

OLD DOMINION UNIVERSITY
BOARD OF VISITORS

AUDIT COMMITTEE
Thursday, September 22, 2016

MINUTES

The Audit Committee of the Board of Visitors met on Thursday, September 22, 2016 at 8:05 a.m. in the Board of Visitors Room on the Norfolk campus. Present from the Committee were:

Frank Reidy, Vice Chair
Mary E. Maniscalco-Theberge '78
Robert M. Tata '86

Other Board of Visitors members present were:

Alton "Jay" Harris '87

Absent were:

None

Also present were:

President John R. Broderick	Casey Kohler
Candice Goodin	Donna W. Meeks
Velvet L. Grant	R. Earl Nance
David F. Harnage	Amanda G. Skaggs
	James D. Wright

The Vice Chair called the meeting to order at 8:05 a.m. Dr. Maniscalco-Theberge moved to approve the minutes from the April 21, 2016 meeting. Mr. Tata seconded the motion and the minutes were unanimously approved by all members present and voting. (*Maniscalco-Theberge, Reidy, Tata*)

Amanda Skaggs, Internal Audit Director, reported to the Committee on the outcome of the Internal Audit Department's Quality Assurance Improvement Program (QAIP), which is required by audit professional standards and she provided a description of the process. The framework used is established by the Institute for Internal Auditors. External assessments must be conducted at least every five years and internal assessments must be done annually on an ongoing and periodic basis. The next five-year external review is due in 2019. Areas under internal audit activity that are included in this process are governance, professional practice and

communication. There is ongoing monitoring, periodic self-assessment and external assessment which leads to findings, observations and recommendations. The findings are reported to the Audit Committee and the cycle continues. Ms. Skaggs provided evidence of ongoing monitoring of the Auditor's Office Department which includes use of the Auditor's Office manual, monthly staff meetings and weekly one-on-one meetings with staff. She stated that documented engagements (audits) are entered into the department's software by staff members and formally approved by the internal audit director. Final reports are reviewed and approved as well. Periodic assessments are performed and documented in the Auditor's Office audit software as with any other department audit to ensure that the staff is adhering to the established standards.

The Institute of Internal Auditors has created three possible outcomes for QAIP which are, "Generally Conforms," "Partially Conforms," or "Does Not Conform." Old Dominion's Internal Audit Office met the "Generally Conforms" standard for the year ending in 2016. During the process, the office noted that revising the audit program to address COSO framework updates would provide an opportunity for enhancement. These changes have been made for any audits beginning July 1, 2016.

Next, Ms. Skaggs noted that the Internal Audit Office is required to confirm its independence to the Board of Visitors Audit Committee on a yearly basis. The dual reporting structure to the President's Office and the Audit Committee creates the required independence. Individually, members of the Internal Audit Office staff must be objective in how they perform their work. During the engagement step, which is the first step in every audit, staff members must declare that there are no threats to their independence in conducting the audit. If there are threats, these are noted and dealt with accordingly. There were no objectivity concerns for audits conducted in the 2016 year. Ms. Skaggs affirmed to the Audit Committee that they the Audit Office is objective and independent.

Dr. Maniscalco-Theberge asked about the process for auditing the Auditor's Office. Ms. Skaggs stated that this is a part of her role as head of the office and she does this on an ongoing basis. Additionally, the QAIP five-year external audit is a part of the effort as well. During this audit, the Office of the State Inspector General assembles a team to review audit operations. Dr. Maniscalco-Theberge also asked about anonymous reporting opportunities in case individuals are not comfortable with reporting objectivity concerns. It was noted that there are no anonymous reporting opportunities within the Audit Office, but the Commonwealth provides the Waste, Fraud and Abuse Hotline; however, because of the level of review done on each engagement and how they are documented, it would be clear if an audit did not comply with industry standards.

Ms. Skaggs discussed the current projects underway and areas of review. Distance Learning, is an integrated audit where operational, financial and IT components are under review. Staff is finishing up field work in the Accounts Payable Vendor Payments audit and under review are segregation of duties, prompt payment, vendor table maintenance, 1099, and proper payments. The President's Office audit is in the field work stage and is done annually. Reviews in this audit include travel, petty cash, general expenditures, SPCC, entertainment and memberships. Cognos/Insight is the University's operational data store and this audit is in the initial audit stage. Areas of focus include access controls, data management, security, change management,

business continuity and asset management. Confucius Institute is a new engagement for the Auditor's Office that will now be done annually. The Institute receives money from Hanban, China, on an annual cycle based on an approved budget. The granting agency has asked that ongoing reviews be conducted to ensure that the funds are spent in accordance with the budget. Finally, there are audits in the planning stages for the Batten College of Engineering and Technology, Facilities Management and the SOBRAN Facility Contract. SOBRAN is a vendor that manages some of the University's lab space.

