

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
Peter G. Decker, III

FROM: Greg DuBois
Vice President for Administration and Finance

DATE: September 3, 2020

SUBJECT: Meeting of the Committee, September 15, 2020

The Board of Visitors Audit and Compliance Committee will meet on Tuesday, September 15, 2020, from 10:30 a.m.-Noon via the Zoom application. The agenda for the meeting is noted below.

AGENDA

- I. Approval of Minutes – The Committee will consider a motion to approve the minutes of the Audit and Compliance Committee meeting held on June 16, 2010.
- II. Report from the Chief Audit Executive – Amanda Skaggs
 - A. Committee Charter – Discussion and confirmation that FY2020 responsibilities were carried out
 - B. Internal Quality Assurance Improvement Program
 1. FY2020 Program Results
 2. Annual Independence Confirmation

C. Presentation of Completed Audit Reports

1. Active Directory
2. NCAA Compliance – Financial Aid
3. Status of Open Audit Issues

D. Discussion of Open Audit Projects

1. Academic Affairs
2. Design and Construction
3. Information Technology Services
4. Office of Research (Operational)
5. Police Department (Integrated)
6. Payroll Benefits
7. College of Business
8. Office of the President Annual Engagement
9. Confucius Institute Close-Out Procedures
10. Policy Department Fiscal Activities Annual Engagement
11. Special Projects / Consulting

E. Closed Session

F. Reconvene in Open Session and FOIA Certification

OLD DOMINION UNIVERSITY AUDIT AND COMPLIANCE COMMITTEE CHARTER

PURPOSE AND AUTHORITY

To assist the Board of Visitors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the internal and external audit processes, and the University's process for monitoring compliance with laws and regulations and the code of ethics. In so doing, it is the responsibility of the Committee to maintain free and open communication among the Committee, independent auditors, the internal auditors, Compliance Advisory Committee, and management of the University. The Committee has such authority as is provided for in the Code of Virginia, the Board Bylaws and as assigned by the Board as a whole.

COMPOSITION

The Audit and Compliance Committee will consist of five members of the Board of Visitors. Committee members and the chair shall be appointed through the normal processes as defined in the Board Bylaws. Members of the Audit and Compliance Committee should have some basic knowledge of generally-accepted accounting procedures and financial reporting and controls. Members of the Audit and Compliance Committee may serve on the Administration and Finance Committee; however, a majority of the Audit and Compliance Committee may not serve on the Administration and Finance Committee. The Chair should also not serve on the Administration and Finance Committee.

MEETINGS

Meetings of the Committee will occur in conjunction with regular meetings of the Board of Visitors, which happen no less frequently than four times each year on such dates and in such places as may be set by the Rector and the Board of Visitors. The Committee will have the authority to convene additional meetings as circumstances require. All committee members are expected to attend each meeting — in person or via teleconference or videoconference. The committee will invite members of management, auditors, or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors (see below) and executive sessions. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared and distributed in advance of subsequent meetings.

RESPONSIBILITIES

The Committee's general responsibilities are as defined in Section 4.02 (d) of the Board Bylaws:

“The Committee is responsible for (1) oversight of financial reporting and financial statement matters and any critical accounting and reporting issues; (2) reviewing annually the audited financial statements with the external auditors, determining that the administration has been open and has acted in good faith in

connection with the audit; (3) oversight of the internal audit function, including receiving reports and approval of the annual audit plan; and (4) oversight of the University's compliance function."

More specifically, the below are some of the duties of the committee:

Financial Statements

- Receive entrance and exit communications with the external auditors regarding their annual audit of the University, and any other communications as necessary.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.

Internal Control

- Consider the effectiveness of the University's internal control system, including information technology security and control.
- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- Determine whether internal control recommendations made by internal and external auditors have been implemented by management.

Internal Audit

- Review with management and the University Auditor the charter, plans, activities, staffing, and organizational structure of the internal audit function.
- Approve annual internal audit plans.
- Periodically review and update the internal audit function's audit charter.
- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Chief Audit Executive.
- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. This includes receiving the results of periodic peer reviews conducted on the internal audit function.
- Review the results of significant audit activities, audit reports, and management responses, and ensure the Committee is informed about fraud, illegal acts, deficiencies in internal control and other audit-related matters.
- Monitoring the adequacy and timeliness of corrective actions taken in response to audit activities.
- On an as needed basis, meet separately with the Chief Audit Executive to discuss any matters that the committee or internal audit believes should be discussed privately.

