

## MEMORANDUM

TO: Board of Visitors Audit Committee

Ross Mugler, Chair  
Frank Reidy, Vice Chair  
Carlton F. Bennett (*ex-officio*)  
Lisa B. Smith (*ex-officio*)  
R. Bruce Bradley  
Donna L. Scassera  
Robert M. Tata '86

FROM: Gregory E. DuBois  
Vice President for Administration and Finance

DATE: November 27, 2017

SUBJECT: Meeting of the Committee, December 7, 2017

The Board of Visitors Audit Committee will meet on Thursday, December 7, 2017 from 8:00 to 9:00 a.m., in Committee Room A (Room 2203) of Broderick Dining Commons. The agenda for the meeting is noted below.

### AGENDA

- I. Approval of Minutes – The Committee will consider a motion to approve the minutes of the Audit Committee meeting held on Thursday, September 21, 2017.
- II. Report from the Internal Audit Director – Amanda Skaggs, Internal Audit Director
  - A. Completed Audit Reports (Summaries Enclosed)
    1. Office of the President FY2017 Annual Audit
    2. Accounts Receivable Cashiering, Student Billing & Touchnet
    3. Banner Document Management System
    4. Open Audit Issues from Audits Completed Prior to October 1, 2017

B. Ongoing Audit Projects

1. Research Center for Bioelectrics
2. General Accounting
3. Institutional Equity and Diversity
4. College of Education
5. NCAA Compliance
6. Procurement Services
7. Card Center Information Technology
8. Special Projects/ Consultant Engagements

C. Fraud, Waste & Abuse Investigations (Closed Session)

**OLD DOMINION UNIVERSITY INTERNAL AUDIT DEPARTMENT**  
**Audit of the Office of the President FY 2017**

**AUDIT SUMMARY**

<p><b>Department Contacts:</b>                  Cheryl Davis, Executive Secretary to the President                  Velvet Grant, Assistant to the President</p> <p><b>Responsible Executive:</b>                  John R. Broderick, President</p>	<p><b>Auditor:</b>                  Nina Lopez, Senior Auditor</p> <p><b>Audit Report Date:</b> 11/8/2017</p>
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**Background**

This audit was performed as part of the University's annual audit plan approved by the Board of Visitors. An annual audit is performed of the Office of the President's expenditures to include expenditures for special events held in connection with the Office.

**Scope and Objectives**

This audit consisted of reviewing expenditures made in fiscal year 2017 for the following budget codes within the Office of the President: 1PR00, 6PR02, 6PR08, and 6PR62. The categories of expenditures reviewed included travel, memberships, entertainment in connection with University functions hosted by the President, printing services, office supplies, gasoline charges, cable charges, expenditures from the petty cash fund and use of the department's small purchase charge card.

- Transactions from the aforementioned budget codes were tested on a sample basis to determine whether:
- Expenditures were made in compliance with all applicable state and University policies and procedures;
  - Expenditures were reasonable and appropriate to the function of the President' Office; and
  - Expenditures were properly recorded and documented.

Transactional testing was performed and follow-up with the Office of the President's staff was conducted, as necessary.

Overall Risk Exposure <sup>1</sup>	Audit Conclusion: System of Internal Controls
<input checked="" type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High	<input type="checkbox"/> Strong <input checked="" type="checkbox"/> Adequate <input type="checkbox"/> Need for Improvement

<sup>1</sup> Risk exposure is based on the inherent risk of the audited area and not the results of the audit.

**Audit Issues**

Category	Issue	Planned Corrective Action
Documentation	Small Purchase Charge Card (SPCC) reconciliations were not consistently completed.	Both cardholders reviewed the Purchasing Card Policy and Procedures manual. One cardholder also completed an online review and consulted with the University's PCard administrator. It was confirmed that neither the online training nor the Purchasing Card Policy and Procedures manual state that hard copy signatures are required when no purchases are made; however, this is now understood by the cardholder. Management strongly recommends that the PCard manual and online training be revised to include this requirement.

**OLD DOMINION UNIVERSITY INTERNAL AUDIT DEPARTMENT**  
**Audit of Accounts Receivable: Cashiering & Student Billing & Touchnet FY 2017**

**AUDIT SUMMARY**

<p><b>Department Heads:</b>                  Deborah Swiecinski, Associate Vice President for Financial Services                  Mary Deneen, Assistant Vice President for Finance/University Controller                  Delores White, Director of Student Account Services</p> <p><b>Responsible Vice President:</b>                  Gregory DuBois, Vice President for Administration &amp; Finance</p>	<p><b>Auditors:</b>                  Lauren Eady, Senior Auditor                  Glenn Wilson, IT Audit Manager</p> <p><b>Audit Report Date:</b> 11/13/2017</p>
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Background
<p>Old Dominion University's Accounts Receivable department is organized under the Office of Finance. It is responsible for billing, collecting, posting and depositing revenues and receivables, as well as providing both internal and external reporting. The department primarily serves students, alumni, businesses, state/federal agencies, and University colleges and departments. Touchnet is a contracted software as a service suite of information technology products that provides the University with e-commerce services for student billing, to include online credit card and debit card payments and web enabled storefronts. The total billings processed for fiscal year 2017 were \$892,584,220.56.</p>

