

**OLD DOMINION UNIVERSITY
BOARD OF VISITORS
Audit Committee Minutes
Thursday, June 11, 2015**

MINUTES

The Audit Committee of the Board of Visitors met on Thursday, April 23, 2015 at 8:00 a.m. in the Board of Visitors Room on the Norfolk campus. Present from the Committee were:

Frank Reidy, Vice Chair
Andrea M. Kilmer
Mary Maniscalco-Theberge
Ronald C. Ripley (*ex-officio*)
Judith O. Swystun
Robert M. Tata

Other Board of Visitors members present were:

Charles Chiou

Absent were: Barry M. Kornblau, Chair
David L. Bernd

Also present were:

Mikayla Alquist	Melanie O'Dell
President John R. Broderick	R. Earl Nance
Mary Deneen	Ellen Neufeldt
Candice Goodin	Eric Sandridge
Velvet L. Grant	Carol Simpson
David F. Harnage	Amanda Skaggs
Etta Henry	Deb Swiecinski
Donna Meeks	Rusty Waterfield
	James D. Wright

The Chair called the meeting to order at 8:00 a.m. Dr. Maniscalco-Theberge moved to approve the minutes from the April 23, 2015 meeting. Ms. Kilmer seconded the motion and the minutes were unanimously approved by all members present and voting. (*Kilmer, Maniscalco-Theberge, Reidy, Ripley, Swystun, Tata*)

COO David Harnage introduced Eric Sandridge, Audit Director for Higher Education Programs from the Auditor of Public Accounts, who presented the results of the University's financial audit for the year ending June 30, 2014.

Mr. Sandridge thanked the staff for their work over the last few months. He reported that Old Dominion University received an unmodified audit opinion, the best possible rating, on the University's financial statements ending June 30, 2014. During the review Mr. Sandridge stated that auditors looked at internal controls and compliance which is required under government auditing standards and obtained a sufficient understanding of internal control to plan the audit and to determine the nature, timing and extent of audit procedures.

His office concurred with management's application of accounting principles and stated that they are in line with generally accepted accounting principles. His office also reviewed the basis used for accounting estimates and agreed that the amounts appeared to be reasonable and the basis for the estimates also appeared to be reasonable and consistent with prior periods. There were no unusual transactions or significant accounting policies or any controversial or emerging issues. There was one audit adjustment related to prepaid expenses which was included in the financial statements and the final report will reflect the change in prepaid expenses. This was the only adjustment material to the financial statements. A plan has been made to improve the process and to ensure that this will not occur again. There were no additional concerns. Mr. Sandridge noted that having only one finding is impressive and concluded by stating that there were no disagreements with management with regard to auditing, accounting or disclosure matters.

Mr. Sandridge mentioned that this a transitional year with regard to the Governmental Accounting Standards Board (GASB). The implementation of GASB Statement 68 which relates to pension liability disclosure is on the horizon. In the past, the Commonwealth picked up the pension liability in their financial statements. Individual employers, including universities, did not have to pick up their portion of this liability even though it has always existed; however, they have always been required to pay contributions, so nothing has changed. The difference is that GASB now requires an allocation from the Commonwealth down to each employer and it will appear in next year's financial statements. For Old Dominion, this will be a net pension liability line item close to \$100 million, which is middle of the road in comparison to other institutions.

Mr. Reidy asked if the University is required to make arrangements for the pension liability line item within its budgetary process in order to pay for this. Mr. Sandridge stated that contributions are paid by the University to the Virginia Retirement System (VRS). Each employer is assessed a certain percentage that they must contribute on behalf of their employees that are a part of VRS. COO Harnage followed up by stating that Old Dominion's funding source for this is split between Commonwealth appropriations and University non-general funds. This has always been in the budget, but now it is required to be shown in financial reporting.

Ms. Kilmer asked how this would change ratios on the financial statements from current ratios to debt coverage and are there any ratios in current existing debt structures that will be out of compliance when this line item is picked up as a liability. Mr. Sandridge responded that this will not affect the current ratio and that there should be no substantial change in the position of the University.

Mr. Harnage thanked Eric Sandridge and his staff for helping to create a great working relationship between Old Dominion University and APA. He also acknowledged Deb Swiecinski, Mary Deneen, Melanie O'Dell and Doug Streit for their work on the audit.

Amanda Skaggs, Internal Audit Director, updated the Audit Committee on the department's internal audits in progress. She noted that the Admissions audit is still underway and will be presented at the next Audit Committee meeting in September. Projects currently in the field-work stage include audits of Sensitive/Data Federal/State IT Compliance, Athletic Sport Camps and Tennis Center, Revenue Contracts, Banner Database Audit and Banner Key Security Controls (ARMICS). The office is in the initial planning stage of the Campus Network audit. She then provided an update on the 2015 audit plan noting that all general and IT audits are in process or complete except for one IT audit. She is proposing that said IT audit be moved to the FY2016 Audit Plan.

Ms. Skaggs then reviewed the background used for creating the University's audit plan. Dr. Maniscalco-Theberge asked if by law certain departments and functions are required to be audited within a specified time period. Ms. Skaggs noted that there is not a hard standard but Virginia Information Technology Agency (VITA) prefers that sensitive systems be reviewed on a three to four-year cycle. With regard to general audits, the University is required to do an annual risk assessment which acts as a driver for audits, but there is no established rule stating when high-risk systems must be audited.

It was noted that the total number of systems at the University that can be audited is 147 and approximately 15 to 20 audits can be performed each year. High-risk areas are audited at least every five years. In addition, surveys, meetings and ongoing discussions with management also help to identify areas of concern for audits. Very low risk areas are audited as needed.

Ms. Skaggs then presented the department's proposed FY2016 Audit Plan as noted below:

General Audits

- NCAA Compliance: Recruitment and Title IX and Academic Advising
- Virginia Modeling, Analysis and Simulation Center (VMASC)
- College of Continuing Education and Professional Development
- President's Office and Special Events
- Marketing and Communications
- Payroll Processing
- Accounts Payable Vendor Payments

IT Audits

- Operational Data Store (Cognos/Insight from FY15)
- Third Party Hosted Systems (6 systems)

Integrated Audits

- Counseling Services
- Distance Learning

Wrap-Up of Audits from FY 2014-15

- Banner Database
- Campus Network
- Revenue Contracts
- Banner Key Security Controls (ARMICS)

Other Activities

- Fraud Waste and Abuse Hotline
- Committees: Policy Review and Compliance
- Audit Software Updates and Reviews
- Internal Quality Assurance Review
- Special Requests/Unscheduled Audits

Mr. Reidy presented a resolution that the Audit Committee of the Board of Visitors approve the FY2016 Audit Plan as recommended by the administration. Dr. Maniscalco-Theberge seconded the motion. The plan was unanimously approved by all members present and voting. *(Kilmer, Maniscalco-Theberge, Reidy, Ripley, Swystun, Tata)*

Next, Dr. Maniscalco-Theberge read a closed session statement and moved to convene in closed session. Ms. Swystun seconded the motion. The Committee then received, in closed session, details of recent audits and reviews performed in the areas of Student Engagement and Enrollment Services and Academic Affairs. Specifically covered were the audits of Student Health Services and Monarch Physical Therapy.

The Committee reconvened in open session. The chair read the certification statement for the closed session. The certificate was unanimously approved and agreed upon by all members present and voting. *(Kilmer, Maniscalco-Theberge, Reidy, Ripley, Swystun, Tata)*

There being no further business, the meeting was adjourned at 8:58 a.m.