

**OLD DOMINION UNIVERSITY
BOARD OF VISITORS
AUDIT COMMITTEE
December 6, 2018**

MINUTES

The Audit Committee of the Board of Visitors of Old Dominion University met Thursday, December 6, 2018, 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
R. Bruce Bradley, Vice Chair
Bob Tata

Absent from the Board:

Lisa B. Smith (*ex-officio*)
Kay A. Kemper (*ex-officio*)
Carlton F. Bennett
Jerri F. Dickseski
Donna L. Scassera

Also present were:

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| Austin Agho | Wood Selig |
| John R. Broderick | Amanda Skaggs |
| Leigh Comsudis | Deborah Swiecinski |
| Greg DuBois | Vanessa Walker |
| Todd Johnson | Jody Williams |
| Earl Nance | Jay Wright |
| Ellen Neufeldt | |
| Elaine Pearson | |

The Chair called the meeting to order at 8:00 a.m.

Vice President DuBois introduced Ms. Elaine Pearson, Associate Vice President for Academic Affairs. Ms. Pearson provided brief information on her background and how she is looking forward to working at Old Dominion.

- I. **Approval of Minutes** - Mr. Tata moved to approve the minutes from the September 20, 2018 meeting. Mr. Bradley seconded the motion and the minutes were unanimously approved by all members present and voting. (*Bradley, Tata*)

II. Report from the Chief Audit Executive – Ms. Amanda Skaggs, Chief Audit Executive, presented the Active Audits and Completed Audit Reports, along with an update on Open Action Items.

A. Active Audit Projects:

Office of the University Registrar

Integrated audit looking at the department's operations as well as technology used to track degree progress and certification for graduation, along with controls over grade changes. Also reviewed compliance reporting for military students, how exceptions are processed for deviations to the degree program, how domicile decisions are made, review of contract for transcript services and reviewed budget monitoring in place for department expenses.

Department of Human Resources

Broad review of Human Resources from operational prospective, looking at benefits, compensation, worker comp, temp pay, terminations, tuition assistance, telework, performance appraisals and central University controls, access into the state system, also budget management and travel expenses, etc.

College of Health Sciences

This audit is in the detailed test work phase. Some of the areas being reviewed include assets, staffing levels within the nursing program, student specific requirements in the health sciences degree, degree requirements, college involvement in graduation and certification process. Some Center-focused work will be included, but very limited for the PT Clinic and DH Clinic since there has been recent audit work in these clinics.

Transportation and Parking Services

This is an integrated audit (operational and information technology). The operational auditor is focusing on revenue, collection practices, and contract administration. The operational piece is moving a little ahead of the IT piece, but confident they will come together in the end.

Mr. Tata asked if parking pays for itself, or if it pays for other things as well; or does it break-even? Ms. Skaggs responded it covers their own expenses; she then deferred to Mr. Todd Johnson, Assistant Vice President for Auxiliary Services, to respond. Mr. Johnson said the one big discussion for parking is maintaining the parking infrastructure and garages, with need to beef them up; it also goes towards paying salaries, as well as maintenance.

Confucius Institute

Ms. Skaggs said they are also reviewing the Confucius Institute audit, which is the result of a letter two years ago from Hanban to look into it. An audit was performed related to calendar year 2015. Since the recommendations at that time were not implemented for 2016, this engagement will cover both 2016 and 2017.

Mr. Bradley asked if ODU is receiving federal money for the Institute? Ms. Skaggs responded there is no federal money provided, everything is from Hanban, directly from China; in turn, Old Dominion University has to respond how they will spend the funds. At the end of the calendar year, they must report if the funds were spent, or hold back on funds for next year if not all funds were spent.

Mr. Tata asked to be reminded what exactly is the Confucius Institute. Ms. Skaggs responded that it is to further Chinese programs and teach the Chinese language.

President Broderick added there is also a faculty exchange program involved as well. Ms. Skaggs added that teachers are also brought in to teach at the Norfolk Public School System.

Payment Card Industry (PCI) Compliance

Looking at payment card industry compliance, this audit has been kicked off and some preliminary meetings have been held, which will allow Audit to determine which detailed tests to conduct.

Institutional Scholarships

Looking at institutional scholarships, about \$28 million in 23 different accounts, looking at controls and funding, as well as how they are being disbursed.

Active Directory

We have started on the Active Directory engagement. The Active Directory provides an integrated and single sign-on system. An initial meeting has been held to formally engage those responsible.

Other

Ms. Skaggs noted that they recently reported on two hotline investigations. All allegations were noted as unsubstantiated.

Lastly, Ms. Skaggs reported that Fort Hill Associates has been hired to perform construction auditing services.

B. Completed Audit Reports:

FY2018 Annual Audit of the President's Office

Ms. Skaggs briefed the Committee on the objectives of the audit and noted that the controls that are in effect for expenditures during FY2018 were strong. There were no reportable issues.

