(888,000)	172,000		
Add Fund Balance, beginning	1,470,677	1,470,677	1,470,677			
Fund Balance, ending	410,677	2,220,696	582,677	172,000		

Notes:

1) Actual Fall 2023 enrollment was 42 cadets more than budgeted resulting in increased tuition and fee revenue for the fiscal year.

Local Programs

**Unrestricted Local Budget
Budget Performance Report**

For the six months ended 31 December 2023

	Budget	Year-to-Date Actual	Projected for The Year	Over (Under) Budget	%	Notes
<i>Revenue</i>						
VMI Endowment	79,000	19,787	79,000	-	0.0%	
VMI Foundation	2,850,000	1,945,000	2,850,000	-	0.0%	
VMI Development Board	400,000	200,000	600,000	200,000	50.0%	1
Keydet Club				-	#DIV/0!	
Athletic Revenue	1,343,000	642,576	1,418,000	75,000	5.6%	2
Museum Revenue	584,000	350,173	584,000	-	0.0%	
Cadet Fees - Athletic	5,652,000	3,010,534	5,868,000	216,000	3.8%	3
Conference Revenue - CLE	188,000	61,616	188,000	-	0.0%	
Concessions Commissions	476,000	138,739	476,000	-	0.0%	
Total Revenue	11,572,000	6,368,425	12,063,000	491,000	4.2%	
<i>E&G Expenditures</i>						
<i>Instruction</i>						
Faculty Salary Supplements	674,000	399,999	674,000	-	0.0%	
<i>Research</i>						
Faculty Research	-	-	-	-		
<i>Public Service</i>						
Daniel's Award				-	0.0%	
Hall of Fame				-	100.0%	
Museum Programs	899,000	552,026	899,000	-	0.0%	
Total Pubic Service	899,000	552,026	899,000	-	0.0%	

**Unrestricted Local Budget
Budget Performance Report**

For the six months ended 31 December 2023

	Budget	Year-to-Date Actual	Projected for The Year	Over (Under) Budget	%	Notes
<i>Academic Support</i>						
Dean's Official Fund	14,000	4,824	14,000	-	0.0%	
Preston Library	15,000		15,000	-	0.0%	
Center for Leadership/Ethics	188,000	119,597	188,000	-	0.0%	
Total Academic Support	217,000	124,421	217,000	-	0.0%	
<i>Student Services</i>						
Commandant's Official Fund	13,000	7,880	13,000	-	0.0%	
Chaplain's Office Support	92,000		92,000	-	0.0%	
Total Student Services	105,000	7,880	105,000	-	0.0%	
<i>Institutional Support</i>						
Staff Salary Supplements	693,000	178,303	693,000	-	0.0%	
Mortgage Subsidies	36,000		36,000	-	0.0%	
Diversity Office				-		
Superintendent's Funds				-		
Quarter's--Rent/Enter	98,000	62,523	98,000	-	0.0%	
Allotment	30,000	9,426	30,000	-	0.0%	
Travel--State	10,000	2,534	10,000	-	0.0%	
VA Hi Ed Business Council	9,000		9,000	-	0.0%	
Protocol Office/Gifts	13,000	5,374	13,000	-	0.0%	
Local Bank Fees/Charges	2,000	1,067	2,000	-	0.0%	
Hall of Fame				-		
Board of Visitors' Meetings	9,000	2,140	9,000	-	0.0%	
Membership Dues				-	#DIV/0!	
Contingencies	896,000	62,168	896,000	-	0.0%	
Total Institutional Support	1,796,000	323,535	1,796,000	-	0.0%	

**Unrestricted Local Budget
Budget Performance Report**

For the six months ended 31 December 2023

	Budget	Year-to-Date Actual	Projected for The Year	Over (Under) Budget	%	Notes
<i>Athletics</i>						
Operations	9,169,000	5,869,466	9,232,000	63,000	0.7%	4
Total Expenditures	12,860,000	7,277,327	12,923,000	63,000	0.5%	
Excess (Deficiency)Revenue	(1,288,000)	(908,902)	(860,000)	428,000	-33.2%	
Add Fund Balance, beginning	2,772,452	2,772,452	2,772,452	-	0.0%	
Less: Transfer to Museums					100.0%	
Less VMIAA Direct Pay	(120,000)	(120,000)	(120,000)	-	0.0%	
Fund Balance, ending	1,364,452	1,743,550	1,792,452	428,000	31.4%	

Notes:

- 1) This is \$200,000 received in FY 2024 from the FY 2023 allocation from the VMI Agencies Board.
- 2) Additional game guarantee revenue in soccer and baseball, increased revenue from track invitationals and NCAA revenue sharing is expected to add \$75,000 more in revenue for the fiscal year.
- 3) Additional cadet fees a result of the increased cadet headcount over budgeted headcount.
- 4) With the additional athletic revenue of \$291,000, expenditures will increase by \$63,000 as some of the revenue increases are to fund programmatic expenditures.

Intercollegiate Athletics
Budget Performance Report

For the six months ended 31 December 2023

	Budget	Year-to-Date Actual	Projected For The Year	Over (Under) Budget	%	Notes
<i>Revenue and Support</i>						
Cadet Fees	5,652,000	3,010,534	5,868,000	216,000	3.8%	1
<i>Guarantees</i>						
Football	425,000		425,000	-	0.0%	
Basketball	250,000	90,000	250,000	-	0.0%	
Baseball	11,500		21,500	10,000	87.0%	2
Soccer		4,500	4,500	4,500		2
<i>Gate Receipts</i>						
Football	200,000	174,442	200,000	-	0.0%	
Basketball	42,000	11,168	42,000	-	0.0%	
Entry Fees - Track Invitationals	60,000		90,000	30,000	50.0%	2
Concessions				-	#DIV/0!	
NCAA Academic Assistance	101,000	141,585	101,000	-	0.0%	
NCAA/Conference Revenue Sharing	409,000	282,659	439,000	30,000	7.3%	2
<i>VMI Development Board</i>						
Unrestricted Aid	250,000		250,000	-		
Restricted Endowment	345,000	186,720	345,000	-	0.0%	
<i>Keydet Club</i>						
Budgeted Operating Support	71,000		71,000	-	0.0%	
Special Projects	200,000		800,000	600,000	300.0%	3
BOV Endowment				-		
VMI Unrestricted Aid	208,500		208,500	-	0.0%	
Other Athletic Subsidy				-		
Program and Other Income	155,000	79,807	155,000	-	0.0%	
Total Revenue	8,380,000	3,981,415	9,270,500	890,500	10.6%	

