

MEMORANDUM

TO: Board of Visitors Audit Committee

Ross Mugler, Chair
R. Bruce Bradley, Vice Chair
Lisa B. Smith (*ex-officio*)
Kay A. Kemper (*ex-officio*)
Carlton F. Bennett
Jerri F. Dickseski
Donna L. Scassera
Robert M. Tata

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

DATE: November 16, 2018

SUBJECT: Meeting of the Committee, December 6, 2018

The Board of Visitors Audit Committee will meet on Thursday, December 6, 2018 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 20, 2018.
- II. Report from the Chief Audit Executive
 - A. Active Audit Projects
 1. Office of the University Registrar
 2. Department of Human Resources
 3. College of Health Sciences
 4. Transportation and Parking Services

5. Confucius Institute (Agreed Upon Procedures 2016 and 2017)
6. Payment Card Industry (PCI) Compliance
7. Institutional Scholarships
8. Active Directory
9. Special Projects / Other Engagements

B. Presentation of Completed Audit Reports (Enclosed)

1. Office of the President FY2018 Annual Audit
2. Card Center Information Technology

C. Open Audit Issues Update

III. Report from the Vice President for Administration and Finance

- A. Red Flag Report
- B. University Compliance

**UNIVERSITY AUDIT DEPARTMENT OF OLD DOMINION UNIVERSITY
Audit of the Office of the President FY 2018**

AUDIT SUMMARY

Department Contact: Cheryl Davis, Executive Secretary to the President	Auditor: Natalie MacCall, Senior Auditor
Responsible Executive: John R. Broderick, President	Audit Report Date: 11/14/2018

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 2018 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, gasoline charges, cable charges, 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 Exposure¹	Audit Conclusion: System of Internal Controls
<input checked="" type="checkbox"/> Low <input type="checkbox"/> Moderate <input type="checkbox"/> High	<input checked="" type="checkbox"/> Strong <input type="checkbox"/> Adequate <input type="checkbox"/> Need for Improvement

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

Summary of Results

Overall, expenditures made from the President’s University accounts were reasonable and appropriate. We verbally recommended to department management some changes that would enhance controls and operational effectiveness. We appreciate the cooperation and assistance of the staff within the Office of the President throughout the audit process.

UNIVERSITY AUDIT DEPARTMENT OF OLD DOMINION UNIVERSITY
Audit of Card Center Information Technology FY 2018

AUDIT SUMMARY

Department Head: Todd Johnson, Asst. Vice President Auxiliary Services Responsible Vice President: Greg DuBois, VP for Administration and Finance	Auditor: Glenn Wilson, IT Audit Manager Audit Report Date: 11/14/2018
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Background

This audit was scheduled as part of the FY 2018 BOV approved audit plan. To conduct its primary business functions including the sale and administration of University ID cards, meals plans and Monarch Plus stored value credits, the Card Center relies on information technology; most notably the CS Gold System. This system is jointly managed and operated with Information Technology Services who is the system owner and also manages the other CS Gold functions of controlling door access and silent alarm buttons.

Scope and Objectives

The audit scope included controls over access (electronic and logical), data management, provisions for disaster recovery and business continuity, system configuration, change management, and relevant business process administrative controls. The primary objectives were to determine whether information technology applications and systems owned, operated or contracted by the University Card Center meet applicable standards and regulations. The audit covered transactions for FY 2016, 2017 and 2018 to present and IT controls implemented prior to 12/2017.