COO Harnage informed the Committee that matters that have typically been reviewed in closed session have been examined more closely. Going forward the University will be more selective with matters discussed in closed session. Instances related to a specific individual's job or an audit issue that must remain private due to security reasons were given as examples of topics that will be discussed in closed session.

Two audit reports were shared. The first is NCAA Compliance Recruitment, Title IX and Academic Advising. The objectives were to determine: 1) if proper internal controls are in place as it relates to recruitment, academic advising and the overall monitoring of compliance; 2) if the department is in compliance with NCAA regulations that exist for recruitment related activities; and 3) if the necessary actions are being taken to achieve compliance with applicable Title IX regulations. It was determined that the overall risk rating is high which was without regard to internal controls. The audit conclusion rating assesses the internal controls in place. It was given a rating of adequate which means the audit identified a reportable condition but it has not caused, or is not likely to cause, significant errors, omissions, fraud or other adversities. This is a positive rating.

With regard to academic advising, the department is required to submit annual reports which tracks graduation rates, retention rates and collective team grade point averages. The audit assessed whether or not the reports were submitted in a timely manner. In addition, if the scores were below the required bench marks, an action plan was implemented. No teams were subjected to any corrective action and there were no findings.

Recruiting was broken down into official visits and off-campus recruiting. With regard to official visits, the audit determined: 1) if the teams were logging campus visits and completing the required forms to demonstrate that visits do not exceed the monetary allowance; 2) or visit length; 3) that scores and transcripts are provided prior to the visits; and, 4) total visit limits by sport were not exceeded. There were no findings related to this.

For off-campus recruiting, the audit looked at the three items: 1) certification of coaches allowed to recruit off-campus; 2) monitoring of recruiting efforts by the Athletic Compliance area; and 3) recording of recruiting activities by coaches to demonstrate that limits on contacts and evaluations were not exceeded. There were two findings in this area. The first finding deals with record keeping for off-campus recruiting activities. The risk rating was moderate. It was determined that there was not a review process in place to determine whether coaches were consistently and accurately entering contacts and evaluations of perspective student-athletes. Having a review process is essential in providing assurance and compliance with NCAA recruiting bylaws. It was found that there was a transition period where the department had

employees submit reports on a log in a paper format until a software program was available so that the information could be captured electronically. While the audit found that nearly 60% of those reviewed did not correlate to an entry, it was felt that the department has a plan in place. This will now be monitored, and due dates established. The compliance staff in athletics will be following up to ensure that contacts and evaluations are logged. Additionally, it was recommended that the department facilitate compliance by holding back reimbursement until logs have been entered.

Dr. Maniscalco-Theberge inquired about timeline for travel reimbursement submissions. Ms. Skaggs noted that coaches are required to adhere to the University's policy on reimbursement which is three days from the return of travel. It should be noted that this is not an NCAA bylaw, but it is a control implemented by the department in order to adhere to the limit on the number of times a student-athlete can be contacted.

The next issue relates to certifying off-campus recruiters. Coaches who recruit must take a recruiting exam. It was found that all coaches were in compliance with this. NCAA bylaws require a member institution to certify in writing and to have on file a list of coaches who are permitted to contact or evaluate prospective student-athletes off-campus. The certification requirements were not consistently followed for the 2015-16 year review. Some certification forms were not completed and a list of certified coaches was not being maintained. The information was kept if coaches were on campus at the start of school, but the department needs to improve its efforts when there is turnover in the department or when a new coach starts midyear. It was recommended that the department ensure certification forms are submitted for coaches who pass the recruiting test and are selected for off-campus recruiting activities. Additionally, they should maintain on file an up-to-date list of coaches who are permitted to contact and evaluate prospects off-campus.

The last area of focus is Title IX, which documented actions along with monitoring and reporting of gender equity as it relates to athlete participation, scholarships, and other benefits. It was determined that the department's efforts had not been documented in a manner that fully addressed all areas covered by the regulation. The audit focused on participation and scholarship because it relied on a previous consulting report that showed that the department was strong in other benefit areas. There was one finding. The Athletics Department's efforts were not documented in a manner that fully addressed all areas covered by the regulation. Recommendations includes: 1) focus on following through with current plans; 2) formally select a participation option, implement a strategy, and document supporting activities; 3) document the equitable criteria utilized for summer aid when discretionary awarding occur; and 4) conduct comprehensive annual outcome assessments.