**Intercollegiate Athletics
Budget Performance Report**

For the six months ended 31 December 2023

	Budget	Year-to-Date Actual	Projected For The Year	Over (Under) Budget	%	
<i>Expenditures</i>						
Football	1,813,000	1,279,843	1,813,000	-	0.0%	
Basketball	1,074,000	736,608	1,185,000	111,000	10.3%	
Track--Men/Women	594,000	224,081	534,000	(60,000)	-10.1%	
Wrestling	300,000	160,265	275,000	(25,000)	-8.3%	
Baseball	484,000	202,362	510,000	26,000	5.4%	
Lacrosse	343,000	193,404	501,000	158,000	46.1%	
Swimming	199,000	98,319	208,000	9,000	4.5%	
Water Polo	169,000	75,297	169,000	-	0.0%	
Rifle	67,000	34,261	66,000	(1,000)	-1.5%	
Soccer - Men	175,000	288,986	463,000	288,000	164.6%	
Soccer - Women	236,000	165,202	228,000	(8,000)	-3.4%	
Training & Medical	483,000	257,369	532,000	49,000	10.1%	
Sports Information/Promotions	501,000	241,732	496,000	(5,000)	-1.0%	
Strength & Conditioning	220,000	126,223	217,000	(3,000)	-1.4%	
NCAA Tutoring	58,000	29,085	58,000	-	0.0%	
Administration	1,195,000	727,195	1,179,000	(16,000)	-1.3%	
Indirect Costs	2,134,000	1,066,500	2,274,000	140,000	6.6%	
Contingencies	50,000	27,670	50,000	-	100.0%	
Total Expenditures	10,095,000	5,934,400	10,758,000	663,000	6.6%	4
<i>Excess(Deficiency) Revenue</i>	(1,715,000)	(1,952,985)	(1,487,500)	227,500		
Add: Beginning Fund Balance	1,045,243	1,045,243	1,045,243			
Ending Fund Balance	(669,757)	(907,742)	(442,257)	227,500	-34.0%	

Intercollegiate Athletics Budget Performance Report

For the six months ended 31 December 2023

Notes:

- 1) Cadet fee revenue increase is a result of actual cadet headcount over budgeted headcount.*
- 2) Additional game guarantee revenue in soccer and baseball, increased revenue from track invitationals and NCAA revenue sharing is expected to add \$75,000 more in revenue for the fiscal year.*
- 3) Special project revenue from the Keydet Club for sport specific program expenditures. The \$600,000 increase in revenue has a corresponding \$600,000 increase in expenditures.*
- 4) The total expenditure increase of \$663,000 includes the \$600,000 covered by the Keydet Club special donations. The remaining \$63,000 increase is funded by the additional program game guarantees, track invitational fees and additional NCAA revenue sharing.*

**Museum Operations
Budget Performance Report**

For the six months ended 31 December 2023

	VMI Museum				VMCW			
	Budget	Year-to-Date Actual	Projected For The Year	Over (Under) Budget	Budget	Year-to-Date Actual	Projected For The Year	Over (Under) Budget
Revenue and Support								
Admissions	-	-	-	-	182,000	107,224	182,000	-
Sales	165,000	112,967	165,000	-	75,000	59,084	75,000	-
Donations	8,000	5,634	8,000	-	6,000	2,143	6,000	-
Rents/Other		134	134	134		1,160	1,160	1,160
Local Unrestricted Funds		73,913	73,913	73,913		83,314	83,314	83,314
Endowment Income	42,000	10,000	42,000	-	179,000	44,748	179,000	-
Total Revenue	215,000	202,648	289,047	74,047	442,000	297,674	526,474	84,474
Operating Expenses								
Personal Services	181,000	55,916	181,000	-	418,000	216,031	418,000	-
Merchandise for Resale	82,000	39,682	82,000	-	38,000	25,483	38,000	-
Other Operating	50,000	17,703	50,000	-	73,000	61,272	73,000	-
Total Expenses	313,000	113,301	313,000	-	529,000	302,786	529,000	-
Excess (Deficiency) Rev	(98,000)	89,347	(23,953)	74,047	(87,000)	(5,112)	(2,526)	84,474
Add: Fund Balance, begin	(71,995)	(71,995)	(71,995)	-	(83,696)	(83,696)	(83,696)	-
Add: Special Endow draw		-						
Fund Balance, ending	(169,995)	17,352	(95,948)	74,047	(170,696)	(88,808)	(86,222)	84,474

**Museum Operations
Budget Performance Report**

For the six months ended 31 December 2023

	Jackson House				Total All					Note
	Budget	Year-to-Date Actual	Projected For The Year	Over (Under) Budget	Budget	Year-to-Date Actual	Projected For The Year	Over (Under) Budget	%	
Revenue and Support										
Admissions	65,000	26,484	65,000	-	247,000	133,708	247,000	-	0.0%	
Sales	80,000	34,204	80,000	-	320,000	206,256	320,000	-	0.0%	
Donations	3,000	1,137	3,000	-	17,000	8,915	17,000	-	0.0%	
Rents/Other				-	-	1,294	1,294	1,294	100.0%	
Local Unrestricted Funds	-	309,817	309,817	309,817	-	467,044	467,044	467,044	100.0%	1
Endowment Income				-	221,000	54,748	221,000	-	0.0%	
Total Revenue	148,000	371,643	457,817	309,817	805,000	871,965	1,273,338	468,338	58.2%	
Operating Expenses										
Personal Services	207,000	104,427	207,000	-	806,000	376,374	806,000	-	0.0%	
Merchandise for Resale	40,000	16,972	40,000	-	160,000	82,136	160,000	-	0.0%	
Other Operating	57,000	25,118	57,000	-	180,000	104,093	180,000	-	0.0%	
Total Expenses	304,000	146,517	304,000	-	1,146,000	562,604	1,146,000	-	0.0%	
Excess (Deficiency) Rev	(156,000)	225,126	153,817	309,817	(341,000)	309,361	127,338	468,338		
Add: Fund Balance, begin	(297,591)	(297,591)	(297,591)	-	(453,282)	(453,282)	(453,282)	-		
Add: Special Endow draw					-	-	-			
Fund Balance, ending	(453,591)	(72,465)	(143,774)	309,817	(794,282)	(143,921)	(325,944)	468,338		

Notes:
1) Local Unrestricted funds moved to the Museum Systems to cover operational deficits from FY 2022 and FY 2023.

Center for Leadership and Ethics
Budget Performance Report

For the six months ended 31 December 2023

	Budget	Year-to-Date Actual	Projected For The Year	Over (Under) Budget	%	Notes
<i>Revenue and Support</i>						
Cash Donations	39,000	-	39,000	-	0%	
Endowment Income	1,097,000	551,856	1,097,000	-	0%	
Conference Income	188,000	61,616	188,000	-	0%	
VMI E&G Program Support				-		
Rental Income	-	-	-	-		
Total Revenue	1,324,000	613,472	1,324,000	-	0%	
<i>Operating Expenses</i>						
Personal Services	1,115,000	559,505	1,115,000	-	0%	
Conference Expenses	182,000	122,341	182,000	-	0%	
Program/Other Expenses	265,000	31,050	265,000	-	0%	
Total Expenses	1,562,000	712,896	1,562,000	-	0%	
<i>Excess (Deficiency) Rev</i>	(238,000)	(99,424)	(238,000)	-	0%	
Add: Fund Balance, begin	806,414	806,414	806,414	-	0%	
<i>Fund Balance, ending</i>	568,414	706,990	568,414	-		