Overall Risk Exposure¹	Audit Conclusion: System of Internal Controls
<input type="checkbox"/> Low <input type="checkbox"/> Moderate <input checked="" type="checkbox"/> High	<input type="checkbox"/> Strong <input checked="" type="checkbox"/> Adequate <input type="checkbox"/> Need for Improvement

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

Audit Issues

Category	Issue	Planned Corrective Action
Internal Control	The Workstation Stored Value (SVC) Transaction Report does not capture SVC transactions from all workstation locations that have the capability to post SVC transactions. The report is relied upon as a primary financial control.	Modify report to include all existing workstations and future workstations. Stated to be corrected as of 10/30/2018, to capture all workstations.
Information Technology	There are instances of user permissions that do not meet the internal account management standard for granting the least privileges necessary for a user to perform their job duties and responsibilities.	Review accounts and modify as needed to address the concerns. The review and modifications are in progress.
Compliance	Virginia sales tax and meal tax are not appropriately applied to Faculty/Staff meal plan and Faculty/Staff flex point sales.	Flex points were eliminated on 8/21/2018. Faculty and staff were notified on 8/31/2018 that their meal plans would be taxed. Aramark will remit the tax, and a report will be provided to Auxiliary Services.
Compliance	There are social security numbers stored in CS Gold as primary identifiers for patron accounts. Their use for this purpose is not compliant with Virginia Code.	Remove all social security numbers. Stated to have been completed.
Operational	Duress buttons located throughout the campus that interface to CS Gold are not periodically tested for operational integrity.	Create a test plan and conduct testing accordingly.
Compliance	Data retention schedules for CS Gold system data have not been identified and implemented. This does not comply with Library of Virginia requirements.	Auxiliary Services will hold meetings with the Records Manager to define the rules for each data set, implement a data retention schedule and then work with ITS to create a process for purging.



OLD DOMINION UNIVERSITY

Activity and Status of Audit Issues since June 2018

University Audit Department
November 21, 2018

Activity and Status of Audit Issues Since June 2018

The University 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 University Audit Department, which was approved by the Board of Visitors, the Chief Audit Executive is responsible for ensuring that individual departments have taken appropriate actions to correct internal control weaknesses, which were reported at the conclusion of the audit engagement.

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. The following scale was used to rate management's actions for the degree to which they address the audit point and affect correction.

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.

Summary of Activity

There were fifty open audit issues in the June 2018 status report, of which 26 are now complete. Since June 2018 there have been 18 new issues reported of which 9 are now complete. The University Audit Department is actively tracking the remaining 33 open action items. The status of new and previously reported issues are presented by engagement title, executive area and report date in the tables that follow.

Activity and Status of Audit Issues Since June 2018

Issue Status by Engagement

Engagement Title	Report Date	# of Issues Closed Since 6/01/18	# of Issues Remaining as of 11/20/18
International Student and Scholar Services	5/17/12	1	0
Foundation Relationships/Transactions	5/24/13	1	0
Monarch Physical Therapy	5/29/15	2	0
FY2015 Banner Key Controls	9/23/15	1	0
Virginia Modeling and Simulation Center (VMASC)	3/07/16	1	0
NCAA Compliance: Recruitment, Title IX, Academic Advising	8/22/16	0	1
Third Party Hosted Systems	9/19/16	1	2
Distance Learning	11/23/16	0	3
College of Engineering and Technology	3/08/17	1	1
Confucius Institute - 2015	4/15/17	1	2
Facilities Management	8/01/17	0	1
Communications and Theatre Arts	10/04/17	5	0
Accounts Receivable	11/13/17	1	0
Banner Document Management System	11/27/17	0	1
Dental Hygiene Care Facility	3/21/18	4	4
Institutional Equity and Diversity	3/22/18	5	3
Research Center for Bioelectrics	3/30/18	1	4
NCAA Compliance-Eligibility	4/16/18	1	2*
College of Education	5/31/18	5	7
Procurement Services	9/6/18	1	1*
General Accounting	9/10/18	3	1*

* Actions not yet due.