External Audit

- Review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing standards.
- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Monitor audits performed by the external auditors.

- On an as needed basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Review the findings of any examinations by regulatory agencies and any auditor observations.
- Review the process for communicating the code of ethics to University personnel and for monitoring compliance therewith.
- Obtain regular updates from management, internal audit, the compliance function and University legal counsel regarding compliance matters.

Reporting Responsibilities

- Regularly report to the Board of Visitors about committee activities, issues, and related recommendations.
- Provide an open avenue of communication between internal audit, the external auditors, and the Board of Visitors.

Other Responsibilities

- Perform other activities related to this charter as requested by the Board of Visitors.
- Review and assess the adequacy of the committee charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the committee's and individual members' performance on a regular basis.

UNIVERSITY AUDIT DEPARTMENT OF OLD DOMINION UNIVERSITY

Audit of Active Directory FY 2020

AUDIT SUMMARY

Department Head: Rusty Waterfield, Associate Vice President for University Services & Chief Information Officer, Information Technology Services	Auditor: Glenn R. Wilson, IT Audit Manager Chief Audit Executive: Amanda Skaggs
Responsible Vice President: Greg Dubois, Vice President for Administration and Finance	Audit Report Date: 08/27/2020

Background

Windows Active Directory is a technology within the Microsoft Windows operating system that allows for centralized management of users, computers and other objects within a network. A collection of objects organized under a common name, database, and policies is known as a domain. A domain controller (DC) is a server computer of central importance that responds to security authentication requests within a computing domain and is responsible for allowing access to domain resources.

Active Directory Domain Services (AD DS) primarily is used to authenticate and authorize users and computers in a domain, assign and enforce security policies, and install or update software. The University's information technology environment is organized under three independent domains, one allocated to the main network ODUNET (TS), one for the wireless network (WLAN) and the third for managing special purpose computing environments and application specific assets (SE). Active Directory also provides essential functionality for MIDAS, the University's single sign on system.

This audit was performed as part of the University's Board of Visitors approved annual audit plan for FY 2020 and was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing as promulgated by the Institute of Internal Auditors.

Scope and Objectives

The audit was scoped for Active Directory infrastructure supporting enterprise level computing services with focus on:

- Domain architecture and structure
- Domain controller configuration and management
- Access provisioning controls

The primary objectives were to provide management with an independent assessment of:

- Active Directory design and implementation.
- Operating effectiveness of managerial and security controls.

Overall Risk Exposure ¹	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

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

Audit Issues

Issue	Planned Corrective Action
Active Directory is a high impact service without a formal recovery plan, procedures or substantive testing.	The Domain Controller (TS and SE domains) will be added to the backup system and quarterly restore validation will occur.
Available Active Directory specific monitoring tools have not been applied to the SE and WLAN domains.	Active Administrator for SE and WLAN for high level, high impact event reports and alerts will be set up and reviewed on a recurring basis.
Privileged Active Directory accounts were not managed to internal standards with regard to frequency of audits and effectiveness of reviews.	Ensure MIDAS and all AD Domains have consistent active user lists. Remove legacy or remnant accounts in the directories. Enable MIDAS lifecycle control over domain administrative accounts. Enable Administrative account deletion from MIDAS Technical Service Personnel (TSP) Connectors. Review of monthly report that shows several indicators that the record is not in a proper state.

UNIVERSITY AUDIT DEPARTMENT OF OLD DOMINION UNIVERSITY

Audit of NCAA Compliance Financial Aid FY 2020

AUDIT EXECUTIVE SUMMARY

Department Heads: Randale Richmond, Sr. Associate Athletic Director, Sport Administration, Compliance and Student-Athlete Welfare; Vera Riddick, Director of Student Financial Aid Responsible Executive: Wood Selig, Director of Athletics	Auditor: Nina Preston, Senior Auditor Chief Audit Executive: Amanda Skaggs Audit Report Date: 08/27/2020
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Background

As a National Collegiate Athletic Association (NCAA) member institution, Old Dominion University (ODU) must comply with all applicable rules and regulations of the NCAA and Conference partners in conducting its 16 intercollegiate athletics programs offered during Academic Year 2018-19. The University has adopted various mechanisms to ensure that the operations of the Men's and Women's athletics programs comply with NCAA Bylaws, promulgated in the NCAA Division I Manual. The Athletics Department is responsible for identifying and reporting to NCAA instances in which compliance has not been achieved.