Notes

Capital Budget

VMI
Capital Projects Budget Report
31 December 2023

	(\$ Millions)			
	Estimated Cost/Budget	Projected Cost/ Funding	Over(Under)	% Over
<i>Complete/Near Complete Projects</i>				
Barracks Emergency Repairs	4.5	4.5	0.0	0%
Nichols Engineering Bldg/Annex	17.8	17.8	0.0	0%
Cocke Hall Annex	2.2	2.2	0.0	0%
JM Hall/VMI Museum	2.8	4.1	1.3	46%
Crozet Hall (Mess Hall)	13.3	14.6	1.3	10%
Hinty Hall	3.9	4.9	1.0	26%
Stormwater Drainage	5.2	5.3	0.1	2%
Foster Stadium	11.2	12.7	1.5	13%
Gray-Minor Stadium	6.8	6.9	0.1	1%
Mallory Hall	13.8	13.8	0.0	0%
North Institute Hill Parking	1.6	1.8	0.2	13%
Kilbourne Hall (ROTC)	8.7	13.4	4.7	54%
Marshall Hall	19.0	22.4	3.4	18%
Barracks Expansion/Renovation	48.7	62.7	14.0	29%
Maury House Renovation	1.2	1.2	0.0	0%
Military & Leadership FTG (Phase I)	16.6	16.8	0.2	1%
Post Hospital Renovation	5.1	5.1	0.0	0%
South Institute Hill Parking	2.8	2.8	0.0	0%
Maury-Brooke Hall Renovation	19.0	19.6	0.6	3%
Military & Leadership FTG (Phase II)	1.5	1.5	0.0	0%
Corps Physical Training Fac--Phase I Plan/Const	80.6	80.6	0.0	0%
Corps Physical Training Fac--Phase II Plan/Cons	38.1	38.1	0.0	0%
Post Improvements--Phase I (VCBA)	4.0	4.0	0.0	0%
Post Improvements--Phase II (VCBA)	4.0	4.0	0.0	0%
Post Improvements--Phase III (VCBA)	4.0	4.0	0.0	0%
Clarkson-McKenna Pressbox Expansion	1.7	1.7	0.0	0%
Improve Post Infrastructure Phases I - III	33.2	33.2	0.0	0%
Preston Library Renovation	19.5	19.5	0.0	0%
Chessie Nature Trail - South River Bridge	2.1	2.1	0.0	0%
Scott Shipp Hall Renovation	43.3	43.3	0.0	0%
Lackey Parking	3.5	3.5	0.0	0%
412 Parade Avenue Renovations	2.9	2.9	0.0	0%
Corps Physical Training Fac--Phase III Plan/Const	43.0	43.0	0.0	0%
Total Complete/Near Complete	485.6	514.0	28.4	6%
<i>On-Going Projects</i>				
Turman House Renovations	2.5	2.5	0.0	0%
408 Parade Avenue Renovations	2.0	2.0	0.0	0%
Post-Wide Safety and Security	11.1	11.1	0.0	0%
Renovate and Expand Engineering Laboratories	74.9	74.9	0.0	0%
CLE Phase 2/Parking - Detailed Planning	3.6	3.6	0.0	0%
Cadet Safety and Security	8.7	8.7	0.0	0%
Barracks Windows - Detailed Planning	1.0	1.0	0.0	0%
Moody Hall - Detailed Planning	2.1	2.1	0.0	0%
Total On-Going	105.9	105.9	0.0	0%
Total All	591.5	619.9	28.4	5%

VMI
Capital Projects Funding Details
31 December 2023

	<i>Source of Funding (\$ Millions)</i>							Total
	State	VMI Foundation/Dev Bd			VMI			
	GF/Debt	IDA Bond	Other Debt	Gifts	Debt	Gifts	Aux	
<i>Complete/Near Complete Projects</i>								
Barracks Emergency Repairs	4.1						0.4	4.5
Nichols Engineering Bldg/Annex	17.8							17.8
Cocke Hall Annex					2.2			2.2
JM Hall/VMI Museum		1.2	2.6	0.3				4.1
Crozet Hall (Mess Hall)		0.7			12.1	1.2	0.6	14.6
Hinty Hall	4.7	0.2						4.9
Stormwater Drainage	2.1	2.8					0.4	5.3
Foster Stadium		12.7						12.7
Gray-Minor Stadium		6.4		0.5				6.9
Mallory Hall	13.8							13.8
North Institute Hill Parking		1.8						1.8
Kilbourne Hall (ROTC)	13.0	0.4						13.4
Marshall Hall		18.4				4.0		22.4
Barracks Expansion/Renovation	62.7							62.7
Maury House Renovation				0.8			0.4	1.2
Military & Leadership FTG (Phase I)	15.1			1.0			0.7	16.8
Post Hospital Renovation	5.1						-	5.1
South Institute Hill Parking					2.8			2.8
Maury-Brooke Hall Renovation	19.6							19.6
Military & Leadership FTG (Phase II)				1.0			0.5	1.5
Corps Physical Training Fac--Ph I Plan/Const	80.6							80.6
Corps Physical Training Fac--Ph II Plan/Const	38.1							38.1
Post Improvements--Phase I (VCBA)					4.0			4.0
Post Improvements--Phase II (VCBA)					4.0			4.0
Post Improvements--Phase III (VCBA)					4.0			4.0
Clarkson-McKenna Pressbox Expansion							1.7	1.7
Improve Post Infrastructure Phases I - III	29.6				3.4		0.2	33.2
Preston Library Renovation	19.5							19.5
Chessie Nature Trail - South River Bridge						1.2	0.9	2.1
Scott Shipp Renovation	43.3							43.3
Lackey Parking					3.5			3.5
412 Parade Avenue Renovations							2.9	2.9
Corps Physical Training Fac--Ph III Plan/Const	33.0			10.0				43.0
Total Complete/Near Complete	402.1	44.6	2.6	13.6	36.0	6.4	8.7	514.0
<i>On-Going Projects</i>								
Turman House Renovations							2.5	2.5
408 Parade Avenue Renovations					2.0			2.0
Post-Wide Safety and Security	11.1							11.1
Renovate and Expand Engineering Laboratories	74.9							74.9
CLE Phase 2/Parking - Detailed Planning	2.1						1.5	3.6
Cadet Safety and Security	8.7							8.7
Barracks Windows - Detailed Planning	1.0							1.0
Moody Hall - Detailed Planning	2.1							2.1
Total On-Going	99.9	-	-	-	2.0	-	4.0	105.9
Total All	502.0	44.6	2.6	13.6	38.0	6.4	12.7	619.9
Funding Source %	81.0%	7.2%	0.4%	2.2%	6.1%	1.0%	2.0%	100.0%