Mr. Bradley asked why is the President's Office audit is done every year. Ms. Skaggs responded it was requested in the past for transparency purposes. She

added that it is not a high-risk audit and, therefore, they do not spend a lot of hours on it in comparison to other audits. Mr. Bradley suggested doing the President's Office audit every-other year.

Vice President DuBois asked if that is a request from the Board, if so, it will be considered.

President Broderick added that he found value in the annual engagement and that his office received important feedback and suggestions from the audit.

Ms. Skaggs shared several charts that highlighted the trends in expenses over the past five years.

Mr. Mugler asked if travel for development purposes are done using Vice President Brandon's or the President's budget? Ms. Skaggs responded that it would be from Vice President Brandon's budget and this engagement only included University accounts.

President Broderick noted that the NCAA pays for all of his travel that is for NCAA purposes.

Card Center Information Technology Audit

Ms. Skaggs briefed the Committee and noted that the Card Center relies on the CS Gold system to conduct business, including the sales and administration of University ID Cards, meal plans and Monarch Plus. The CS Gold System is jointly managed and operated with ITS who is the system owner and manages the functions of door access and panic alarms.

This area was noted as high risk during the annual risk assessment process. The internal controls in effect over the CS Gold System and relevant business process were adequate with six issues being noted that need to be addressed to enhance operations and the effectiveness.

- Work station transaction reports used, but did not capture all activity from all workstations that have the ability to post transactions; recommended expand and maintain the report to include all of those work stations and locations and have already put this in place; so this is now closed.
- User access---privilege users were all active ODU employees, but 16 accounts need to be reviewed regarding admin rights and levels.
- Taxation – Virginia Sale Tax and Meal Plans Tax were not appropriately applied previously to faculty staff meals plans and flex point sales
- Found that some Social Security Numbers are stored in the system as primary identifiers, recommended that all SSN be removed and replaced with the UIN data.

Vice President DuBois added that this system is safe and secure with no known breach; however, there is no need for use of Social Security Numbers, so they will be replaced.

- Panic Buttons are located throughout the campus that interface with CS Gold but they are not periodically tested for operational integrity. Only 10 in past 12 months have been tested. Recommend developing a test policy and plan for all buttons.

Vice President DuBois said there is a mix of old and new technology for panic buttons; he called on Assistant Vice President Waterfield to speak to CS Gold now, and noted the legacy ones use the old analog system and also don't reset the buttons after you use it. They are now transitioning all buttons to the new CS Gold.

Vice President Neufeldt said all of her areas have them in case of emergency situations for counseling and other times.

Vice President DuBois said a full review of all of them will be done to determine which are needed and which are not needed.

- The last issue for this audit relates to records management and the fact that data retention schedules for the CS Gold system have not been identified and implemented.

Mr. Tata asked if most of ODU documents are stored, or are they electronic. Ms. Skaggs said we have both; many are stored, however, we are moving more toward electronic. One department that must have permanent storage is Human Resources; there will always be a need for some document storage of their files. He asked if there has been an audit on the total amount of funds spent for storing paper records

Ms. Skaggs added that the Records Manager (an employee within ITS) has created a long range plan for University records and is making progress on the five-year plan.

C. Open Issues

Ms. Skaggs provided an update on open audit issues. There were 50 open issues reported at the June 2018 Committee meeting, of which 26 are now complete. There have also been 18 new issues added since June, of which nine are complete. The Audit Department is actively tracking all of the remaining 33 open action items and would like to see the University work toward the goal of closing out action items within one year of the report date.

Mr. Bradley asked if there is a way to highlight the level of importance on the list? Vice President DuBois said last year the list was much worse, so a lot of effort has been put into working with the various departments to emphasize the importance of correcting the issues.

Mr. Mugler and Mr. Bradley both requested there be a way to highlight all of the open issues.

Vice President DuBois noted that many of these will fall under other Vice President areas. He added that Ms. Pearson has done an excellent job working to implement necessary action for Academic Affairs' open action items.

It was agreed that the status report would be provided in the Board materials for every Audit Committee meeting.

President Broderick said he and Vice President DuBois will review these together.

Mr. Mugler said it is good to see more items complete. Ms. Skaggs said they appreciate the support of the Vice Presidents, the Audit Committee and the Board, which has contributed to more of the action items being closed out.

- D. Vice President's Report** – Vice President DuBois reported on the Red Flag Report, which deals with identity theft protection and regulations, noting he is required to read a statement about this once year to the Audit Committee.

As a reminder, he noted that the Audit Committee is now named the Audit and Compliance Committee. Some information has been distributed, but he said at the next Board meeting there will be a document and the Charter, which will need to be voted on.

Mr. Mugler said if any of the Committee members have comments or requested changes to the distributed document, please notify Ms. Skaggs as soon as possible because it will need to be voted on at the next meeting.

There will be a kick-off meeting of the University's new Compliance Advisory Committee in January 2019.

There being no further business, the meeting was adjourned at 8:51 a.m.