Activity and Status of Audit Issues Since June 2018

Summary Status by Executive Area

Audit Engagement Title	Report Date	# of Issues Closed since 6/01/2018	# of Issues Open as of 11/20/2018
Academic Affairs			
International Student and Scholar Services	5/17/12	1	0
Monarch Physical Therapy	5/29/15	2	0
Third Party Hosted Systems	9/19/16	0	1
Distance Learning	11/23/16	0	3
College of Engineering and Technology	3/08/17	1	1
Confucius Institute	4/15/17	1	2
Communication and Theatre Arts	10/04/17	5	0
Dental Hygiene Care Facility	3/21/18	4	4
College of Education	5/31/18	5	7
Administration and Finance			
Foundation Relationships/Transactions	5/24/13	1	0
FY2015 Banner Key Controls	9/23/15	1	0
Third Party Hosted Systems	9/19/16	0	1
Facilities Management	8/01/17	0	1
Accounts Receivable	11/13/17	1	0
Banner Document Management System	11/27/17	0	1
Procurement Services	09/06/18	1	1*
General Accounting	09/10/18	3	1*
Office of the President			
Institutional Equity and Diversity	3/22/18	5	3
Athletics			
NCAA Compliance: Recruitment, Title IX, and Academic Advising	8/22/16	0	1
NCAA Eligibility	4/16/18	1	2*
Human Resources			
Third Party Hosted Systems	9/19/16	1	0
Research			
Virginia Modeling and Simulation Center	3/07/16	1	0
Research Center for Bioelectrics	3/30/18	1	4

* Actions not yet due.

Activity and Status of Audit Issues Since June 2018

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	Complete
Administration and Finance	Foundation Relationships/Transactions	Updated or Formal Written Agreements with ODURF	Legal	5/24/13	None	Complete
Academic Affairs	Monarch Physical Therapy	Need to Enhance Budget Monitoring and Analysis Activities	Financial	5/29/15	6/30/15	Complete
		Implement Additional Financial Controls	Financial	5/29/15	6/30/15	Complete
Administration and Finance	FY2015 Banner Key Controls	Audit of Access Roles	Info. Tech.	9/23/15	Fall 2018	Complete
Research	Virginia Modeling and Simulation Center (VMASC)	Need to Enhance Reconciliation Controls and Documentation	Financial	3/07/16	7/31/16	Complete
Athletics	NCAA Compliance: Recruitment, Title IX, and Academic Advising	Enhance Compliance Efforts for Title IX & Academic Advising	Compliance	8/22/16	9/30/17	In Progress
Administration and 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	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
		Web Accessibility Compliance	Compliance	11/23/16	1/31/17	In Progress
		IT Governance and Risk Management	Info. Tech.	11/23/16	6/01/17	In Progress
Academic Affairs	College of Engineering and Technology	Lack of Financial Controls and Transaction Documentation	Financial	3/08/17	10/01/17	Complete
		College Managed Room Access	Security	3/08/17	10/01/17	In Progress
Academic Affairs	Confucius Institute	Reconciliation	Financial	4/15/17	3/31/18	Complete
		Financial Matters	Financial	4/15/17	3/31/18	In Progress
		Agreement	Financial	4/15/17	3/31/18	In Progress
Administration and Finance	Facilities Management	Key Collection Process is Insufficient	Security	8/01/17	9/30/17	In Progress
Academic Affairs	Communications and Theatre Arts	Budget Reconciliations	Financial	10/04/17	2/01/18	Complete
		General Expenses	Financial	10/04/17	12/01/17	Complete

