

## MEMORANDUM

TO: Board of Visitors Audit and Compliance Committee

Jerri F. Dickeski, Chair  
Jay Harris, Vice Chair  
Kay A. Kemper (*ex-officio*)  
R. Bruce Bradley (*ex-officio*)  
Robert S. Corn  
Unwanna B. Dabney  
Lisa B. Smith

FROM: Greg DuBois  
Vice President for Administration and Finance

DATE: December 2, 2020

SUBJECT: Meeting of the Committee, December 10, 2020

The Board of Visitors Audit and Compliance Committee will meet on Thursday, December 10, 2020, from 9:00 to 10:00 a.m. via Zoom. Enclosed for your review are the agenda and supporting documents.

### AGENDA

- I. Approval of Minutes – The Committee will consider a motion to approve the minutes of the Audit and Compliance Committee meeting held on September 15, 2020.
- II. Report from the Chief Audit Executive – Amanda Skaggs
  - A. Active Audit Projects
    1. Academic Affairs
    2. Information Technology services
    3. Police Department (Operational)
    4. Closeout Procedures for the Confucius Institute
    5. Payroll Benefits
    6. College of Business
    7. Other Audit Activities

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- B. Modification of Audit Plan (Requires Motion)
- C. Presentation of Completed Audit Reports
  - 1. Office of the President FY 2020 Expenditures
  - 2. Design and Capital Construction
  - 3. Police Department Fiscal Activities FY2020
  - 4. Office of Research (Operational)
  - 5. Open Audit Issues Update
- III. Report from the Vice President for Administration and Finance
  - A. Red Flag Rule
- IV. Closed Session
- V. Reconvene in Open Session and FOIA Certification

**OLD DOMINION UNIVERSITY**  
**University Audit Department**  
**Audit Plan**  
**FY 2020-2021**

**PROPOSED TO REMOVE**

**SCHEDULED ENGAGEMENTS**

<b>Audits</b>	<b>Area</b>	<b>Estimated Hours</b>	<b>Group Total</b>
Athletics Business Office	Athletics	350	
Facilities Events and Equipment and Tennis Center	Athletics	300	
Office of Visa & Immigration Service Advising	Academic Affairs	350	
Housing and Residence Life	Student Engagement and Enrollment Services	350	
Budget Office	Administration and Finance	350	
University Libraries	Academic Affairs	350	
Cybersecurity: Intrusion Detection and Incident Response	Administration and Finance	400	
Enterprise Service Bus	Administration and Finance	400	
Banner Workflows	Various	400	
Owens House Closeout Construction Audit	Administration and Finance	140	
			3,390

<b>Annual Engagements</b>	<b>Area</b>	<b>Estimated Hours</b>	<b>Group Total</b>
Office of the President FY2020 Expenditures	Office of the President	100	
Closeout Procedures for the Confucius Institute	Academic Affairs	150	
Police Department Fiscal Activities FY2020	Administration and Finance	200	
			450

<b>Audits Started In Prior Fiscal Years</b>	<b>Area</b>	<b>Estimated Hours</b>	<b>Group Total</b>
Active Directory	Administration and Finance	10	
Information Technology Services	Administration and Finance	100	
Office of Research*	Research	40	
NCAA Compliance (Financial Aid)	Athletics	5	
Design and Construction	Administration and Finance	10	
Academic Affairs	Academic Affairs	140	
Police Department*	Administration and Finance	250	
College of Business	Academic Affairs	200	
Payroll Benefits	Administration and Finance	240	
Special Projects / Consulting	Various	150	

**Total Scheduled Audits** **4,985**

**OTHER AUDIT ACTIVITIES**

<b>Activity</b>	<b>Estimated Hours</b>	<b>Group Total</b>
Audit and Compliance Committee Activities	200	
Audit Planning and Risk Assessment	150	
Fraud Waste and Abuse Hotline	200	
Follow-Up Activities for Open Action Items	300	
Compliance Advisory Committee	100	
Policy Review Committee	100	
Audit Software Updates and Reviews	100	
Annual Internal Quality Assurance Activities	100	
Continuing Professional Development	300	
Special Requests / Unscheduled Audits	350	

**Total Other Audit Activities** **1,900**

**Total Audit Hours** **6,885**

\* indicates an integrated engagement inclusive of information technology, and business operations.