The Compliance Office within the Intercollegiate Athletics Department and the Office of Student Financial Aid share responsibility for coordinating, executing and monitoring the University's athletic financial aid in compliance with NCAA Bylaws. A student-athlete may receive financial aid from the university or from sources outside the institution. Institutional financial aid includes funds awarded based upon the athletes' athletic ability, the athletes' financial need, and other financial aid programs administered by the institution. The amount that a student-athlete may receive in any year cannot exceed the Cost of Attendance (COA) normally incurred by other students in a comparable program at ODU. This includes the total cost of tuition and fees, room and board, books and supplies, transportation and other expenses related to attendance at the institution. For the Academic Year 2018-19, the COA by student type is as follows: Undergraduate in-state \$27,546; Undergraduate out-of-state \$46,446; Graduate in-state \$27,586; Graduate out-of-state \$43,526; and International \$48,831.

Scope and Objectives

The objectives of the audit were to provide management with an independent assessment of the following:

- Compliance with NCAA Constitution and Operating Bylaws, Commonwealth of Virginia laws and University policy and procedures in effect over the administration of the awarding of financial aid to student-athletes; and
- Efficiency and effectiveness of the design and operation of internal controls and operating procedures in effect over the administration of the awarding of financial aid to student-athletes.

The period reviewed was Academic Year 2018-19, including Summer 2019 session. The audit focused on NCAA Bylaw Article 15, Financial Aid.

Overall Risk Exposure ¹	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

¹ 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
Reduction, cancellation, and renewal of aid are not consistently processed in accordance with NCAA Bylaws and not all athletically related financial aid records are retained in accordance with the Virginia Public Records Act and University Policy.	The Office of Student Financial Aid will enhance the existing notification procedures by implementing a tracking mechanism to ensure letters are sent, as required, retaining records for 7 years after graduation or withdrawal, and amending the letters to include the required language. A review meeting will also occur with Athletics Compliance twice per academic year. Initially this meeting will include a review of responsibilities and job descriptions of the financial aid liaisons and a review of the ODU Athletics Financial Aid Policies and Procedures. Financial aid liaisons will continue to attend NCAA trainings. Furthermore, the Compliance Office will perform a review of the impacted student-athletes and report a rules violation to the NCAA, accordingly.
Walk-on student athletes that are subsequently awarded athletic aid are not issued financial aid agreements in accordance with NCAA Bylaws and not all financial aid agreements could be produced for those that are not walk-ons in accordance with the Virginia Public Records Act and University Policy.	The Compliance Office will implement a formalized process for walk-ons receiving athletic aid and will perform a review of the impacted student-athletes and report a rules violation to the NCAA, accordingly. The Compliance Office has implemented a standardized digital storage method for the financial aid agreements.



OLD DOMINION UNIVERSITY

Activity and Status of Audit Issues Since June 2020

University Audit Department
September 2, 2020

Activity and Status of Audit Issues Since June 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 27 open action items in the June 2020 report, of which 14 are now complete. Since June 14 new action items have been added, 4 of which are complete. The University Audit Department is actively tracking the remaining 23 open action items. 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 June 2020

Issue Status by Engagement

Engagement Title	Report Date	# of Issues Closed Since 6/01/2020	# of Issues Open as of 8/31/2020
NCAA Compliance: Recruitment, Title IX, Academic Advising	8/22/16	0	1
College of Engineering and Technology	3/08/17	0	1
Confucius Institute 2015	4/15/17	2	0
Institutional Equity and Diversity	3/22/18	1	2
Confucius Institute 2016 and 2017	3/01/19	2	0
Office of the University Registrar	3/15/19	0	5
Institutional Equity and Diversity – Training	3/27/19	0	1
Department of Human Resources	4/02/19	2	1
Transportation and Parking Services	5/29/19	2	0
International Programs	8/15/19	0	1
College of Health Sciences	8/27/19	5	0
Office of the President FY2019 Annual Audit	11/13/19	0	1
Police Department – Annual Fiscal Activities	1/06/20	4	4
Board Governance	6/04/20	0	5
Office of Research Information Technology	6/05/20	0	1