VMI Capital Projects Budget Report

31 July 2023

Notes

1. **Estimated Cost/Budgets** are based on architect/engineering (AE) estimates or construction managers (CM) estimates. The capital project process normally includes an AE estimate based on a feasibility study prepared by the AE firm. The CM-at-risk project delivery method includes project cost estimates developed by the AE firm and the CM. BCOM reviews and adjusts project budgets based on historical costs from across the Commonwealth.
2. **Projected Costs/Funding** reflect costs based on contractor bids or CM guaranteed maximum prices (GMP) for all projects. The CM's final guaranteed maximum price is developed after a rigorous "value engineering" type process and include reviews and analyses of major sub-contractor bids. The project costs approximate the funding that has been obtained for the projects in all cases except as described in the notes below.
3. JM Hall/VMI Museum projected cost/funding exceeds the original budget and reflects furnishings/equipment and facility improvements (windows, HVAC, lighting, and other electrical) that were not included in the original budget estimate.
4. The Crozet Hall projected cost of \$14.6 million includes final settlement of contractor claims (the Supreme Court of Virginia ruled in the general contractor's favor requiring VMI to work out the amount owed to the contractor for "delay" damages). Costs also reflect the settlement with the A/E for design errors and omissions.
5. Hinty Hall (Physical Plant Building) projected cost/funding exceeds the original budget and reflects furnishings/equipment, additional State-mandated storm water management, and other unforeseen site costs such as rock removal that were not fully included in the original budget estimate.
6. The North Institute Hill Parking projected cost/funding includes the cost of outside consultants to conduct studies (required by the State's Department of Conservation and Recreation) of project related storm water modeling and management. Project costs also reflect unforeseen rock removal that was not fully included in the original budget estimate.
7. Kilbourne Hall (ROTC) projected cost/funding exceeds the original budget and reflects escalating construction costs (labor and materials) due to a "busy" market and to some unforeseen conditions (to include repairs of a failing retaining wall and replacement of an interior asphalt floor with a concrete floor). The State provided "supplemental funding" for construction of about \$3.8 million and another \$485,000 for furnishings and equipment. Private funds of approximately

\$400,000 from the \$45 million VMI Development Board bond financing is included in the projected cost/funding.

8. Marshall Hall (The Center for Leadership and Ethics or CLE) projected cost/funding of \$22.3 million includes \$4.0 million from the Gillis endowment gift for the theater portion of the project.
9. Barracks Expansion/Renovation projected cost/funding of \$62.7 million includes \$14.0 million of “supplemental funding” provided by the State in June 2007. VMI negotiated a credit from the CM for schedule delays and negotiated with the A/E for reimbursements to VMI for errors and omissions. The Barracks Renovation and Expansion was completed in August 2010.
10. The Military and Leadership Field Training Grounds (Phase I) project began construction in October 2009 and was completed in the fall of 2011. A \$5.0 million private gift was pledged to the VMI Foundation and designated for the project with \$1.0 million received up front and another \$1.0 million was received later. The balance of this private gift is due from the donor’s estate upon her death. VMI also provided \$0.7 million from its Auxiliary Fund Balance. Several project elements from the MLFTG Master Plan are being added using these new funds as they become available.
11. The Maury-Brooke Hall Renovation project began construction in February 2012. Phases 1 and 2 were substantially completed in the summer of 2012, and Phase 3 was completed in October 2012. Phases 4-5 were completed in March 2013, and Phase 6 was completed in May 2013. Using project savings several additional items were added late in the project. The project was complete in August 2013.
12. The Corps Physical Training Facilities (CPTF) capital project was completed in 2016. Phase I totaled \$80.6 million and consists of the new Indoor Training Facility (ITF). Phase II totaled \$38.1 million and comprises the renovations to Cormack Hall and Cocke Hall.
13. VMI has three separate \$4.0 million projects financed through bonds issued by the Virginia College Building Authority (VCBA). The projects consist of improvements to various Post facilities to include the Barracks (parapets, turrets, stoops, hot water/showers, windows), Cocke Hall Pool, Foster Stadium, Moody Hall, McKethan Park, Cabell House, Post-wide closed-circuit/TV installation, Richardson Hall HVAC, Cameron Hall roof-replacement, Virginia Museum of the Civil War (New Market) Wastewater Treatment Plant, 450 Institute Hill, and Mallory Hall/Computer and Information Science Department space modifications. Additional projects may be added, or some eliminated from this list. VMI is required to pay the debt service on these bonds.
14. VMI received \$1.0 M in additional private funds to which was added \$550K in Auxiliary Funds for continued work on the North Post Training Area (MLFTG).

- The project includes construction of a new maintenance facility and construction of a new Leadership Reaction Course. The initial bids received were higher than the design estimate. The design estimate was reviewed and revised, and the project was re-bid. The project was awarded in December 2014. The construction is complete. Physical Plant took occupancy of the new Maintenance Facility in July 2015. Training at the new LRC is managed by the Commandant.
15. The 2016 Session of the General Assembly authorized VMI's Post Infrastructure Project (Phases I, II and III). The total estimated project cost is \$33.2M, with \$3.6M funded by VMI. Overall scope of work includes energy infrastructure improvements including improvements to the heat plant facility, utility monitoring and control, site improvements and demolition/replacement of the Post Police facility. Design development work began in January 2017. Construction began in April 2019 and was completed in May 2021.
 16. The 2016 Session of the General Assembly authorized VMI's project for the renovation of Preston Library. This project consists of a full replacement of mechanical, electrical and plumbing systems, elevator installation to the 700 level, space repurposing, archive expansion, relocation of admin offices, and changes to the 500 level entrance to enhance traffic flow and customer support. Construction began in June 2019 and concluded in March 2021.
 17. The 2016 Session of the General Assembly authorized VMI's Scott Shipp Hall Renovation and Expansion Project. The current project estimate is \$43.3 M. Project Phase I includes a 28,000 square foot expansion of the 1955 portion of the building and complete renovation to the annex built in the same year. Goal of the project is to increase office and collaborative spaces, update classrooms and upgrade various utilities. Construction began in August 2019. By February 2021, Phase I was complete with classroom and office space finished prior to the start of the Spring semester. Phase II began in December 2020 with final completion in December 2021. The North Hill parking lot expansion portion of the project began in March 2022 and will be completed in August 2022.
 18. The Chessie Nature Trail South River Bridge project will replace the bridge over the South River that was destroyed by Hurricane Isabel in 2003. This new pedestrian bridge will allow access to the entire trail from start to finish without requiring cadets and other trail users to traverse public roads. The funding for this project is a grant from the Federal Highway Administration (FHWA) with additional funding from VMI. The design was put out to bid in May 2020 with all estimates coming in significantly over budget. Additional funds were infused by FHWA and VMI and the project was re-bid and awarded in November 2020. Construction began in December 2020. The project is finished, and a ribbon-cutting ceremony was held in December 2021.
 19. The 2018 Session of the General Assembly authorized VMI to expend \$1.8 million to complete detailed planning on the Corps Physical Training Facility

