

**APPROVED BY THE COMMITTEE 9/18/14**

**OLD DOMINION UNIVERSITY  
BOARD OF VISITORS**

**AUDIT COMMITTEE  
Thursday, June 12, 2014**

**MINUTES**

The Audit Committee of the Board of Visitors met on Thursday, June 12, 2014 in the Board of Visitors Room on the Norfolk campus. Present from the Committee were:

Dee Gilmore (Chair)  
Jeff Ainslie '83  
Marc Jacobson  
Barry M. Kornblau '71 (*ex-officio*)  
Judy O. Swystun  
Fred J. Whyte (*ex-officio*)

Also present were:

Craig Bowen	R. Earl Nance
John R. Broderick	Ellen Neufeldt
Jane Dané	Melanie O'Dell
Mary Deneen	September Sanderlin
Mikayla Eyer	Eric Sandridge
Robert L. Fenning	Amanda Skaggs
Velvet L. Grant	Deb Swiecinski
David F. Harnage	James D. Wright
Donna Meeks	

The Chair called the meeting to order at 8:11 a.m. Mr. Kornblau moved to approve the minutes from the April 24, 2014 meeting. Ms. Swystun seconded the motion and the minutes were unanimously approved by all members present and voting. (*Ainslie, Gilmore, Jacobson, Kornblau, Swystun, Whyte*)

Vice President Robert Fenning introduced Eric Sandridge who is the audit director for higher education programs at the Commonwealth's Office of Public Accounts. Mr. Sandridge announced that Old Dominion's FY 2013 audit has been completed. His office has issued an unmodified opinion on the University's financial statements. No instances of non-compliance, fraudulent transactions or illegal acts were found. No material alternative accounting treatments were identified and his office concurs with management's application of accounting principles. Additionally, no audit adjustments were required which he stated speaks to the ability of the staff and the Office of the Vice President of Finance's good work. He concluded by stating that no disagreements with management on auditing, accounting or disclosure matters were found.

It was confirmed that no management letter will be issued to the University since there were no internal control or compliance issues found that are considered significant deficiencies or material weaknesses.

The Auditor of Public Accounts, Martha Mavredes, asked that all boards be briefed about new pension reporting standards that will be effective for the Virginia Retirement System in FY14 and all universities in FY15. It requires that each university or enterprise assume their share of the Commonwealth's pension liability. This uses a new calculation that will pick up the net pension liability which is measured as the difference in pension assets and pension liability. An actuary will complete this calculation yearly using data received from ERS. The information will be sent to universities for each to assume their share. It is not known for sure how universities will be impacted going forward, but it is believed that institutions will meet at the bottom line. Mr. Sandridge also reported that bond rating agencies have done their own version of a calculation and have an idea of what the various shares will be for institutions. Initially, the impact will not be significant, but it will lower the bottom line net position on financial statements. As a result, in FY15 expect to see a larger increase in liabilities. A sample was run by VRS, using 2012 data that did not include the newly proposed methodology, to give institutions an idea of what the cost might be. Old Dominion's share was approximately \$140 million which is considered to be the middle range for universities.

Vice President Fenning recognized the following individuals for their outstanding work on the University's FY13 audit. Fiscal audit participants included Deb Swiecinski, Mary Deneen, Melanie O'Dell and Karen Webb. The IT audit was conducted by Doug Streit.

Amanda Skaggs, interim university auditor, updated the Committee on the department's operations focusing on the quality assurance review process. This audit is being conducted through the Inspector General's Office. Two audit directors have been assigned to Old Dominion's audit staff. The University's self-assessment has been completed and is being reviewed by the team. They will visit campus in July to interview key stakeholders and to inspect the University's audit software. In early August they will provide a report of their findings.

Ms. Skaggs reported that Michael Morehart has resigned as inspector general. June Jennings has been appointed acting inspector general. Previously, she held the position of deputy inspector general under Mr. Morehart and has over 25 years of Commonwealth of Virginia experience including recently serving as the inspector general for the Department of the Corrections.

Ms. Skaggs also noted the status of the 2014 audit plan and discussed internal audits in progress and other projects and initiatives underway. Additionally, she presented the department's proposed 2014 - 2015 audit plan. The plan is broken down into four areas and includes:

***Proposed General Audits:*** Revenue Contracts, Office of Admissions, Student Health Services, Physical Therapy Clinic - Operational, NCAA Compliance (Recruitment, Title IX and Camps), College of Sciences, President's Office and Special Events, and the Center for Advanced Engineering Environments.

***Proposed IT Audits:*** Sensitive Data Federal/State IT Compliance, Cognos/Insight, Banner Database, and Campus Network.

***Proposed Wrap-Up Audits:*** MIDAS, Environmental Health and Safety, Desktop Computing, Housing and Residence Life, Athletic Business Office, and Library.

***Proposed Special Activities:*** ARMICS Assistance and Compliance Assessments, Fraud, Waste and Abuse Hotline, Compliance and Policy Review Committees, Pentana Post-Implementation Review, Quality Assurance Review, and special requests and unscheduled audits.

Jeff Ainslie made a motion to accept the 2014 - 2015 audit plan and Barry Kornblau seconded the motion which was unanimously approved by all members present and voting. (*Ainslie, Gilmore, Jacobson, Kornblau, Swystun, Whyte*)

Mr. Kornblau read a closed session statement and moved to convene in closed session. Mr. Ainslie seconded the motion. The Committee then received, in closed session, details of recent audits performed in Student Financial Aid, Virtual Computing Environment and the College of Business and Public Administration and discussed a personnel matter involving the Internal Audit Office.

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. (*Ainslie, Gilmore, Jacobson, Kornblau, Swystun, Whyte*)

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