Activity and Status of Audit Issues Since June 2018

Area	Audit Title	Audit Finding	Category	Report Date	Original Due Date	Status
		Small Purchase Charge Card	Financial	10/04/17	10/15/17	Complete
		Travel	Financial	10/04/17	10/15/17	Complete
		Asset Tracking	Compliance	10/04/17	12/11/17	Complete
Administration and Finance	Accounts Receivable: Cashiering, Student Billing, and Touchnet	Touchnet User Account Management Controls	Info Tech	11/13/17	3/01/18	Complete
Administration and Finance	Banner Document Management	Document Imaging Standards	Info Tech	11/27/17	1/31/18	In Progress
Academic Affairs	Dental Hygiene Care Facility	Fee Schedule	Compliance	3/21/18	3/09/18	In Progress
		Revenues	Financial	3/21/18	3/30/18	In Progress
		Voucher Payments	Financial	3/21/18	3/12/18	Complete
		Billing and Account Write-Offs	Financial	3/21/18	3/12/18	In Progress
		Receiving and Transmitting Funds	Financial	3/21/18	2/28/18	Complete
		Daily Deposits	Financial	3/21/18	3/12/18	Complete
		User Account Management	Info Tech	3/21/18	4/06/18	In Progress
		Data Integrity for Applications	Info Tech	3/21/18	3/30/18	Complete
President	Institutional Equity and Diversity	Title IX Training for Students	Compliance	3/22/18	7/01/18	Complete
		University Discrimination Policy	Compliance	3/22/18	9/13/18	Planned
		Distribution of Statement of Non-Discrimination	Compliance	3/22/18	8/01/18	Complete
		PeopleFluent System	Info Tech	3/22/18	6/15/18	Planned
		Purchase Card Reconciliations and Documentation	Financial	3/22/18	3/01/18	Complete
		Record Retention Needs to be Addressed	Compliance	3/22/18	5/15/18	In Progress
		Position Descriptions Need to be Updated	Compliance	3/22/18	6/01/18	Complete
		Establish Formal Conflict of Interest Guidance and Practices	Compliance	3/22/18	10/01/18	Complete
Research	Research Center for Bioelectrics	Financial Account Monitoring	Financial	3/30/18	12/31/17	Complete
		Compliance with Human Resource Related Policies	Compliance	3/30/18	3/31/18	In Progress
		Compliance with SPCC Documentation Requirements	Compliance	3/30/18	1/30/18	In Progress

Activity and Status of Audit Issues Since June 2018

Area	Audit Title	Audit Finding	Category	Report Date	Original Due Date	Status
		Adherence to Asset Policies and Procedures	Compliance	3/30/18	3/31/18	In Progress
		Emergency Management Plans	Compliance	3/30/18	3/31/18	In Progress
Athletics	NCAA Eligibility	Records Management	Compliance	4/16/18	1/15/19	In Progress
		Strengthen Practices	Compliance	4/16/18	1/15/19	In Progress
		Evidence of Approval for Eligibility Policy and Procedures	Compliance	4/16/18	8/01/18	Complete
Academic Affairs	College of Education	Purchase Card Reconciliation Requirements	Compliance	5/31/18	9/30/18	Complete
		Fixed Asset Control	Control	5/31/18	9/30/18	Planned
		Internal Fee Schedule Alignment	Financial	5/31/18	7/01/18	In Progress
		Waitlist Procedures and Supporting Documentation	Operational	5/31/18	7/01/18	Complete
		Policies and Procedures for Unpaid Account Balances	P&P	5/31/18	6/01/18	Complete
		User Account Management	Info Tech	5/31/18	6/01/18	Complete
		Web Server Vulnerabilities	Info Tech	5/31/18	9/30/18	Planned
		Data Extracts	Info Tech	5/31/18	9/30/18	Planned
		Workstation Public IP Addresses	Info Tech	5/31/18	9/01/18	Complete
		Business Continuity Planning and Data Backup	Info Tech	5/31/18	9/30/18	Planned
		System Risk Assessment Updates	Info Tech	5/31/18	9/30/18	Planned
		Data Retention	Info Tech	5/31/18	9/30/18	Planned
Administration and Finance	Procurement Services	Cobblestone Transmission Encryption	Info Tech	9/06/18	2/02/18	Complete
		Technology Contracts	Control	9/06/18	10/01/19	Planned
Administration and Finance	General Accounting	Investment Portfolio	Compliance	9/10/18	6/01/19	Planned
		Segregation of Duties	Control	9/10/18	6/30/18	Complete
		Reporting of Lost Assets	Compliance	9/10/18	12/31/18	Complete
		Cardinal Reconciliation	Documentation	9/10/18	9/30/18	Complete