Athletics selected to demonstrate a history of continued practice of program expansion. The department has agreed to review the number of opportunities for women on an annual basis to determine if there are prospects where rosters can be increased. Additionally, the department plans to increase the number of sponsored female teams within the next five years.

Mr. Tata asked that gender equity be defined. Ms. Skaggs explained that this involves determining if participation in student athletics represents the University's enrollment. At Old

Dominion, there are more women enrolled than men based on undergraduate enrollment; however, with regard to student-athletes, there are more men than women. The goal is to limit the disparity in participation. When discussing scholarships, this includes dollar amounts and ensuring that the percentage of actual student-athletes approximates the percentage of how scholarships were awarded. The University is in compliance with this.

Athletics will be forming a Title IX Committee and reviewing these issues as detailed by the Office of Civil Rights. The committee will be tasked with documenting the assessment of each of the athletic program components. Following the assessment, the findings along with any corrective actions will be presented to the athletic director.

Since President Broderick is ultimately responsible for various executions as it relates to Title IX, he asked that a mechanism be implemented with the Auditor's Office so that there is an automatic check each year that ensures that Athletics is meeting these standards. Ms. Skaggs noted that the Auditor's Office will follow up to ensure that there is follow through as noted. This can be worked into the audit plan.

The next audit discussed was Third-Party Hosted Systems. The objective of the audit was to assess the adequacy of controls in effect over the data and system owner's management of the client facing side of the system and the adequacy of contractual provisions in place and associated contract administration. It was determined that the overall risk rating was high. The audit conclusion rating was adequate. The audit took a broad look at systems on campus where we do not internally host the system, but contract with a vendor. The areas reviewed included:

- Purchasing – eVA
- University Wide Assessment Tool – WEAVE Online
- Applicant and Student Relationships – HOBSONS
- Physical Therapy Clinic – WebPT and Kareo
- Student Housing – StarRez
- Human Resources – PAPERS

The areas of focus included assignment of roles and responsibilities, mitigation of inherent risks, account management, endpoint network security, business continuity, data management, licensing compliance, third-party service provider assessments, and service level monitoring. See attached charts for details on third-party hosted systems findings.

There being no further business, the meeting was adjourned at 8:48 a.m.

Third-Party Hosted Systems Findings

Issue Type	Description	# of Systems
Expired Contract Risk: Moderate to High	A hosted technologies service provider contract has not been executed with the application's current owner and service provider. The original contract, now expired, was executed with the former service provider. (Institutional Effectiveness & Assessment – WEAVE)	1
Regulatory Compliance Requirements Risk: Low	Data regulatory requirements named within the contractual agreement do not cover all types of sensitive data processed by the system. (Student Engagement and Enrollment Services – HOBSONS)	1
Contractual Provisions for Data Usage and Protection Risk: Low	Without any amendments, the service provider's standard terms and conditions are in effect. These do not limit the contractor's usage of ODU owned data or guarantee data protections to the extent specified within the standard ODU hosted technologies service provider addendum. (PT Clinic – WebPT/Kareo)	1
Network Security of Endpoints Risk: Low	Workstations used to routinely access the system by users with higher level privileges have not been assigned private non-internet routable addresses in accordance with the University's IT security strategy. (Procurement Services – eVA, Institutional Effectiveness and Assessment – WEAVE)	2
System Risk Assessments Risk: PT Clinic - Low Others w/out ones - Moderate	System risk assessments have not been conducted as required by ODU internal ITS standards or have not included all unique system components. (Procurement Services – eVA, Institutional Effectiveness and Assessment – WEAVE, PT Clinic – Web PT/Kareo)	3
Contractual Provisions for Data Backup Risk: HR & PT Clinic - Low Housing - Moderate	The contractual provisions do not unequivocally establish the service provider's responsibility to conduct data backups at a specific interval necessary to meet established recovery point objectives. (Human Resources – PAPERS, Housing and Residence Life – StarRez, PT Clinic – Web PT/Kareo)	3

Third-Party Hosted Systems Findings

Issue Type	Description	# of Systems
User Account Management Risk: Moderate	User accounts are not being managed to ODU internal standards resulting in the potential for unauthorized access by former employees, some with higher level privileges. (Human Resources – PAPERS, Student Engagement and Enrollment Services – HOBSONS, Institutional Effectiveness and Assessment – WEAVE)	3
Service Provider Assessments Risk: Low	Administrators are not exercising the University’s contractual right to periodically review the results of required independent third party security audits and/or service organization control reports. (Student Engagement and Enrollment Services – HOBSONS, Human Resources – PAPERS, Housing – StarRez, PT Clinic – WebPT/Kareo)	4