

**OLD DOMINION UNIVERSITY  
BOARD OF VISITORS  
AUDIT COMMITTEE  
December 7, 2017**

**MINUTES**

The Audit Committee of the Board of Visitors of Old Dominion University met on Thursday, December 7, 2017, at 8:00 a.m. in Committee Room A of the Broderick Dining Commons on the Norfolk campus. Present from the Board were:

Ross Mugler, Chair  
Bruce Bradley  
Robert Tata  
Donna Scassera  
Ivan Militar (Student Representative)

Absent from the Board were:

Carlton Bennett (*ex-officio*)  
Frank Reidy  
Lisa Smith (*ex-officio*)

Others present were:

Austin Agho	Donna Meeks
John R. Broderick	Earl Nance
Leigh Comsudis	Amanda Skaggs
Mary Deneen	Deborah Swiecinski
Gregory DuBois	Rusty Waterfield
Velvet Grant	

The Chair called the meeting to order at 8:00 a.m. Mr. Bradley moved to approve the minutes of the September 21, 2017 meeting and Mr. Tata seconded the motion. The minutes were unanimously approved by all members present and voting (*Bradley, Tata, Scassera*)

Ms. Amanda Skaggs, Internal Audit Director, presented the current projects to the Committee, which include the Research Center for Bioelectrics, Institutional Equity and Diversity, General Accounting, NCAA Compliance, the College of Education, Procurement Services, Card Center Information Technology, and special projects and consulting engagements.

Mr. Tata asked about the reason an athlete might be ineligible, is it academic or something else. Ms. Skaggs responded there are many factors that go into whether an athlete is

eligible or not, noting that the NCAA produces a By-Law manual, which covers the many elements of eligibility. She added that overall, the University's student athletes perform well academically.

Ms. Skaggs also reported on the completed Audit Reports for the Office of the President FY2017 Annual Audit, Accounts Receivable Cashiering and Student Billing and TouchNet, Banner Document Management System and the open Audit issues from audits completed prior to October, 2017. She noted that the Office of the President Annual Audit had one reportable issue related to the purchase card reconciliation process. The Accounts Receivable engagement had three reportable items relating to (1) user account management controls; (2) E-commerce controls; and (3) Visa Core Rules compliance for refunds. The Banner Document Management system had two reportable items relating to (1) privileged user access; and (2) documenting imaging standard.

Ms. Skaggs was asked what E-commerce is and she responded that it could be a conference registration or sales items like T-shirts or the like. She said the total is approximately \$6 million, which included parking and transportation. For user account management controls, a few exceptions were noted with regard to the controls in effect over preserving separation of duties, principle of least privilege, authorization and revocation, and documentation that supports user access. There were a few exceptions noted during testing of various control aspects of e-Commerce, with the most significant involving the collection of sales tax. Others represent opportunities to reduce department revenue reporting errors and improve record keeping for site development.

Ms. Skaggs informed the Committee that the procedures do require that the amounts collected be submitted daily, but the procedure is not specific to uStores or other types of e-Commerce sites. Sampling of e-Commerce refunds indicated that several uStores omitted and/or submitted duplicate batch settlements, which required adjusting entries to be made after the errors were detected through the General Accounting bank reconciliation process. Sampling indicated that there is insufficient documentation to determine whether all sampled e-Commerce sites were approved in accordance with the established process. No stores were approved to sell taxable items; Global sales tax parameter was set to 0%. Testing indicated an active site that was selling a taxable item for which no provisions were in place to collect taxes. Compliance was reviewed with the Visa Core Rules for refunds and the rules expressly disallow a credit refund in connection with a transaction by a credit transaction receipt to be made by cash or check. Refunds are currently issued by ACH transaction or paper check in instances where the balance due is whole or in part is associated with a payment made by credit card. Management disagreed, but obtained a written statement from University Counsel, TouchNet and Bank of America and conducted an exposure analysis which, in auditor opinion sufficiently mitigates the risk.

Vice President DuBois said that the audit finding is valid, but that management is comfortable with the decision to continue with the current practice. He added that most of the Visa rules are aimed towards retail options, not tailored for higher education.

The Banner Document Management system had two reportable items relating to (1) privileged user access; and (2) documenting imaging standard. The controls in effect over account management do not ensure that all privileged accounts are associated with active University employees whose job roles require the access. There are two active accounts that were associated with separated employees. Two accounts with misspelled user names calling into question the business necessity for the access since the user could not successfully log in. There were also two accounts with unique user names with identical privileges for one employee.

The ITS 04.2.0 Account Management Standard states that accounts are to only remain valid for the duration that the individual maintains the relevant status within the University; unneeded accounts are to be disabled, and the accounts should not be granted any more privileges than those that are necessary for the functions the user will perform. Ms. Skaggs added that they recommended that the user accounts of the employees identified as having separated from the University should be terminated immediately. The controls in effect over account management should be strengthened to ensure that accounts only remain valid for the duration that the individual maintains relevant status within the University and unneeded accounts are disabled as described within the ITS internal Account Management Standard.

Ms. Skaggs then briefed the Committee on the issue that relates to the need for establishing a document imaging standard. Testing for document quality, indexing, and retention indicated a need for an imaging standard. There was a small incidence of illegible documents, widespread skewing in four of the directories, limited instances of required fields not used throughout the lifecycle of the directory, inconsistent use of non-required indexing fields, and index fields designated as indicators for complying with retention schedules not being used. ITS has a draft of the imaging standard prepared and Audit has offered additional sections be added as a result of our testing, specifically for more information pertaining to indexing.

Ms. Skaggs then shared the status of the 43 audit issues currently tracked and noted that 8 are now complete, with 25 in need of further action.

Mr. Tata read the motion for the Committee then went into Closed Session in order to discuss personnel matters relating to a recent fraud, waste and abuse investigation.

The Committee reconvened in Open Session, Mr. Mugler read the certification regarding Closed Session.

There being no further business, the meeting was adjourned at 9:01 a.m.