

OLD DOMINION UNIVERSITY
BOARD OF VISITORS
AUDIT AND COMPLIANCE COMMITTEE
April 21, 2022
MINUTES

The Audit and Compliance Committee of the Board of Visitors of Old Dominion University met at 10:00 a.m. on Thursday, April 21, 2022. The meeting was held in the Board Room of the Broderick Dining Commons on the Norfolk campus. Present from the Committee were:

Jerri F. Dickeski, Chair
Jay Harris, Vice Chair
R. Bruce Bradley (*ex-officio*)
Robert S. Corn
Lisa B. Smith
Omotomilola Jegede (*Student Representative*)

Absent from the Committee: Unwana B. Jones
Toykea S. Jones (*ex-officio*)

Also present:

Brian O. Hemphill	September Sanderlin
Austin Agho	Ashley Schumaker
Leigh Comsudis	Wood Selig
Annamarie Ginder	Garrett Shelton
Todd K. Johnson	Amanda Skaggs
Donna Meeks	Don Stansberry
Tom Odom	Rob Wells
Chad A. Reed	Allen Wilson
Dave Robichaud	

The Chair called the meeting to order at 10:00 a.m.

- I. **Approval of Minutes** – Mr. Hall moved to approve the minutes from the December 9, 2021, meeting and Mr. Corn seconded the motion. The minutes were unanimously approved by all members present and voting. (*Bradley, Corn, Harris*)
- II. **Report from the Chief Audit Executive** – Ms. Amanda Skaggs, Chief Audit Executive, presented the Completed Audit Reports to the Committee, which included Owens House

Closeout, Police Department Operations, Tennis Center, and Office of Visa and Immigration Service Advising.

Owens House – The University Audit Department hired Fort Hill to perform the construction close out audit. The objective was to evaluate the Construction Manager’s reported costs and fees relative to the compensation language in the contract documents. Fort Hill reconciled all of the costs and found that the University was overbilled and paid \$379,405.98 more than the Construction Manager was due. Duplicate leased equipment charges also afforded an additional \$13,998.01 credit. Costs billed related to a labor burden greater than the contract allowed for provided an additional \$11,773.29 credit. The accompanying taxes and insurance adjustment of \$492.23 along with a miscellaneous credit of \$372, brought the total amount due back to the University to \$406,041.51. Ms. Skaggs reported that the contractor has already provided the payment and it has been posted to the University’s account.

Mr. Bradley asked if this type of audit is done on all construction plans. Ms. Skaggs responded that this type of project is not performed for all Construction Manager at Risk projects, but that Design and Capital Construction is looking at hiring a vendor to perform this type of engagement for select projects. Mr. Bradley then noted that if the audit wasn’t done, then this overcharge would not have been caught. Ms. Skaggs responded that is an assumption. Mr. David Robichaud, Director of Design and Construction, responded since they knew the project was being audited, they were waiting for Fort Hill’s analysis results to finalize the exact credit amount with W. M. Jordan.

Police Department – The audit review focused on physical access, training including weapon qualifications, emergency response times, evidence handling, whether they had a process to address any department complaints, weapons inventory and security, along with University requirements to include performance evaluations and records management. The following items were reported:

Key cards are relied upon for access to most Police Department (PD) spaces. There is also a key vending machine that is utilized when physical keys are required. No exceptions were found with the physical key process. However, exceptions were found related to three of the Police Department spaces that utilize key cards. Front and hallway doors report contained over 100 users that were unknown to the PD door owner. Many were College of Sciences employees who were not ever known to need the access. During the audit the unneeded access was removed. The report for the property and evidence room contained 2 individuals who no longer needed the access. Both were employees of the department, but their roles had changed so that access to the room was no longer appropriate. One of the center reports contained 2 unknown individuals and the Police Department removed that access during the audit. The Police are working to implement a quarterly review of door access.

Training is required by the Commonwealth of Virginia and the accrediting bodies and include annual, biennial and upon appointment training. Annual training includes ethics, bias-based profile, legal issues, active threats, mental health, all hazards plan and vehicle

pursuits Biannual training includes Title IX, 40 hours of in-service, and a tabletop/full scale exercise on all hazards' plans. Upon appointment, officers must take training on the Line of Duty Death Act. Most of the exceptions noted related to ethics include Norfolk Sherriff's office deputies that were hired for shifts for ODU football games and events at the Chartway Arena. This particular requirement, from the accrediting body, compels all employees to be trained in ethics.