Scope and Objectives
<p>The objectives of the audit were to: (1) assess the operational effectiveness and efficiency of the department's methods and procedures; (2) determine the extent of adherence to policies, plans, and procedures and to verify compliance with applicable state and federal laws, regulations and standards; (3) determine that risks are appropriately removed or satisfactorily mitigated through a systematic process of controls, self-assessment, training, change management, and effective use of technology; (4) assess general operation and security controls in effect over the Banner and Touchnet systems in relation to their support for Accounts Receivable functions.</p> <p>The audit included reviewing billing, payments and refunds associated with student billing, fees, penalties and third party payments. All forms of payments were considered; cash, checks and electronic payments. The audit also included various functions for which Account Receivable is responsible such as management of account holds and student installment plans. Administrative and business processing controls in effect over the information technology systems of Banner Account Receivable and Touchnet e-commerce suite were evaluated in detail.</p>

Overall Risk Exposure <sup>1</sup>	Audit Conclusion: System of Internal Controls
<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input checked="" type="checkbox"/> High	Operational/Finance <input checked="" type="checkbox"/> Strong <input type="checkbox"/> Adequate <input type="checkbox"/> Need for Improvement Information Technology <input type="checkbox"/> Strong <input checked="" type="checkbox"/> Adequate <input type="checkbox"/> Need for Improvement

<sup>1</sup> Risk exposure is based on the inherent risk of the audited area and not the results or conclusions of the audit.

Issue	Planned Corrective Action
<p>Needed improvements to Touchnet user account management controls in effect over preserving separation of duties, adherence to the principle of least privilege, authorization and revocation procedures and documentation supporting user access.</p>	<p>Access has been removed for the user with a separation of duties concern. ITS will review the identified roles assigned to user as it relates to least privilege. ITS will review the current process of account provisioning and develop an account request for Touchnet access along with document retention procedures. ITS will also be responsible for terminating Touchnet accounts when an employee has separated from the University and will periodically audit accounts.</p>
<p>Needed improvements to Touchnet e-commerce controls in effect over sales tax collection, recording credit card refunds and documentation supporting approval of uStore and uPay sites.</p>	<p>Management agrees to review e-commerce procedure 4-531 and revise where appropriate. Management agrees to review current processes and make the necessary changes to include retention of documents supporting Office of Finance approvals of e-commerce site merchant setup, user access and roles, and store development where applicable. The Merchant Request Form has been updated.</p>
<p>Non-compliance with the Visa Core Rules limited to the student account refund process.</p>	<p>Management disagreed but obtained written statements from University Counsel, Touchnet and Bank of America Merchant Services and conducted an exposure analysis which in our opinion sufficiently mitigates the risk.</p>

**OLD DOMINION UNIVERSITY INTERNAL AUDIT DEPARTMENT  
Banner Document Management (BDM) System FY 2017**

**Audit Summary**

<p><b>System Owner:</b> David Kozoyed, Director of Information Technology Solutions</p> <p><b>Department Head:</b> Rusty Waterfield, Associate Vice President for University Services &amp; Chief Information Officer</p> <p><b>Responsible Vice President:</b> Gregory DuBois, Vice President for Administration &amp; Finance</p>	<p><b>Auditor:</b> Glenn Wilson, IT Audit Manager</p> <p><b>Audit Report Date:</b> 11/27/2017</p>
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**Background**

The Banner Document Management System is a repository of electronic documents that support numerous University business processes associated with key areas including Human Resources, Finance, Registrar and Student Engagement and Enrollment. Most documents are created from scans of paper documents, which may then be destroyed. Documents already in electronic form may also be uploaded. The system supports automated data entry and workflows. Any file type can potentially be stored, managed, and governed, including standard documents, images, voice, video, drawings, and other unstructured content.

**Scope and Objectives**

The audit was conducted to provide management with an independent assessment of the effectiveness of the design and operation of administrative and technical controls in effect over the Banner Document Management System. The objectives were to determine whether the system is (a) appropriately controlled to ensure that documents/data are accurately recorded, integrity is maintained, access is authorized, appropriate, and secured; (b) managed in accordance with applicable standards and regulatory compliance with regard to the nature and sensitivity of the underlying information.

**Overall Risk Exposure<sup>1</sup>**

Low     Moderate     **High**

**Audit Conclusion: System of Internal Controls**

Strong     **Adequate**     Need for Improvement

<sup>1</sup> Risk exposure is based on the inherent risk of the audited area and not the results or conclusions of the audit.