**UNIVERSITY AUDIT DEPARTMENT OF OLD DOMINION UNIVERSITY**  
**Audit of the Office of the President FY 2021**

**AUDIT SUMMARY**

<p><b>Department Contacts:</b> Cheryl Davis, Executive Secretary to the President; Velvet Grant, Assistant to the President  <b>Responsible Executive:</b> John R. Broderick, President</p>	<p><b>Auditor:</b> Nina Preston, Senior Auditor  <b>Chief Audit Executive:</b> Amanda Skaggs  <b>Audit Report Date:</b> 11/24/2020</p>
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**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 transactions to include expenditures for special events held in connection with the Office.

**Scope and Objectives**

This audit consisted of reviewing transactions from fiscal year 2020 for the following budget codes within the Office of the President: 1PR00, 6PR02, 6PR04, 6PR08, and 6PR62. The categories of transactions reviewed included travel, memberships, entertainment in connection with University functions hosted by the President, use of the department’s small purchase charge cards, other general expenses, personnel costs, budget authority, and budget management.

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’s 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 Exposure <sup>1</sup>	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

<sup>1</sup> 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 budget codes 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 Design and Capital Construction FY21**

**AUDIT SUMMARY**

<b>Department Head:</b> Dave Robichaud, Director Design and Capital Construction	<b>Auditor:</b> Lauren Eady, Senior Auditor
<b>Responsible Executives:</b> Mike Brady, Assistant Vice President Facilities Management and Construction Greg DuBois, Vice President Administration and Finance	<b>Chief Audit Executive:</b> Amanda Skaggs
	<b>Audit Report Date:</b> 11/25/2020

Background
Design and Capital Construction (D&CC) is responsible for the planning, design, and construction of all facilities at ODU. D&CC works with contractors and ODU stakeholders on capital and non-capital projects. They facilitated the construction of several projects during the scope of the audit including the construction of the Hugo Owens House residence hall, renovations to Café 1201 in the Webb Student Center and the reconstruction of the S.B. Ballard Football Stadium.

Scope and Objectives
The University Audit Department has completed a review of Design and Capital Construction. This audit was performed as part of the University’s Board of Visitors approved annual audit plan and was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing as promulgated by the Institute of Internal Auditors.
The objectives of the audit were to determine whether: <ol style="list-style-type: none"> <li>1. Adequate internal controls and operating procedures exist.</li> <li>2. The department is in compliance with State and University policies, procedures and guidelines.</li> <li>3. Financial transactions are appropriate and monitored.</li> </ol>
The period reviewed was fiscal years 2017-2020 and 2021 to date as applicable to the specific test. D&CC has 7 employees as of FY21. They had an average budget amount of \$396,911 over our period of review for departmental salaries and office related expenses. During the initial period reviewed of FY17 – FY19, D&CC had 15 capital projects and 5 non-capital projects under construction. Our audit work focused on 8 capital projects with budgets totaling \$153,197,802 and five non-capital projects with budgets totaling more than \$5,160,000.

Overall Risk Exposure <sup>1</sup>	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

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

Issue	Planned Corrective Action
The process to allocate multi-project construction overhead (OH) expenses is not defined, which lead to the inconsistent management of 3RA00 Capital Outlay P/R Reimbursable.	D&CC will develop a budget program to determine the percent of OH cost that are to be allocated to each active capital project.
Of the 67 budget accounts assigned to the Director of Design and Capital Construction, 11 are not reconciled.	D&CC will work with the Budget Office to ensure reconciliation of Capital budget codes, and with Engineering & Non-Capital Construction to ensure reconciliation of Non-capital budget codes.
There is not a formal process for setting budgets and schedules or for approving non-capital projects.	D&CC has collaborated with the Budget Office and Facilities Management to develop a form and process for establishing budgets and schedules.
The department does not have a process in place for records management, which is required by the State.	D&CC will work with Records Management to ensure that all assigned records management responsibilities are completed.
The department does not have a Continuity of Operations Plan or an Emergency Action Plan, both of which are required under University Policy.	D&CC will be added to the Facilities Management & Construction Continuity of Operations Plan and Emergency Action Plan.

### **Background and Executive Summary**

The University Audit Department was asked to complete an annual fiscal review of the Old Dominion University Police Department (ODUPD) in order for the department to comply with the Commission on Accreditation for Law Enforcement (CALEA) requirements. Accreditation Standard 17.4.3 states that “an independent audit should be conducted at least annually or at a time stipulated by applicable statute or regulation”. The University Audit Department started the engagement in August 2020 and concluded fieldwork in November 2020. The engagement focused on determining whether adequate internal controls and operating procedures were in effect for fiscal related activities, whether transactions and practices were in compliance with applicable State and University policies and procedures, and whether financial transactions were appropriate and monitored. This report represents the outcome and results of an examination of the controls and operating methods in effect.