- Phase 3 (Aquatic Center). Construction funding was included in the Governor's proposed budget amendments and was approved during the 2019 General Assembly session. The total estimated cost for this project is \$43 million and includes \$10 million in private funding. Project is a 58,000 square foot facility with a 50-meter pool and space for offices, classrooms, and spectator space to seat 750. Construction began in December 2020 and is scheduled for completion by January 2023.
20. The 2020 Session of the General Assembly authorized VMI's Post-Wide Safety and Security project for an estimated \$10.0 million. Project includes installation of 14 vehicular gates at various entry points around main Post. Intent is to increase safety measures during cadet activities and events on Post while providing a mechanism to lock down entire Post during Post-wide training events or in case of emergency or significant incidents occurring on Post or in the surrounding area. The design development for this project began in September 2021 with construction anticipated to begin in Summer 2023. Construction duration is estimated to be approximately 18 months.
 21. The 2020 Session of the General Assembly authorized VMI's Renovate and Expand Engineering Laboratories project for an estimated \$57.0 million. A 33,029 square foot addition and renovation of the existing 63,133 square feet will allow for the growth of the STEM curriculum. Design development began in September 2021 with construction anticipated to begin in Summer 2023. Construction duration is estimated to be approximately 24 months..
 22. The 2020 Session of the General Assembly authorized VMI to expend \$2.1 million in Institute funds to complete detailed planning on the CLE Phase 2 project. The 2021 Session authorized the use of State funds rather than Institute funds to complete detailed planning. The 2022 Session of the General Assembly authorized an additional \$1.5 million in detailed planning funds related to the addition of the parking facility to this project. This additional detailed planning is to be funded from non-general funds.
 23. The 2022 Session of the General Assembly authorized VMI's Improve Cadet Safety and Security (Barracks Doors and Locks) project for an estimated \$8.7 million. VMI will begin the process to select architects/engineers for design services in Fall 2022.
 24. The 2022 Session of the General Assembly authorized detailed planning for VMI's Replace Windows in Old and New Barracks project for \$1.0 million. VMI will begin the process to select architects/engineers for design services in Fall 2022.
 25. The 2022 Session of the General Assembly authorized detailed planning for VMI's Construct Moody Hall project for \$2.1 million. VMI will begin the process to select architects/engineers for design services in Fall 2022.

26. The Capital Projects Budget Report summarizes all major capital projects in support of Vision 2039 and spans approximately 16 years. These 41 projects have an “estimated cost/budget” totaling \$591.5 million which reflects estimates from architect/engineers or construction managers before the projects were bid or placed under contract. The “projected cost/funding” for these projects total \$619.9 million and mostly reflects costs based on actual contract prices or construction manager guaranteed maximum prices. The total “projected cost/funding” exceeds the total “estimated cost/budget” by \$28.4 million or 5% (the State provided supplemental funding of approximately \$18.7 million).

Note: 38 of the 41 projects have a combined “projected cost/funding” of \$521.4 million which exceeds the combined “estimated cost/budget” of \$515.1 million by \$6.3 million or only 1.2%. For 3 of the 41 projects (Barracks Expansion/Renovation, Kilbourne Hall, and Marshall Hall), the combined “projected cost/funding” is \$98.5 million which exceeds the “estimated cost/budget” of \$76.4 million by \$22.1 million or 29% (the State provided \$18.7 million or 85% of the \$22.1 million).

27. All projects require detail reviews and on-site progress inspections by the State. The State also requires annual reporting on any projects completed in the preceding calendar year with a cost of \$1.0 million or greater as a part of VMI’s Financial Management Standards.

FY 2025 Preliminary Budget Notes and Significant Assumptions

Enrollment

1. New cadet class size (Class of 2028) is budgeted at 495 with 297 VA cadets (60%) and 198 NVA cadets (40%). This compares to the FY 2024 new cadet class of 492 with 292 VA cadets (59.3%) and 200 NVA cadets (40.7%). NVA new cadets have averaged 39.4% for past 3 years.
2. Old Corps enrollment is budgeted at 1,064 with 676 VA cadets (63.5%) and 388 NVA cadets (36.5%).
3. Total enrollment before classes begin is budgeted at 1,559 with 973 VA cadets (62.4%) and 586 NVA cadets (37.6%). The fall semester “census” date enrollment (about one week after classes begin) is estimated to be about 1,526 for a decrease of 34 cadets or 2.2% compared to FY 2024.
4. Average enrollment for the year (fall and spring semester average) is projected to be 1,482 compared to 1,512 for FY 2024 (estimated).

Tuition and Fees

5. VA tuition/fees are proposed at \$32,388 for an increase of \$914 or 2.9% over FY 2024 (was 2.9% in FY 2024). This includes tuition of \$10,378 for an increase of \$302 or 3.0% (was 3% in FY 2024).
6. NVA tuition/fees are proposed at \$64,010 for an increase of \$1,834 or 2.95% over FY 2024 (was 2.9% in FY 2024). This includes tuition of \$42,000 for an increase of \$1,222 or 3.0% (was 3.0% in FY 2024).

State Funding

7. State funding for the Educational and General program is projected of \$24.1 million. This includes over \$920,000 from the SCHEV Pell Initiative funding which will be provided for four fiscal years through FY 2027, and continuance of the Maintain Affordable Access funding of \$832,000 which was also received in FY 2024. The Affordable Access funding is separately appropriated

and requires institutions to meet certain performance targets to receive the funding.

8. State funding for the Unique Military Activities program is projected of \$5.9 million, the same as in FY 2024.
9. State funding for the Financial Aid program is projected of \$1.54 million, the same as in FY 2024.

Employee Salaries and Benefits

10. Salaries for full-time employees and adjunct faculty are not projected to increase in FY 2025. The budget assumptions include a State authorized 1.0% bonus for full-time employees to be paid in December 2024.
11. Employer health insurance premiums will increase by 6.3% in FY 2025.

VIRGINIA MILITARY INSTITUTE

LEXINGTON, VIRGINIA 24450-0304

Assistant Superintendent for Operations and Planning and Deputy Chief of Staff

Phone 540-464-7824

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11 Jan 2024

MEMORANDUM

TO: The Audit, Finance, and Planning Committee

FROM: Assistant Superintendent for Operations and Planning and Deputy Chief of Staff

SUBJECT: Post Safety and Security Update

Post-wide safety and security is a multi-faceted program crossing every VMI department, VMI Alumni Agencies, the George C. Marshall Foundation and the local, regional, and state emergency management programs.

Post-wide Emergency Management Program (OPR: DEM)

- Plans (OPR: DEM)
 - Continuity of Operations Plan (COOP) – This recovery plan works as a companion plan with the VMI Crisis and Emergency Management Plan and provides a framework to minimize potential impact and allow for rapid recovery from an incident that disrupts operations. This document was approved by the BOV in May 22 and is reviewed annually. It comes up for a comprehensive Review and BOV approval in 2026.
 - Crisis and Emergency Management Plan (CEMP) – This plan directs actions intended to preserve life and protect property from further destruction in the event of an emergency. The overall plan establishes an emergency organization to integrate with the locality in which the Virginia Military Institute (VMI) Post resides to provide the best emergency response and recovery during the emergency situation by assigning responsibilities to specific entities. This document was approved by the BOV in May 22 and is reviewed annually. It comes up for a comprehensive Review and BOV approval in 2025.
 - VMI Emergency Preparedness Plan, AY23-24 – Annual internal plan that guides tests, drills, training, and plan submissions. The plan is revised throughout the year to reflect changes in schedule and additions of new programs and training.
- Mass Notification System (MNS) (OPR: Information Technology (IT) / DEM) –RAVE Alert is a single platform system that enhances VMI’s ability to communicate accurately and efficiently. The system integrates with Active Directory, ensuring the Corps, Faculty/Staff/employees and the VMI Alumni Agencies and GC Marshall Foundation are informed in the case of an emergency. Family members, friends, and visitors can take advantage of the “opt in” feature that provides emergency notifications capability, event updates and traffic/parking information. In addition, VMI Human Resources uses this

system to inform employees of inclement weather that impacts Post operations. This system has been tested and utilized multiple times this academic year.