The accrediting body CALEA and internal Police Department policies required annual instruction in use of force and qualification procedures. Annually all personnel authorized to carry weapons are required to receive in service training and demonstrate proficiency with all lethal weapons and electronic controlled weapons that the employee is authorized to use. Weapons training records were reviewed for those who were assigned weapons over a two-year period, and thirteen (13) officers were missing one or both biannual qualifications, eight (8) were missing shotgun qualifications and seven (7) were missing use of force training. There were two (2) additional officers that did not receive a passing score and were not able to achieve the required score until after the conclusion of the compliance period. The department's policy is not comprehensive in that it does not identify what steps should occur when employees miss training. The policy is also not being fully implemented for those who miss qualifications.

The department had a process in place for records management, but it was not sufficient to ensure records are reviewed, retained, and destroyed timely. The department is working to update their records inventory to include all record types, establish a schedule for reviewing records for retention or destruction ensuring records are destroyed timely. The department also needs to update and finalize their department records manual, and internal records policy.

Supervisors evaluate employees based on requirements from the State's Department of Human Resource Management, University Human Resources Department, and Police Department policy. Human Resources requires employees to acknowledge their evaluations to close-out the cycle. Annual evaluations are required for most employees. Quarterly evaluations are expected for probationary employees per Police Department policy, but ODU HR only requires six-month probationary evaluations. University Police Department was not following their own policy for probationary employees. Evaluations for 2020 were not acknowledged by 46% of the Police Department's employees. Once Audit made the department aware, many employees took appropriate action. As of January 2022, there is 1 evaluation for both 2020 and 2021 that is awaiting acknowledgment. As of January 2022, four (4) employees were not provided a 2020 evaluation and three (3) employees were not provided a 2021 evaluation. The remaining 2020 and 2021 evaluations should be finalized.

Ms. Smith asked if there is one person responsible for overseeing the review. Ms. Skaggs responded yes, for every audit point issued management responses are requested, which identifies what they're going to do and, also, the expected timeline and the position responsible.

Tennis Center is a facility on campus under the purview of the Athletics Department. It has indoor and outdoor courts and offers a variety of memberships, lessons, youth and adult programs and has a pro shop that carries equipment for sale. The center generates about \$500,000 a year. The center has eight (8) employees, two (2) of which are full-time. Processes specifically reviewed included court rental contracts for non-member leagues, daily balancing of the revenue report, donations, user account management for Club Automation, Pro-Shop inventory, and for University Compliance emergency action plan, goal setting and assessment, internal rates and charges and discounts for services, records management, and Web Time Entry approvals.

The following issues were discussed:

Tennis Center Policies and Procedures require contracts for all court rentals with outside entities. University policy provides the Athletic Director the authority to bind the University in athletic matters. The Athletic Director may delegate that power, but it must be in writing and on file with University Counsel. The two University Tennis Center employees that signed on all 15 contracts reviewed did not have the authority to sign contracts. Generally, for a contract to be valid and enforceable a contract needs to be signed by all parties. Five (5) of the 15 contracts reviewed the Tennis Center employees signed the contract on behalf of the outside entity, which poses risk from non-payment or injury. There was also an additional court rental transaction that did not have an accompanying contract with the reason cited being that the event was within a week, yet other contracts were executed with less lead time. The Tennis Center needs to establish formal delegation of authority if those signing will remain the signers or change the process so only those with the existing authority sign. Also, must obtain signatures from the outside entity for all contracts which could be accomplished with electronic signatures ensuring all contracts are executed prior to the event.

A number of services and discounts being provided by the Center that had not been approved through the University's Schedule of Fees, and there were also other rates being charged where the services were listed but the amount being charged did not agree with the Schedule. We reviewed the marketing materials published by the Tennis Center and noted more than a dozen exceptions. We also performed a review of actual transactions to confirm that charges assessed did consistently agree with the Schedule. Out of 172 transactions reviewed there were 128 exceptions, with 105 of the exceptions were due to the type of service charged, products sold or discount not being listed in the Schedule which included Pro-Shop products, stringing services, regular lessons, clinics and groups per session, hourly, daily and weekly rates, summer camp hourly and daily rate, semi-private lessons, substitution fees, non-member contracted league outdoor daily rate, special discount and junior member discount. There were 23 that reflected a fee assessment that was different from what was listed in the approved Schedule. Eight (8) where the charge was more than the approved fee ranging from \$3.00 - \$34.00 over the approved amount. Fifteen (15) transactions were less than the approved fee ranging from \$1.67 - \$51.00 less. The Tennis Center needs to coordinate with the Budget Office to review the Schedule, updating, adding and removing charges and discounts where appropriate to ensure all fees charged agree to the Schedule. Then the Tennis Center will

need to update their manual, membership brochure and other medium that contain fees and discounts.