In summary, we noted opportunities to enhance internal controls related to budget management, time reporting and approvals. Each area reviewed is summarized on the subsequent pages of the report.

### **Scope and Objectives**

The main purpose of this engagement was to provide an independent assessment of the financial activity within the ODUPD by review of processes, internal controls, and to verify compliance with the applicable University policy and procedures. Specific coverage for the engagement included the review of the following: expenses including travel, use of purchasing cards including transactions and reconciliations, budget management, signature authority to budget accounts, contracts, time reported to include approvals, and fixed assets. The scope of this engagement was transactions and activities occurring in fiscal year 2020.

### **Approach and Methods**

The approach for this engagement included the following:

- Interviews with ODUPD personnel
- Review of a sample of contracts
- Review of a sample of general expenses
- Review of the ODUPD budget reconciliation process and signatory authority
- Review of a sample of timesheets for leave and hours worked and web time entry approvals
- Review of purchasing card reconciliation logs and transactions
- Review of a sample of fixed assets
- Review responsibilities for assets taken home
- Review of all travel expenses in FY20

### **Conclusion**

In summary, we found several areas with adequate internal controls including purchasing cards, general expenses, budgetary and signatory authority, and contracts. We noted two areas that have opportunities to improve their internal controls – budget management and time reporting and approvals. The corrective action plans submitted by the department are expected to fully address the concerns raised during the audit.

We would like to express our appreciation to the Old Dominion University Police Department management and staff for their assistance during the review.

# UNIVERSITY AUDIT DEPARTMENT OF OLD DOMINION UNIVERSITY

## Audit of the Office of Research

### AUDIT SUMMARY

<b>Department Head:</b> John Nunnery, Associate Vice President for Research <b>Responsible Vice President:</b> Morris Foster, Vice President for Research	<b>Auditor:</b> Natalie MacCall, Senior Auditor <b>Chief Audit Executive:</b> Amanda Skaggs <b>Audit Report Date:</b> 11/30/2020
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#### Background

The Office of Research supports research to address today's issues, improve the quality of life, and provide an engine for economic growth across colleges and research centers. The office establishes and oversees the university's research grant development services, research compliance initiatives, and patents and commercialization processes. The Virginia Modeling, Simulation, and Analysis Center (VMASC), the Frank Reidy Research Center for Bioelectrics, the Institute for Coastal Adaptation and Resilience, the Center for Educational Partnerships, and the Institute for Innovations and Entrepreneurship (IIE) are under the purview of the Office of Research. There are 85 State funded positions in this department. Also, 20 Research Foundation employees serve in core administrative roles for the Office of Research. In addition, some researchers in other departments report through this department for specific projects. There are 44 budget accounts that had activity under the Office of Research's purview with total expenditures in FY 2019 of approximately \$15 million.

#### Scope and Objectives

The general objective of the audit was to provide an independent assessment of the design of internal controls and operations of the Office and to determine whether: (a) Adequate internal controls and operating procedures exist; (b) The department is in compliance with State and University policies, procedures and guidelines; (c) The department is operating efficiently and effectively; and (d) Financial transactions are appropriate and monitored. The audit included reviewing financial transactions and emergency management plans, and controls in effect for budget management, records management, intellectual property, human resource activities, research compliance, conflicts of interests, leases, fixed assets, and Centers including IIE. The period of review was FY 2018-20 with an emphasis on FY 2020.

Overall Risk Exposure <sup>1</sup>	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