- Corps and Faculty/Staff/Employee Education Program (OPR: DEM) – The DEM continues to develop educational programs that will be presented to the Corps, Faculty/ Staff and Employees, addressing how to respond during natural disasters. Annually, the Corps, Faculty/ Staff and Employees are required to complete the active shooter training.
- AY 23-24 Cadet Flu Shot Program – The DEM leads a cross-departmental team that execute the annual Cadet flu shot program (pandemic flu shot exercise). The Fall 2023 clinic was held on 17 Oct on the Cocke Hall Upper Track.

VIRGINIA MILITARY INSTITUTE

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Deputy Superintendent for Finance and Support

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9 January 2024

MEMORANDUM

TO: The Audit, Finance and Planning Committee

FROM: BG Dallas B. Clark

SUBJECT: ARMICS Certification – FY23

During the FY23 ARMICS assessment phase, responsible department heads for each area with significant fiscal processes reviewed their processes, determined whether any procedural changes have occurred, and determined whether any new processes should be assessed. A total of forty-two significant fiscal processes were identified and tested for FY23. Samples of transactions were selected, and testing performed to ensure controls are functioning as intended.

VMI reported one significant weakness related to the timely completion of monthly bank reconciliations and developed a Corrective Action Plan. Regular updates are submitted to the Department of Accounts.

The assessment and testing process met the 31 October 2023 certification deadline.



VIRGINIA MILITARY INSTITUTE

LEXINGTON, VIRGINIA 24450-0304

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12 January 2024

MEMORANDUM

TO: The Audit, Finance and Planning Committee

FROM: BG Dallas B. Clark

SUBJECT: Capital Projects Update

We have no capital projects in the construction phase and five that are in various stages of design. The Nichols Engineering Building Renovation and Expansion project is completing the Preliminary Design and is awaiting approval for Construction funding. The Cadet Safety and Security, Construct Moody Hall, and Replace Old and New Barracks Windows projects completed Schematic Design in December 2023 and are in Preliminary Design phase. The Center for Leadership Ethics Phase II design contract was awarded and the project is in early stages of Schematic Design development. Additionally, the design of Post-wide Safety and Security project is complete. The project went out for bid and all construction bids were over budget. The project will go back out to bid in February 2024 and we anticipate entering the construction phase in May 2024.

We also have five upcoming Capital projects, three of which have been approved for detailed planning and two that we are working to get into future capital construction budgets. The Hinty Hall Facilities Management Expansion, 307 and 309 Letcher Avenue Renovations and the New Market Battlefield State Historical Park Museum Renovations and Improvements were approved for detailed planning funds in August and we are awaiting release of those funds to begin the process for selecting a design firm. Additionally, we are working to get funding for Crozet Hall Expansion and Patchin Field Improvements in the next budget cycle.

Projects Background and Summary

Post Wide Safety and Security moved into the bidding phase in July 2023 but all bids were over budget. The project underwent a value engineering and design update process. The latest design changes will go to DEB for review on 16 January 2024 for review. We anticipate placing this back out for bids in February with construction starting in May 2024. The NEB project is completing the Preliminary Design phase and expected to complete design work in May 2024 and begin construction in Fall 2024. In December 2023, we received Schematic Design approval for Cadet Safety and Security, Construct Moody Hall and Replace Old and New Barracks windows projects and moved into Preliminary Design in January 2024. Construct Moody Hall and Replace Old and New Barracks Windows project will complete Preliminary Design in Summer 2024 then must await funding before moving into Working Drawings and Construction phase. The Cadet Safety and Security project is fully funded and will complete design work in

August 2024 and begin construction late Fall 2024. The Center for Leadership and Ethics Phase II project began Schematic Design work in December 2023 and will complete Preliminary Design in December 2024 then must await funding to proceed to Working Drawings and Construction phase. Below is a summary of each capital project.

Post-Wide Safety and Security

Post-Wide Safety and Security is an \$11,127,350 project to enhance overall Post safety/security. The scope includes installation of 14 security barriers & structures (work points) including fixed & operable bollards, drop-arm gates, wedge barriers, fixed walls & landscaping barriers across Post. Central monitoring & control of the automatic gates will be integrated with the existing VMI access control system. Gates will be designed in two concentric perimeters: an inner operable ring of gates & an outer lock-down only ring. Inner gates will be programmable for daily schedules protecting daily Corps exercises, while outer gates will operate only for Post emergencies and lock downs. Design of this project is complete. The project was placed out to bid in July 2023 but bids came in over budget. Smalls parts of the project were value engineered out and/or re-designed and the project will be placed back out to bid in February 2024. Construction is anticipated to start in May 2024 and complete by August 2025. The design firm on this project is Wiley-Wilson based in Lynchburg, VA.

Renovate and Expand Engineering Laboratory Facilities (NEB)

This is a \$74.9M project to renovate 63,133 square feet in Nichols Engineering Building and to construct a 33,029 square foot addition to meet the requirements of a growing STEM curriculum. The project is only currently funded through Preliminary Design for \$3.3 million. The project no longer includes demolition of the existing swimming pool facility. DEB approved our Schematic Design in January 2022 and Preliminary Designs were submitted in March 2022. Due to scope issues (retention of the existing pool) and cost inflation, DEB required an updated Schematic Design which they approved in January 2023. The project team completed Preliminary Design work in July 2023 and received technical approval from DEB in September 2023 and expects cost approval in January 2024. Upon receipt of cost approval the team will await funding to move into Working Drawings and Construction. The design firm is Richmond, VA based Baskervill and the Construction Manager at Risk firm is Kjellstrom-Lee. Construction is estimated to begin in late Fall 2024 with a project duration of approximately 30 months.

Cadet Safety and Security

This \$8.7 million project will upgrade all doors in the Barracks to key card access locks utilizing the lowest responsible bid general contractor to install additional security cameras and improve resolution on existing cameras, address issues with gate security systems and improve ability of guard team and Officer-in-Charge or Assistant Officer-in-Charge of the Barracks to monitor camera systems. Project will also include fielding a new post-wide communications system for guard team and commandant staff. Schematic Design is complete and Preliminary Designs and cost estimate will be approved in April 2024. Working Drawings will be approved in September with a construction start in November 2024 and completion in Fall 2026. The design firm is Wiley-Wilson.