Office of Finance Policies & Procedures require balancing funds to receipts and source documents. A review of ten (10) days' worth of revenues was performed and for all ten (10) days reviewed the revenue deposit form amount did not agree to the daily batch report from the Center's software program for at least one (1) category of revenue each day. Handwritten notes were observed to add some explanation as to the variances. Some examples included erroneous posting to the wrong payment type and duplicate postings. The Center had also started to accept a new type of transaction, but a new accounting group was not established in their software to accommodate the new revenue source. The Center should work on exploring the functionality of the software. This could lead to modifying access roles allowing for an employee to make the necessary adjustment when balancing at the end of the shift, or utilizing pre-batch reports which would allow for earlier identification of any needed adjustments. Assess the need to add new accounting groups. Document the process that should be followed when adjustments and variances are noted on the batch report. This should minimally include written documentation that is approved by the Director.

To determine compliance with Virginia public records act and University policy Audit requested the Center's records manual, inventory of records form (RM-20) and certificates of proper destruction (RM-3) for the previous three (3) fiscal years, but none of the requested information was available. Additionally, the Tennis Center does not have a designated records coordinator. The Center should appoint a designed records coordinator who would be responsible for attending required training, developing a department records manual, creating an inventory of records, retaining all business records in accordance with their applicable retention periods.

All units are expected to complete an annual assessment report documenting goals and objectives along with the progress made. While there is a report that is submitted by the Athletic division, the Tennis Center was not part of the report. The center's strategic plan was provided; however, the document was not up to date. Some of the items included in the plan related to percentage increases of memberships but the document was not dated, and it was not clear what years the specific goals pertained to. There was no evidence that an evaluation of percent increases was being performed. The Center should update the strategic plan document to include specific objectives and goals, minimally evaluating progress at least annually.

Both Web Time Entry approvers within the Center did not consistently approve their employee's timesheets requiring payroll to override the employee's entries. Both approvers had overrides in more than two (2) pay periods with a maximum of seven (7) pay periods with overrides out of the 24 pay periods reviewed.

The Center maintains an Emergency Action and Continuity Plan Handbook, that contains elements of an Emergency Action Plan, it needs to be finalized and requires Office of

Emergency Management approval. Once the plan has been approved it should be communicated to all Tennis Center personnel.

The office of Visa and Immigration Service Advising offers services for international students and scholars to include helping departments and colleges with hiring international teaching and research faculty. Current populations served include about 650 international students (on F and J visa types), 75 faculty on H1B visa type and 20 scholars on a J visa type (visiting researcher, professor or specialist). The office employs four (4) full time staff members.

The audit included reviewing key processes of the office including correctness of visa holder data in the key systems, visa application fees charged by the office, federal compliance as it relates to visa holders and specifically requirements for change of educational level, full course of study, hiring, hours worked, and annual reporting to the State department. The audit also included compliance with University expectations as it relates to health insurance requirements for select visa holder types, performance evaluations, emergency management, time entry approvals, records management, expenses and budget reconciliations. Based on all that was reviewed there were 4 formal audit issues to share.

There is one Banner account under the VISA office's control that has a budget of approximately \$375,000 for which no budget reconciliations were performed. The account was not overspent and all expenses that we reviewed were properly approved and appropriate for the function of the office. University policy states that monthly reconciliations are to be performed no later than 30 days after month end, include comparing system data with department records, and be certified by the preparer and the approver. The office needs to perform monthly reconciliations in accordance with Policy.

All new employees must verify their identity and legal authorization to work by completing the I-9 form within 3 business days of starting work for pay. For the majority of new non-immigrant hires during the Spring 2021 semester, compliance with the three-day rule could not be confirmed due to the inconsistent hire dates used among the key forms and systems. Thirty-three (33) of forty-seven (47) new non-immigrant employees had dates of hire that did not agree in the federal government's e-verify system and Banner, making it difficult to determine the actual hire date. Additional testing was performed on seven (7) of those and all had additional exceptions related to inconsistent dates when comparing the date used on the I-9 form and payroll forms. A desire to pay employees a stipend over a set period was an identified cause which led to the hire date inputted actually being the start date for payment rather than the start of work. The VISA office performs the verification process for visa holders and enters information in the I-9 system. There are several other departments involved in the hiring process, including payroll, who enters the information in the University's Banner system, the hiring department who works with Human Resources to set the terms of employment related to non-immigrants. VISA should update processes related to I-9 compliance to ensure coordination with all involved depts so that the actual date of hire is accurately and consistently recorded in all systems and forms.