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

Issue	Planned Corrective Action
The Board of Visitors' Policy on Intellectual Property lays out the responsibilities of the designated research officer, as it relates to Intellectual Property, but current processes are not designed to fully comply.	Language will be added to the standard sponsorship agreement; Training of personnel is underway; A process will be implemented at the onset and end of projects along with faculty enter/exit interviews; A consultant will be hired to review current structure.
A comprehensive control over Research Conflicts of Interests was not in place.	A system to collect disclosures upon appointment and annually has been established.
Required researcher training was not consistently taken by all researchers.	A review of completion of training will be conducted.
The Office of Research does not have Continuity of Operations Plans or Emergency Action Plans for all locations.	Current EAPs and COOPs have been updated or developed for every department.
While the Memorandum of Understanding (MOU) between the University and the ODU Research Foundation (ODURF) requires it, ODURF employees are not included in the scope of University Research policies.	The Policy Review Committee and the Board will be engaged to consider implementing the changes necessary.
No formal reconciliations were performed for the accounts under the Office of Research.	A monthly budget reconciliation process has been developed, and procedures will be updated.
Several lease arrangements are in place, but it has not been clearly established the positions responsible for oversight.	Lease coordinators will be assigned and will work with appropriate parties for any future lease agreements.
The Institute lacks a comprehensive business plan including having a stated mission, vision and goals which led to operational issues.	Key performance indicators and a business plan will be developed along with integrated budget planning.
Records management practices and procedures are largely not in place.	Coordinators have been identified who will work on identified required actions.
Research Centers are not evaluated in accordance with the formal guidelines.	A certification timeline for each Center has been established.
Timesheets for employees were not consistently approved.	A memo will be issued to all supervisors with direct communication by VP for those with high exceptions.



# OLD DOMINION UNIVERSITY

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## **Activity and Status of Audit Issues Since September 2020**

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University Audit Department  
November 30, 2020



## Activity and Status of Audit Issues Since September 2020

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 and matters of compliance, which were reported at the conclusion of the audit engagements.

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.

Status Rating	Criteria
Complete	Actions taken completely address the concerns cited in the audit point 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 taken to address all the main concerns of the original issue.
Planned	An action plan has been decided upon but has not yet commenced or only minimally begun.
Action Plan Pending	An action plan has not yet been submitted.

### Summary of Activity

There were 23 open action items in the September 2020 report, of which 7 are now complete. Since September, 13 new action items have been added, 5 of which are complete. The University Audit Department is actively tracking the remaining 24 open action items.

As noted in the September report, the Board Governance Audit was presented at the June 2020 Audit and Compliance Committee meeting, whose action plans are pending full board discussion and consensus. In the meantime, the Executive Secretary to the Board has already implemented the necessary actions related to Closed Session Meeting Activities, Presence of Counsel at Open and Closed Meetings and Board of Visitors Budget.

The status of new and previously reported issues is presented by engagement title, executive area, and report date in the tables that follow.

## Activity and Status of Audit Issues Since September 2020

### Issue Status by Engagement

Engagement Title	Report Date	# of Issues Closed Since 9/01/2020	# of Issues Open as of 11/24/2020
NCAA Compliance: Recruitment, Title IX, Academic Advising	8/22/16	0	1
College of Engineering and Technology	3/08/17	0	1
Institutional Equity and Diversity	3/22/18	1	1
Office of the University Registrar	3/15/19	2	3
Institutional Equity and Diversity – Training	3/27/19	0	1
Department of Human Resources	4/02/19	0	1
International Programs	8/15/19	1	0
Office of the President FY2019 Annual Audit	11/13/19	1	0
Police Department – Annual Fiscal Activities	1/06/20	2	2
Board Governance	6/04/20	0	5
Office of Research Information Technology	6/05/20	0	1
NCAA Compliance: Financial Aid	8/27/20	1	1
Active Directory	8/27/20	1	2
Academic Affairs Interim Report	8/28/20	3	5

## Activity and Status of Audit Issues Since September 2020

### Summary Status by Executive Area

Audit Engagement Title	Report Date	# of Issues Closed since 9/01/2020	# of Issues Open as of 11/24/2020
<b>Academic Affairs</b>			
College of Engineering and Technology	3/08/17	0	1
International Programs	8/15/19	1	0
Academic Affairs Interim Report	8/28/20	3	5
<b>Administration and Finance</b>			
Police Department – Annual Fiscal Activities	1/06/20	2	2
Active Directory	8/27/20	1	2
<b>Athletics</b>			
NCAA Compliance: Recruitment, Title IX, and Academic Advising	8/22/16	0	1
NCAA Compliance: Financial Aid*	8/27/20	1	1
<b>Human Resources</b>			
Institutional Equity and Diversity	3/22/18	1	1
Institutional Equity and Diversity – Training	3/27/19	0	1
Department of Human Resources	4/02/19	0	1
<b>Student Engagement and Enrollment Services*</b>			
Office of the University Registrar	3/15/19	2	3
<b>Office of the President</b>			
Office of the President FY2019 Annual Audit	11/13/19	1	0
<b>Research</b>			
Office of Research Information Technology	6/05/20	0	1
<b>Board of Visitors</b>			
Board Governance	6/04/20	0	5

\* For the open action plan for Reduction, Cancellation and Renewal Letters under the NCAA Compliance: Financial Aid engagement, the Office of Student Financial Aid as part of Student Engagement and Enrollment Services has responsibility for completion.