Barracks Windows Replacement

Purpose of this \$33.3 million project is to replace existing exterior windows and window frames in New and Old Barracks. This will include repairs to the exterior walls, replacing current

security bars with new steel bars as well as new roller shades, window hinges, and hardware for all windows. The state has approved planning funds (\$1 million) through Preliminary Design. Schematic Design was complete in December 2023 and the team is proceeding with Preliminary Design with expected approval in June 2024. Upon approval of Preliminary Design, the team will await full funding to proceed with Working Drawings and Construction. SFCS from Richmond is the A/E firm for this project. Construction is anticipated to begin in Fall 2025 and finishing Fall 2028 pending release of full funding.

Moody Hall Construction

\$2.1 million for detailed planning on this \$68 million project was released in November 2023. Glave and Holmes Architecture was selected as A/E firm for design. The scope of work for this project includes the demolition of the existing Moody Hall, Neikirk Hall and the Cabell House followed by construction of a new 50,000 square foot building to support cadet activities, fund raising and alumni functions along with associated site work, and landscaping. The new facility will include expanded office spaces, additional reunion and activities space and meeting rooms while maintaining terrace/veranda views across the Parade Ground. Schematic Design was approved in December 2024 and the team is moving forward with a plan to have Preliminary Design approved in October 2024. Project team is pursuing release of full funding in order to move directly from Preliminary Design approval into Working Drawings and Construction. Preferred construction start date is Fall 2025 with a 30 month project duration.

Center for Leadership and Ethics Phase II and Parking Structure

This \$89.8 million project will result in a 62,500 square foot multi-story addition to the existing Center for Leadership and Ethics. This facility will house cadet leadership development and educational facilities, the VMI museum and includes an adjacent 444 vehicle parking structure. Project will also include associated landscaping, paving and improvements to traffic flow. \$3.6 million in detailed planning funds were released in May 2023. We recently selected Baskervill from Richmond as our A/E firm and Schematic Design is underway.

Improvements and Renovations New Market Battlefield State Historic Park

This estimated \$30.5 million project is funded with \$3.6 million for detailed planning through preliminary design. Major features of work include complete renovation and replacement of all building systems in the existing museum, renovation of the maintenance building, repairs and improvements to the historic Bushong house as well as improvements to roads, trails, signage and parking throughout the parks' 300 acres. Currently we are awaiting release of funding from the state so we can begin the A/E firm selection process and move into Schematic Design.

307/309 Letcher Avenue Renovations

This project is approved for \$1.3 million for detailed planning through preliminary design with an estimated total cost of \$7.3 million. The scope of work involves complete renovations of the Admissions and Financial Aid offices that occupy these houses to include electrical, mechanical, plumbing and HVAC system replacements as well as renovations to address safety and code compliance issues. We are also awaiting the release of funds from the state to begin this project.

Hinty Hall Facilities Management Expansion

Estimated at a total project cost of \$22.5 million, this project involves 15,000 square foot expansion of the existing Hinty Hall physical plant building, updated building systems and repairs to the Freeland House construction office building, construction of an approximately 10,000 square foot climate controlled warehouse and construction of maintenance and storage facilities along the Chessie Trail. Also included in the scope of work are updates, improvements and expansions to several of our other facilities management buildings around Post. This project is awaiting release of design \$2.8 million in detailed planning funds so we can begin the A/E selection process.

Patchin Field

With an estimated cost of \$21.7 million, this project involves a complete upgrade of the existing soccer stadium area and associated spaces. Features of work include installation of lights, bleacher seating for 1,000 fans, a press box and approximately 16,000 square foot of building for required support spaces. Project will also include significant drainage and grading work to protect the playing surface from flooding, installation of an artificial turf surface large enough to accommodate both soccer and lacrosse and IT/AV upgrades. The project includes a renovation and upgrade of Paulette Hall which houses the soccer and lacrosse locker room areas. An initial planning study was completed for this project by Wiley-Wilson in 2022.

Crozet Hall Expansion and Renovation

This estimated \$46.8 million project will expand the existing Crozet Hall to accommodate the growing size of the Corps while also replacing building utility systems and completing needed renovations to the food preparation, storage and serving areas. Project will also include updating interior finishes and completing necessary site work and exterior work to support the building expansion. A feasibility study was completed by Wiley-Wilson in 2016 and updated in 2022.

VIRGINIA MILITARY INSTITUTE
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Deputy Superintendent for Finance and Support
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12 January 2024

MEMORANDUM

TO: The Audit, Finance and Planning Committee
FROM: BG Dallas B. Clark
SUBJECT: Non-Capital Projects Update

Non-Capital Construction Projects Completed between September 2023 – January 2024

Gray-Minor Field Improvements – New artificial turf was installed on the baseball field and was substantially complete in October 2023. The project budget was \$3,265,000. The project consisted of a new field drainage system, underground stormwater management system, field grading, and dugout expansion. The field has been in use for baseball practice. New wall padding will be installed at the beginning of February 2024. The field will be titled “Lamore Field at Gray-Minor Stadium” due to generous project donations provided by Mr. Michael Lamore ’85. An official ribbon cutting ceremony and dedication is scheduled for 20 April 2024.

503 Brooke Lane – This \$70,000 project was finished in October 2023 and was focused on making interior safety related improvements and exterior preventative maintenance. The main objectives of this project include relocating the washer and dryer to the upper floor, installation of interior handrail extensions and gutter replacement.

Barracks Sally Port Stairs – This emergency project to address potential structural and overhead hazards (i.e. falling concrete) with the Sally Port stairwell in Old Barracks will be completed in Spring 2024. The project consists of an engineering structural assessment, safety assessment and repair of compromised rebar and concrete as well as providing overhead protection from falling concrete. Repairs are scheduled with Lantz Construction using guidance from the ECS structural engineering study received in early January 2024.

Non-Capital Projects in Progress

Jackson Hope CIS Research Library – \$23K project to convert spaces in Preston Library into a research lab.

CyDef Laboratory – Mallory Hall 107 is in the process of being converted into a state of the art laboratory for the CIS Department to study and implement cyber defense. This project is grant funded by the Department of Defense with a budget of \$111,000. The CyDef Lab will be developing a network operations center to be utilized to train cyber captains in network, security, and threat intelligence analysis. The new lab will contain a robotics space for hands on projects. The project will be finished in February 2024 with the installation of new lab furniture, tv's, and communications connected to the nearby server room.

Mallory Hall CIS Server Room – Mallory Hall room 123 is being converted into a computer server room housing 6 server racks for the CIS Department. The room requires electrical and HVAC upgrades to accommodate the servers. The project is currently under construction and will finalize in May 2024 at an estimated cost of \$567,000.

Chaplain's Quarters Boiler Replacement – Removal and replacement of asbestos containing pipe insulation and installation of a new house boiler for the building. Asbestos removal and abatement is in progress. Project cost \$54K with estimated completion date 1 February 2024.

Upcoming Non-Capital Construction Projects 2024

Clarkson-McKenna Elevator – This \$395,000 project will replace the elevator equipment and upgrade the cab, while also adding card-access security consistent with other elevators on Post. Design and manufacturing are complete, construction will take place from February to May 2024.

