

DRAFT – SUBJECT TO COMMITTEE APPROVAL

**OLD DOMINION UNIVERSITY
BOARD OF VISITORS
Audit, Compliance, and Human Resources Committee**

September 12, 2024

MINUTES

The Audit, Compliance, and Human Resources Committee of the Board of Visitors of Old Dominion University met on Thursday, September 12, 2024, at 10:00 a.m. in the Board Room of the Kate and John Broderick Dining Commons. Present from the Committee were:

Robert S. Corn, Chair
Andrew Hodge (*ex-officio*)
P. Murry Pitts (*ex-officio*)
Stanley Goldfarb

Absent from the Committee: Ross A. Mugler, Vice Chair
Elza Mitchum
Claire Wulf Winiarek
Steve Hsiung (*Faculty Representative*)

Also present from the Board: Brian Campbell
Jerri Dickseski
Rudy Middleton
Bruce Thompson
Rick Wyatt

Also present were:

Brian O. Hemphill, President	Tom Odom
Ashleigh Boothe	Kimberly Osborne
Alonzo Brandon	Brian Payne
Ken Fridley	Chad Reed
Justynne Friend	Tina Russell
Annamarie Ginder	September Sanderlin
Nina Rodriguez Gonser	Ashley Schumaker
Etta Henry	Amanda Skaggs
Stephanie Jennelle	Fred Tugas
Amber Kennedy	Annemijn van der Bijl
Brandi Hephner LaBanc	Rob Wells
Donna Meeks	JaRenae Whitehead-Cooper

I. Call to Order – Chairman Robert S. Corn, called the meeting to order at 10:10 a.m.

II. **Approval of Minutes** – Upon a motion made by committee Chairman Corn and duly seconded, the minutes of the Audit, Compliance, and Human Resources Committee meeting held on June 13, 2024, as presented were approved by all members present and voting (*Corn, Pitts, Hodge, Goldfarb*).

III. **Report from the Auditor of Public Accounts Regarding the FY2023 Financial Statement Audit** – Ms. LaToya Jordan, Deputy Auditor for Human Capital and Operations shared the results from the Financial Statement Audit for the period covered July 1, 2022, through June 30, 2023, with the initial request in January 2024 and expected completion within the week. The audit objectives include ensuring financial statements are materially correct and prepared in accordance with generally accepted accounting principles. Ms. Jordan stated that they were able to obtain sufficient understanding of internal controls to plan and execute our audit procedures, and the results of that work will be reflected in their internal control report, which all members of the Board will receive, and that will be issued by the end of this month.

The presentation included five internal control findings and recommendations. Ms. Jordan shared that there were definitely improvements compared to last year. Management has been working with consultants and filling key positions to improve the financial reporting process. The Auditor of Public Accounts assessed the risk of fraud through collaborative brainstorming process and conducted interviews of employees throughout the University. No fraud or illegal acts were identified as a result of the audit. Dr. Goldfarb asked Ms. Jordan if the findings included anything from the medical school and she let the Board know that for the FY2023 and FY2024 audits they will be performed as separate entities and will work with their own external auditors. There will also be a separate audit team from the Auditor of Public Accounts that will handle the federal financial aid audit.

IV. **Report from the Associate VP for Compliance and Chief Audit Executive** – Ms. Amanda Skaggs, Chief Audit Executive, presented the Office of the University Audit and Compliance report. She started off her presentation welcoming the new Board members.

A. **2024 Global Internal Audit Standards** – Ms. Skaggs began with a review of the Global Internal Audit Standards, which were updated in 2024 to replace the 2017 standards and are required to be implemented by January 2025. The new standards are organized into domains covering the purpose of internal auditing, ethics, professionalism, governing the IA function, management of the IA function, and performing IA services.

The focus of this session was Domain III: Governing the Internal Audit (IA) Function, with a brief discussion on the essential conditions for IA effectiveness. The purpose of Internal Auditing is to strengthen the university’s ability to create, protect, and sustain value by providing the Board and management with independent, risk-based, and objective assurance, advice, insight, and foresight. An effective audit function enhances the Board’s oversight, helps senior management achieve objectives, and supports the university’s overall mission. The concepts reviewed to cover the Global Internal Audit

Standards is not new information but making the Board explicitly aware of the audit responsibilities and governance expectations.

Ms. Skaggs focused on governing the internal audit function by highlighting three key principles:

- Principle 6: The internal audit function must be authorized by the Board.
- Principle 7: The audit function must be positioned independently within the organization.
- Principle 8: The audit function must be overseen by the Board to ensure accountability and effectiveness.