Three (3) systems are used as it relates to key visa holder information. One is the federal SEVIS system, one is the University's Banner system and there is also an intermediary system that is used by the University to take Banner data and upload into the federal SEVIS system. Institutions that enroll non-immigrant students are required to track and monitor non-immigrants at their schools which involves keeping key information up to date in the federal SEVIS system. During interviews with VISA office personnel, it was conveyed that there is a time-consuming manual reconciliation process that is performed each semester for determining whether data in the three (3) systems is accurate. During the audit we were able to work with the VISA office to have an enhanced Banner report created and identify a SEVIS report that could make the process more efficient. Audit staff was also able to share excel functionality that would cut down on the time needed to perform the reconciliation. Overall, due to the lack of documentation retained, the effectiveness of the visa holder data reconciliation could not be determined. However, data validation deficiencies noted in other testing during the audit suggested that a more effective reconciliation process is needed. We observed that changes in visa type were not consistently getting updated in all systems timely. VISA should utilize newly identified reports and enhanced recon methods to match information in the three (3) systems and retain documentation to note any changes made.

International students on F-1 Visas according to the Code of Federal regulations are permitted to work 20 hours a week when school is in session. Full time work is allowed when school is not in session. Audit reviewed the Spring 2021 semester (5-month period) and found 23 instances of F-1 visa holders working in excess of 20 hours per week when school was in session. The overages ranged from less than an hour over to a little over six (6) hours in excess of the requirement. The VISA office should provide training to department that employ students that are governed by this restriction and utilize exception reports to identify departments that need additional training and oversight.

Ms. Skaggs then briefed the Committee on the Activity and Status of Open Audit Issues since November 2021. She noted that of the 56 open audit issues tracked this cycle, 11 are complete, 33 issues have corrective action in progress and 12 have corrective actions that are planned. Mr. Bradley noted that some have been in progress for four (4) years, how long can a project be in progress? Ms. Skaggs responded that it depends. If action is not taken over a reasonable amount of time, then the risk is essentially accepted. In some cases, the actions needed are extensive and take time to implement (i.e., adding volleyball as a sport). There is also a process to formally accept the risk and not take action that requires Presidential approval if the department, along with the respective Vice President, believes the effort needed to fix the issue identified does not justify level of risk

The Open Audit Projects include:

- Payroll Benefits
- Closeout Procedures for the Confucius Institute
- Banner Workflows

- University Libraries
- Athletic Business Office
- College of Sciences
- Desktop Management
- Housing and Residential Life
- Cybersecurity: Intrusion Detection and Incident Response
- Audit Outreach
- Special Projects and Other Activities

III. Closed Session – Mr. Corn made the motion for the Committee to reconvene in Closed Session at 10:46 a.m.: “Madam Chair, I move that this meeting be recessed in Closed Session for the purpose of discussing and evaluating the performance of discussing and evaluating the performance of specific departments of the University where that evaluation necessarily involves discussion of the performance of specific individuals, as permitted by the Code of Virginia, Section 2.2-3711 (A) (1). Ms. Smith seconded the motion, and it was unanimously approved by all members present and voting. (*Bradley, Corn, Harris, Smith*)

IV. Reconvene in Open Session – The Committee reconvened in Open Session with the FOIA Certification by the Chair: “*Any person who believes that the Committee discussed items, which were not specifically exempted by law or not included in the motion, must now state where they believe there was a departure from the law or a departure in the discussion of matters other than that stated in the motion convening in closed session.*

I shall now take a vote of the Committee. All those who agree that only lawfully exempted matters and specifically only the business matter stated in the motion convening the closed session were discussed in closed session say “aye”. All those who disagree say “nay”.” The motion was unanimously approved by all members present and voting. (*Bradley, Corn, Harris, Smith*)

The Chair thanked Ms. Skaggs for another outstanding job with her presentation and knowledge.

There being no further business, the meeting was adjourned at 10:54 a.m.