**Audit Findings**

Category	Issue	Planned Corrective Action
IT Control	The controls in effect over BDM account management do not ensure that all privileged accounts are associated with active ODU employees whose job role requires the access granted. Exceptions were noted that do not conform to internal account management standards.	(1) A report will be run for latent access in BDM and rights will be removed from identified accounts. Accounts will be retained for audit and reporting purposes; (2) Account Management procedures will be modified to include removal of BDM permissions upon termination and transfer when communicated to ITS; (3) A MIDAS connector will be built to remove permissions while retaining the accounts for terminated and transfers that are communicated to ITS. This will replace manual account management procedures; (4) A quarterly report will be generated to add a layer of management review of BDM accounts. Expected completed is by Jan. 2018.
Policy & Procedures	Testing of document quality, indexing and retention indicated the need for internal document imaging standards to support department level BDM procedures and document management methods.	Information Technology Services is in the process of implementing a document imaging standard that will address quality, indexing and retention. The expected date of implementation is by Jan. 2018.

## OLD DOMINION UNIVERSITY INTERNAL AUDIT DEPARTMENT

### Open Audit Issues from Audits Completed Prior to October 1, 2017

The Internal Audit Department follows up with management as to the status of previously recommended corrective actions related to issues identified in previous audit reports. In accordance with the Statement of Policies of the Internal Audit Department, which was approved by the Board of Visitors, the Internal Audit Director is responsible for ensuring that individual departments have taken appropriate actions to correct internal control weaknesses, which were reported at the conclusion of the internal audit.

For purposes of the follow-up, interviews with appropriate departmental personnel were conducted to obtain updates on the corrective actions outlined by management responses to the original audit report. In order to confirm corrective action, examination of documentation and appropriate audit testing was also conducted. Actions taken by management were rated for the degree to which they address the audit point and affect correction, as noted in the following table:

Status Rating	Criteria
Complete	Actions taken completely address the concerns cited in the audit point and recommendations made or were rectified to the extent reasonably possible.
In Progress	Corrective action is actively taking place; some aspects may be complete; however additional steps need to be completed to rectify all of the main concerns of the original issue.
Planned	An action plan has been decided upon, but has not yet commenced or only minimally begun.
Unsatisfactory	Corrective action not started; Actions taken do not effectively address the concerns of the audit point, compensatory controls are weak or absent, and residual risk is significant.
Risk Accepted	No or limited actions taken. Management has accepted the residual risk.

Eighteen audit issues were closed through management's actions since 11/30/16. There are 25 issues remaining in need of action(s) for closure as summarized below.

Audit Title	Report Date	Issues Closed Since 11/30/16	Issues Remaining as of 11/16/17
International Student and Scholar Services	5/17/12	0	1
Foundation Relationships/Transactions	5/24/13	0	1
Housing and Residence Life	12/03/14	2	0
Monarch Physical Therapy	5/29/15	0	2
Office of Admissions	4/28/15	2	0
Athletic Sports Camps and Tennis Center	6/30/15	1	0
FY2015 Banner Key Controls	9/23/15	0	1
Revenue Contracts	10/30/15	1	1
Campus Network	1/25/16	0	1
Sensitive Data IT Compliance	3/25/16	1	1
Virginia Modeling and Simulation Center (VMASC)	3/07/16	0	1
Strategic Communication and Marketing	5/06/16	1	1
NCAA Compliance: Recruitment, Title IX, and Academic Advising	8/22/16	0	1
Third Party Hosted Systems	9/19/16	2	3
Distance Learning	11/23/16	1	4
Accounts Payable Vendor Payments	12/13/16	3	0
Cognos/Insight (Operational Data Store)	3/03/17	1	2*
SoBran Facility Operations	4/06/17	0	1
College of Engineering and Technology	3/08/17	0	2
Facilities Management	8/01/17	3	2