In conclusion, a partnership among the Board, senior management and the CAE (Chief Audit Executive) is critical to achieving effective internal auditing.

B. University Audit Charter Board of Visitors Policy 1610 Proposed Revisions – Ms. Skaggs shared with the Board the proposed updates to Policy 1610 which covers the purpose of the University Audit Dept and is reflective of the new requirements of the Global Internal Audit Standards. Chairman Mr. Corn presented a motion to approve the revisions as submitted to the Board, Mr. Hodge moved to adopt the revisions, and Mr. Pitts seconded the motion. The motion passed by all members present and voting (Corn, Pitts, Hodge, Goldfarb).

C. Audit, Compliance, and Human Resources Committee Charter

- i. Discussion and Affirmation of Responsibilities for FY2024 – Responsibilities and prior year assessments were shared with the Board covering all responsibilities laid out in the Committee’s Charter. The committee met four times last FY and heard project updates along with current status of open audit issues and completed audit reports. The committee also received information on the newly created Compliance Department and information on the financial statements. In addition, the committee focused on key workforce initiatives and policy updates.
- ii. Proposed Revisions – Ms. Skaggs shared with the Board the proposed additions to conform with 2024 Global IA Standards. Chairman Mr. Corn presented a motion to approve the proposed committee charter edits as submitted to the Board, Mr. Hodge moved to adopt the revisions, and Mr. Pitts seconded the motion. The motion passed by all members present and voting (Corn, Pitts, Hodge, Goldfarb).

D. Annual Confirmation of Independence – One of the core principles of the Internal Audit (IA) profession is independence—being objective and free from undue influence. To

ensure this, the Chief Audit Executive (CAE) must annually confirm the organizational independence of the internal audit function to the Board. The dual reporting structure, with direct reporting to the audit committee and administrative reporting to the President, allows access to senior management and the Board, enabling audit to fulfill its responsibilities. Additionally, each auditor must assess and confirm their independence and objectivity for every assigned project, identifying any potential threats or explicitly declaring that there are no threats to their objectivity.

E. Presentation of Completed Audit Reports – Ms. Amanda Skaggs presented the completed audit reports to the Committee.

- i. Status of Open Audit Issues Since June 2024 – Ms. Skaggs reported that there were 23 open action items in the June report and 5 are now complete, 16 items are in progress, and 2 are planned and that the University Audit Department will actively track to completion. Ms. Skaggs reported that a key metric is to have 80% of corrective action plans fully closed within a year and a half of submission, addressing all audit risks and concerns. Of the 31 action items closed during FY24, 61% were closed within the 18-month timeframe, and 48% were closed within six months of their original due date. While timely closure of open items is ideal, it does not diminish the risk mitigation value of the actions taken, as partial closures can occur before final actions are completed for full closure.

F. Discussion of Open Audit Projects

- i. Enterprise Data Storage and Recovery – **Fieldwork**
 - a. The audit is evaluating data storage and backup methods, and recovery planning in effect over high value business-critical information.
- ii. College of Engineering and Technology – **Fieldwork**
 - a. Specific detailed tests covering the following are being performed:
 - i. Budget management to include expense review and gift accounts.
 - ii. Fixed assets
 - iii. Performance Evaluations
 - iv. IT Contract Controls
 - v. Faculty Certifications
 - vi. Chemical Lab Inventories
- iii. Provisioning of Affiliate Access -**Fieldwork**
 - a. The audit is determining whether processes in effect over affiliate information technology access assure compliance with internal IT standards.
- iv. Onboarding Processes (Classified and AP Faculty) - **Survey**
- v. Student Financial Aid - **Survey**
- vi. Office of the President FY2024 Expenditures - **Planning**

- vii. Police Department Fiscal Activities FY2024 - **Planning**
- viii. Special Projects and Other Activities – Two special projects include summer payments and select graduate fees along with investigations and updates to internal practices to fully conform with the new Global Internal Audit Standards.

During discussions of open audit projects Mr. Pitts inquired about open positions in the department that effect audit projects being completed timely. Ms. Skaggs shared with the committee that there is only one administrative position open currently. Mr. Middleton asked if the integration with EVMS helped their open positions and Ms. Skaggs said that they were able to fill the positions on their own, and that EVMS provided 2 additional positions that are now part of the University Audit Department. President Hemphill briefly discussed the University Audit Department’s work concerning the National Science Foundation (NSF) issue, outlining plans to address the findings and improve our position for the next review.