Clarkson-McKenna Hydrotherapy Renovation – This project is only funded for A/E services at \$63,000. The existing 17-year-old hydrotherapy facility has several leaks and aging equipment. This project will replace existing cold tubs, replace failing flooring and waterproofing and upgrade finishes. Design work is complete but project is now awaiting construction funding.

Football Team Meeting Room Upgrades – The design for this project is complete as of November 2023. The intent of the project is to add tiered, theater style seating in addition to updating A/V and IT capabilities, updating flooring and finishes and replacing the failing ceiling tiles. Project is on hold awaiting construction funding.

Cameron Hall Scoreboard – Project was funded for \$26K for a feasibility study for a center hung scoreboard that was completed by the A/E firm SFCS in March 2023. Cost estimate for completing work necessary to install new center hung scoreboard is \$3.5 million. The project has been on hold awaiting funding and a decision as to whether we will go with a center hung scoreboard or scoreboards mounted at each end of the court.

Crozet Hall Scullery and Freezer Renovations – This project involves repairs and upgrades to the walk in freezer which is experiencing problems with icing and requires frequent, labor intensive defrosting efforts. Project also includes upgrading the dishwashing and food disposal

systems in the scullery area. Project is in the initial concept phase and we are working with the A/E firm of Wiley-Wilson to develop design options, scope and budget.

Non-Capital Construction Projects in Design

Memorial Hall Water Infiltration Improvements – The building has had frequent and significant water leaks. The project will consist of drainage system improvements, repairs to the surrounding storm water drainage system, and repairs to damaged stonework and interior finishes. This project will be done in phases over the next 3 years beginning in Summer 2024. The estimated project cost is \$2.2 million.

Cocke Hall Building Envelope – This \$1.1M project will address the leaking building envelope and drainage issues in Memorial Garden. The project will begin construction in Spring 2024 and carry through Summer 2025.

VIRGINIA MILITARY INSTITUTE

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26 January 2024

MEMORANDUM

TO: The Audit, Finance and Planning Committee

FROM: BG Dallas B. Clark

SUBJECT: Compliance Reporting – VMI Accounting Policies & Procedures

Section 10140 of the VMI Accounting Policies & Procedures (VAPP) states that the Deputy Superintendent for Finance, Administration and Support shall semi-annually (January and September) report to the Audit, Finance and Planning Committee on the status of the Institute's compliance with the policies set forth within the VAPP.

Since reporting at the last AFP Committee meeting in September 2023, two hundred five (205) instances of noncompliance have occurred in the first half of FY 2024. The classification of these exceptions follows:

The Institute's travel policies provide guidelines for meal and lodging rates. These rates mirror those of the Commonwealth's Department of Accounts, which are based upon Federal General Service Administration schedules. Section 40600 states: "VMI may pay higher lodging (and meal) amounts ... however; the Superintendent or his designee shall approve such exceptions in advance of the travel. Such exceptions are limited to 50 percent in excess of the applicable guideline amount." There were three (3) instances where authorization was not obtained in advance during the period.

Section 40110 requires that faculty, staff, and employees obtain advance approval from the appropriate department head (or designee) when traveling on official Institute business. This approval must be signed, dated, and submitted with the travel reimbursement request. There were sixty (60) instances where evidence of approval was not obtained in advance (or maintained after-the-fact).

Section 90100 outlines the proper procurement methods for goods and services acquired by the Institute. Procurement Services and/or Accounts Payable reported nine (9) policy violations during the period. Violation examples include occurrences whereby purchase requisitions were not present, proper documentation of all approvals was not provided, and/or items were purchased without following appropriate procurement protocol.



Section 45100 states, “Disbursements of funds must be made in a manner that meets the 30-day payment requirements of the Prompt Payment Act...” which is based upon policies prescribed by the Commonwealth’s Department of Accounts. Since prior reporting, Finance & Budget noted one hundred thirty-three (133) late payments that were processed. Employee turnover, department reorganization, and software implementation account for many of these late payments. Additional training has been scheduled for those responsible for processing payment transactions.

Executives responsible for the violations reported heretofore have been notified of the violations and are charged with informing department heads and individuals of the specific policy to which they failed to adhere. Violators are subject to additional education/training.

Audit, Finance, and Planning Committee

The Audit, Finance, and Planning Committee is responsible for oversight of all matters relating to the Institute's financial affairs, business operations, risk management, and the audits thereof.

The Committee shall review and present for approval by the Board the annual budget, tuition rates, student fees, and other student charges. The Committee shall also review the performance of the investments controlled by the Board of Visitors, the management of buildings and grounds, and proposals for the purchase and sale of real estate.

This committee is responsible for oversight of all matters relating to the health, safety and security, and emergency management.

This committee, in coordination with the Superintendent, is responsible for the long-range annual and capital planning of the Institute, including an ongoing strategic planning process.

This committee is also responsible for oversight of information technology development and infrastructure and cybersecurity for the Institute.

Adopted by the AFP Committee in January 2022

**VMI Board of Visitors – Audit, Finance and Planning Committee
Motion and Standing Reporting Items Summary**

January	May	September	As Needed Motions/Updates
<p><u>Motion Items</u></p> <ul style="list-style-type: none"> • Operating Budget Amendments • Post Facilities Master Plan Update <p><u>Standing Items</u></p> <ul style="list-style-type: none"> • IT Report • APA Financial Statement Audit Kick-Off & NCAA Review Conclusion • Preliminary Budget Notes and Assumptions • Annual Agency Risk Management & Internal Control Standards (ARMICS) Assessment/Certification • Payment Card Industry Data Security Standard (PCI DSS) Annual Update • Compliance Reporting • VMI Alumni Agencies Update • BOV-AFP Motion and Standing Reporting Summary • AFP Committee Charter • Safety and Security 	<p><u>Motion Items</u></p> <ul style="list-style-type: none"> • Adoption of VMI’s Annual Operating Budget • Financial Statements (Audited) <p><u>Standing Items</u></p> <ul style="list-style-type: none"> • IT Report • APA Financial Statement Audit Conclusion • VMI Alumni Agencies Update • VMI Annual Debt Report • Safety and Security 	<p><u>Motion Items</u></p> <ul style="list-style-type: none"> • Six Year Plan Update and Enrollment Projections • Strategic Plan • Institute Small, Women-owned, and Minority-owned Business Plan (SWaM) <p><u>Standing Items</u></p> <ul style="list-style-type: none"> • IT Report • APA Report on Compliance – NCAA Subsidy Percentage Requirements • Compliance Reporting • VMI Alumni Agencies Update • Safety and Security 	<ul style="list-style-type: none"> • A/P Faculty Handbook • VMI Accounting Policies and Procedures • Delegation of Authority • Real Estate Actions • VCBA Bond Authorizations • SACSCOC Reaccreditation Updates • APA Five-Year Federal Financial Aid Update • VMI Museum Accreditation Update • VMI Museum Systems Collections Management Policy and Code of Ethics • Department Specific Accreditations • JLARC Study and Recommendations • Crisis & Emergency Management Planning (CEMP) • Continuity of Operations Plans (COOP)