## Activity and Status of Audit Issues Since September 2020

### Action Plan Status by Report Date

Executive Area	Audit Title	Audit Observation	Category	Report Date	Original Due Date	Status
Athletics	NCAA Compliance: Recruitment, Title IX, and Academic Advising	Enhance Compliance Efforts for Title IX Gender Equity in Athletics	Compliance	8/22/16	9/30/17	In Progress
Academic Affairs	College of Engineering and Technology	College Managed Room Access	Security	3/08/17	10/01/17	In Progress
Human Resources	Institutional Equity and Diversity	University Discrimination Policy	Compliance	3/22/18	9/13/18	In Progress
		Record Retention Needs to be Addressed	Compliance	3/22/18	5/15/18	Complete
Student Engagement and Enrollment Services	Office of the University Registrar	Support for Domicile Decisions	Compliance	3/15/19	9/01/19	In Progress
		Veterans Affairs Reporting	Compliance	3/15/19	9/30/19	Planned
		Graduate Degree Certification and Exception Granting Process	Control	3/15/19	9/01/19	In Progress
		Exception Granting Process for Undergraduate Programs	Control	3/15/19	9/01/19	Complete
		Degree Works User Access Provisioning Controls	Info Tech	3/15/19	9/01/19	Complete
Human Resources	Institutional Equity and Diversity – Training	Sexual Harassment Training	Compliance	3/25/19	8/15/19	In Progress
Human Resources	Department of Human Resources	Records Management	Compliance	4/02/19	3/15/19	In Progress
Academic Affairs	International Programs	Non-Credit Student Travel Programs	Control	8/15/19	1/20/20	Complete
President’s Office	Office of the President FY2019 Annual Audit	Financial Transactions	Control and Compliance	11/13/19	12/01/19	Complete
Administration and Finance	Police Department – Annual Fiscal Activities FY2019	General Expenses	Financial	1/06/20	3/01/20	Complete
		Leave and Hours Worked	Financial Control	1/06/20	3/01/20	In Progress
		Fixed Assets	Control	1/06/20	3/01/20	In Progress
		Travel Expenses	Documentation	1/06/20	3/01/20	Complete
Board of Visitors	Board Governance	Bylaw and Board Manual Review Cycle	Governance	6/04/20	--	Action Plan Pending
		Board Self-Evaluations	Governance	6/04/20	--	Action Plan Pending

### Activity and Status of Audit Issues Since September 2020

Executive Area	Audit Title	Audit Observation	Category	Report Date	Original Due Date	Status
		Closed Session Meeting Activities	Compliance	6/04/20	--	Action Plan Pending
		Presence of Counsel at Open and Closed Meetings	Compliance	6/04/20	--	Action Plan Pending
		Board of Visitors Budget	Compliance	6/04/20	--	Action Plan Pending
Research	Office of Research Information Technology	Hosted Technology Services Risk Management	Info Tech	6/05/20	9/30/20	Planned
Athletics	NCAA Compliance: Financial Aid	Reduction, Cancellation and Renewal Letters*	Compliance	8/27/20	5/07/21	In Progress
		Financial Aid Agreements	Compliance	8/27/20	9/01/20	Complete
Administration and Finance	Active Directory	Active Directory Disaster Recovery Testing	Control	8/27/20	11/30/20	Complete
		Monitoring of SE and WLAN Domains	Control	8/27/20	2/28/21	Planned
		Auditing of Privileged Accounts	Control	8/27/20	8/31/21	Planned
Academic Affairs	Academic Affairs Interim Report	Emergency Management Plans	Compliance	8/28/20	9/30/20	Complete
		Records Management	Compliance	8/28/20	9/30/20	Complete
		Budget Management	Control	8/28/20	10/30/20	Planned
		Leave and Hours Worked	Control	8/28/20	10/30/20	Complete
		Fixed Assets	Control	8/28/20	11/30/20	Planned
		Compliance Training	Compliance	8/28/20	1/30/21	Planned
		Goal Setting and Assessment	Effectiveness	8/28/20	8/30/21	Planned
		Performance Evaluation Monitoring	Control	8/28/20	1/30/21	Planned