- V. **Closed Session** – Chairman Corn motioned to convene in closed session. Mr. Hodge moved that this meeting be recessed to discuss the performance of specific departments where such evaluation will necessarily involve discussion of the performance of specific individuals as permitted by the Code of Virginia section 2.2-3711(A), subsection (1). The motion was seconded by Mr. Pitts and approved by all members present and voting (*Corn, Pitts, Hodge, Goldfarb*).

In addition to the Committee members in attendance, the following individuals were in attendance during the closed session: President Hemphill, Amanda Skaggs, Annamarie Ginder, E.G. “Rudy” Middleton, Bruce Thompson, Jerry Dickeski, Rick Wyatt and Brian Campbell.

- VI. **Reconvene in Open Session and FOIA Certification** – At the conclusion of Closed Session, Chairman Corn reconvened the meeting and the following Freedom of Information Act Certification was read: “Any person who believes that the Board 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 the closed session. I shall now take a roll call vote of the Board. All those who agree that only lawfully exempted matters and specifically only the business matters stated in the motion convening the closed session were discussed in closed session say “aye.” All those who disagree say “nay.” The certification was approved by roll call vote (*Ayes: Corn, Pitts, Hodge, Goldfarb; Nays: None*)

- VII. **Report from the Vice President for Human Resources, Diversity, Equity, and Inclusion** – Vice President for Human Resources, Diversity, Equity and Inclusion September Sanderlin presented the report.

- A. Division of HR and OIED Administration-- VP Sanderlin welcomed new Board members and shared the orientation she would have presented at the BOV new member orientation on July 26. She outlined the vision and mission of the division. The mission emphasizes dynamic, forward-thinking values and future opportunities that advance the success of the university. Key focal points include compliance, ADA, employee experience, the Monarch Taskforce for Inclusive Excellence, and support for both AP and Classified Senates, fostering a compliant and thriving culture for faculty and staff. Ms. Sanderlin discussed the importance of focusing on people, culture, and climate, and highlighted the ongoing campus compensation study, thanking President Hemphill for his leadership and support. The Classified Staff Senate is being created to provide staff with a platform for voicing concerns, an initiative recognized early on by President Hemphill. Additionally, the division was awarded a grant for the "Big Read" program, focusing on the book *Sitting Pretty: The View from My Ordinary Resilient Disabled Body*. The Division organizational structure and budget were shared, along with upcoming challenges and opportunities related to post-integration efforts and change management. Ms. Sanderlin highlighted the complexity of managing competing expectations, where decisions often lead to difficult choices, and stressed the importance of identifying the best path forward. Mr. Pitts inquired about the Classified Staff Senate, recognizing its role in giving staff a formal platform to express concerns.
- B. CAPTRUST Overview – VP Sanderlin shared a presentation on CAPTRUST, a fiduciary advisor, with which ODU has been with since 2018. CAPTRUST serves more than 800 high ed retirement plans, representing over \$200 billion in assets. An advantage of working with CAPTRUST is an independent, objective, retirement plan advisor and do not sell anything. They are also used by institutions like UVA, CNU, VA Tech and William & Mary. CAPTRUST advises the university's investment committee, specifically evaluating the 403(b) and 401(a) plans. The 401(a) plan includes a cash match where the university matches up to \$20 for every \$40 an employee contributes per paycheck. CAPTRUST provides training to committee members and oversees TIAA and Fidelity, the university's retirement record keepers. They ensure investments are best in class and shared Q2 2024 statistics: TIAA has 321 active participants, while Fidelity has 489. The average account balance for TIAA is \$197K, and for Fidelity, it's \$80K. CAPTRUST regularly works with the investment committee to select and monitor investment options, tracking each fund daily and reviewing them quarterly. An investment review score of 80 is considered good, and the university's funds score 93, maintaining this high rating over time. CAPTRUST also provides the "CAPTRUST at Work" service, which has produced 75 retirement blueprints for participants, among other added services. Mr. Pitts questioned the difference in CAPTRUST support with a full time or part time employee and they can both participate with the plan but part time would not have the cash match in the 401a. Ms. Dickeski inquired about matching contribution levels, and it was clarified that the match is 50% of the employee's contribution, meaning a \$30 contribution would receive a \$15 match and \$20 is the max match.
- C. Administrative and Professional Faculty Appointments – VP Sanderlin shared with the Committee that there were 39 Administrative and Professional Faculty appointments.

The appointments will be reviewed for approval at the full Board meeting on Friday, September 13, 2024.

VIII. **Adjournment** - There being no further business, the meeting adjourned at 11:26 a.m.