Activity and Status of Audit Issues Since June 2020

Summary Status by Executive Area

Audit Engagement Title	Report Date	# of Issues Closed since 6/01/20	# of Issues Open as of 8/31/20
Academic Affairs			
College of Engineering and Technology	3/08/17	0	1
Confucius Institute 2015	4/15/17	2	0
Confucius Institute 2016 and 2017	3/01/19	2	0
International Programs	8/15/19	0	1
College of Health Sciences	8/27/19	5	0
Administration and Finance			
Transportation and Parking Services	5/29/19	2	0
Police Department – Annual Fiscal Activities	1/06/20	4	4
Athletics			
NCAA Compliance: Recruitment, Title IX, and Academic Advising	8/22/16	0	1
Human Resources			
Institutional Equity and Diversity	3/22/18	1	2
Institutional Equity and Diversity – Training	3/27/19	0	1
Department of Human Resources	4/02/19	2	1
Student Engagement and Enrollment Services			
Office of the University Registrar	3/15/19	0	5
Office of the President			
Office of the President FY2019 Annual Audit	11/13/19	0	1
Research			
Office of Research Information Technology	6/05/20	0	1
Board of Visitors			
Board Governance	6/04/20	0	5

Activity and Status of Audit Issues Since June 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
Academic Affairs	Confucius Institute 2015	Financial Matters	Financial	4/15/17	3/31/18	Complete
		Agreement	Financial	4/15/17	3/31/18	Complete
Human Resources	Institutional Equity and Diversity	University Discrimination Policy	Compliance	3/22/18	9/13/18	In Progress
		PeopleFluent System	Info Tech	3/22/18	6/15/18	Complete
		Record Retention Needs to be Addressed	Compliance	3/22/18	5/15/18	In Progress
Academic Affairs	Confucius Institute 2016 and 2017	Financial Matters	Compliance	3/01/19	7/01/19	Complete
		Agreements	Compliance	3/01/19	10/01/19	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	In Progress
		Degree Works User Access Provisioning Controls	Info Tech	3/15/19	9/01/19	In Progress
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	Performance Evaluations	Effectiveness	4/02/19	11/30/19	Complete
		New Hire Training	Compliance	4/02/19	12/31/19	Complete
		Records Management	Compliance	4/02/19	3/15/19	In Progress
Administration and Finance	Transportation and Parking Services	Records Management	Compliance	5/29/19	8/16/19	Complete
		Emergency Action and Business Continuity Plans	Compliance	5/29/19	8/30/19	Complete
Academic Affairs	International Programs	Non-Credit Student Travel Programs	Control	8/15/19	1/20/20	In Progress
Academic Affairs	College of Health Sciences	Performance Evaluations	Compliance and Effectiveness	8/27/19	12/15/19	Complete
		Budget Management	Control	8/27/19	6/30/20	Complete
		Records Management	Compliance	8/27/19	12/01/19	Complete

Activity and Status of Audit Issues Since June 2020

Executive Area	Audit Title	Audit Observation	Category	Report Date	Original Due Date	Status
		Fixed Assets	Compliance	8/27/19	12/01/19	Complete
		Emergency Management Plans	Compliance	8/27/19	12/01/19	Complete
President's Office	Office of the President FY2019 Annual Audit*	Financial Transactions	Control and Compliance	11/13/19	12/01/19	Planned
Administration and Finance	Police Department – Annual Fiscal Activities FY2019*	Purchasing Cards	Control	1/06/20	3/01/20	Complete
		Contracts	Control	1/06/20	3/01/20	Complete
		General Expenses	Financial	1/06/20	3/01/20	In Progress
		Budget Management	Compliance and Control	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	Planned
		Budget Accounts Signatory Authority	Access Control	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
		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

*Since this is an annual engagement, follow-up work will be conducted as part of the FY2020 audit.