\* 1 action not yet due

### Audit Action Plan Status by Report Date

Area	Audit Title	Audit Finding	Category	Report Date	Original Due Date	Status
Academic Affairs	International Student and Scholar Services	Improve Essential Processes	Process	5/17/12	9/15/12	In Progress
Admin & Finance	Foundation Relationships/Transactions	Updated or Formal Written Agreements with ODURF	Legal	5/24/13	Open	In Progress
SEES	Housing and Residence Life	Reconciliation Processes	Financial	12/03/14	1/01/15	Complete
		Residential Community Access Review	Security	12/03/14	12/23/14	Complete
Academic Affairs	Monarch Physical Therapy	Need to Enhance Budget Monitoring and Analysis Activities	Financial	5/29/15	6/30/15	In Progress
		Implement Additional Financial Controls	Financial	5/29/15	6/30/15	In Progress
SEES	Office of Admissions	Improve Budget Management and Reconciliation Efforts	Financial	4/28/15	10/31/15	Complete
		Need to Improve Monitoring Functions and Documentation Efforts	Process	4/28/15	9/30/15	Complete
Athletics	Athletic Sports Camps and Tennis Center	Improve Inventory Efforts for Tennis Center Pro Shop	Inventory Control	6/30/15	7/31/15	Complete
Admin & Finance	FY2015 Banner Key Controls	Audit of Access Roles	Info. Tech.	9/23/15	Fall 2018	In Progress
Admin & Finance	Revenue Contracts	Procurement Services Need to Enhance Controls over Revenue Contract Administration	Financial	10/30/15	12/31/15	Complete
		Auxiliary Services Need to Improve Monitoring of Revenue Contracts	Financial	10/30/15	8/31/16	In Progress
Admin & Finance	Campus Network	Internal Device Vulnerability Management	Info. Tech.	1/25/16	12/2016	In Progress
Admin & Finance	Sensitive Data IT Compliance	Sensitive System Risk Assessment Participation and Completion	Info. Tech.	3/25/16	5/31/17	Complete
		Hosted Systems Contractual Compliance Requirements	Info. Tech.	3/25/16	3/31/17	In Progress
Research	Virginia Modeling and Simulation Center (VMASC)	Need to Enhance Reconciliation Controls and Documentation	Financial	3/07/16	7/31/16	In Progress
Strategic Communication and Marketing	Strategic Communication and Marketing	Account Management of the University's Alert System	Info. Tech.	5/06/16	9/1/2016	Complete
		Access Controls for the Web Content Management System	Info. Tech.	5/06/16	9/30/16	In Progress
Athletics	NCAA Compliance: Recruitment, Title IX, and Academic Advising	Enhance Compliance Efforts for Title IX & Academic Advising	Compliance	8/22/16	09/30/17	In Progress

Admin & Finance	Third Party Hosted Systems	Hobsons System Related Issues	Info. Tech.	9/19/16	7/30/17	In Progress
Human Resources	Third Party Hosted Systems	PAPERS System Related Issues	Info. Tech.	9/19/16	8/01/17	In Progress
SEES	Third Party Hosted Systems	StarRez System Related Issues	Info. Tech.	9/19/16	6/30/17	Complete
Academic Affairs	Third Party Hosted Systems	WEAVEOnline System Related Issues	Info. Tech.	9/19/16	12/21/16	Complete
Academic Affairs	Third Party Hosted Systems	WebPT and Kareo System Related Issues	Info. Tech.	9/19/16	11/30/16	In Progress
Academic Affairs	Distance Learning	Need to Adhere to Asset Policies and Procedures	Asset Control	11/23/16	6/30/17	In Progress
		Distance Learning Fee Schedule Does Not Align With University Tuition and Fee Schedule	Financial	11/23/16	11/30/16	In Progress
		Consistently Perform Partner Location Petty Cash Reconciliations	Financial	11/23/16	11/14/16	Complete
		Web Accessibility Compliance	Compliance	11/23/16	1/01/17	In Progress
		IT Governance and Risk Management	Info. Tech.	11/23/16	6/30/17	Planned
Admin & Finance	Accounts Payable Vendor Payments	Prompt Payment Reporting Requirements	Compliance	12/13/16	12/15/16	Complete
		Debt Setoff Process Issue	Compliance	12/13/16	11/15/16	Complete
		Segregation of Duties	Process	12/13/16	11/26/16	Complete
Admin & Finance	Cognos/Insight (Operational Data Store)	Data Transmission Vulnerabilities	Info. Tech.	3/03/17	6/30/17	Complete
		Electronic Access Controls	Info. Tech.	3/03/17	6/30/17	In Progress
		Account Management and Data Access Procedures	Info. Tech.	3/03/17	1/31/18	Planned
Research	SoBran Facility Operations	Delineation of Responsibilities	Process	4/06/17	7/01/17	In Progress
Academic Affairs	College of Engineering and Technology	Lack of Financial Controls and Transaction Documentation	Financial	3/08/17	10/01/17	In Progress
		College Managed Room Access	Security	3/08/17	10/01/17	Planned
Admin & Finance	Facilities Management	Issues with Small Purchase Charge Card Usage and Reconciliation	Financial	8/01/17	6/30/17	In Progress
		Key Collection Process is Insufficient	Security	8/01/17	9/30/17	In Progress
		Gas Card Interdepartmental Transfer (IDT's) Requests are not Processed in a Timely Manner	Process	8/01/17	9/30/17	Complete
		Some Labor Rates in Maintenance Direct Do Not Match University Tuition and Fee Schedule	Financial	8/01/17	7/15/17	Complete
		Monitoring of Fuel Pumps Needs to be Improved	Process	8/01/17	6/30/17	Complete