

## MEMORANDUM

TO: Board of Visitors Audit and Compliance Committee

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

FROM: Greg DuBois  
Vice President for Administration and Finance

DATE: September 9, 2019

SUBJECT: Meeting of the Committee, September 19, 2019

The Board of Visitors Audit and Compliance Committee will meet on Thursday, September 19, 2019, from 8:00-9:00 a.m. in Committee Room A (Room 2203) of Kate and John R. Broderick Dining Commons. 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 Thursday, June 13, 2019.
- II. Report from the Independent External Assessor – William H. Cole, Jr., will brief the Committee on the External Quality Assurance Review of the University Audit Department.
- III. Report from the Chief Audit Executive – Amanda Skaggs
  - A. Committee Charter – Discussion of Responsibilities
  - B. Internal Quality Assurance Improvement Program
    1. FY2019 Program Results
    - 2.

3. Proposed Revisions to Board of Visitors Policy 1610 – Charter of the University  
Audit Department
- C. Presentation of Completed Audit Reports
1. Institutional Scholarships
  2. Study Abroad
  3. College of Health Sciences
  4. Payment Card Industry Compliance
- D. Status of Open Audit Issues
- E. Discussion of Open Audit Reports
1. Design and Construction
  2. Office of the President Annual Engagement
  3. Active Directory
  4. NCAA Compliance – Financial Aid
  5. Office of Research
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# OLD DOMINION UNIVERSITY    AUDIT AND COMPLIANCE COMMITTEE    CHARTER

PURPOSE



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

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

#### Internal Control

- x Consider the effectiveness of the University's internal control system, including information technology security and control.
- x 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

- x 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

- x 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.
- x Review the findings of any examinations by regulatory agencies and any auditor observations.
- x Review the process for communicating the code of ethics to University personnel and for monitoring compliance therewith.
- x Obtain regular updates from management, internal audit, the compliance function and University legal counsel regarding compliance matters.

#### Reporting Responsibilities

- x Regularly report to the Board of Visitors

NUMBER: 1610

TITLE: Charter of the University Audit Department

APPROVED: November 14, 1981; Revised May 15, 1982; Revised April 5, 1990; Revised September 13, 2002; Revised June 17, 2010; Revised June 12, 2014; Revised September 24, 2015; Revised September 21, 2017; Revised September 20, 2018

### Purpose and Mission

The purpose of Old Dominion University's internal audit activity is to provide independent, objective assurance and consulting services designed to add value and improve the University's operations. The mission of internal audit is to enhance and protect organizational value by providing riskbased and objective assurance, advice and insight. The internal audit activity helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

This charter as adopted herein will serve as a guide for the activities of the University Audit Department at Old Dominion University. This charter does not include, nor is it intended to include, all of the department's duties or responsibilities as they may exist from time to time.

### Objectives and Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examination of evidence for the purpose of providing independent assessments to the Audit and Compliance Committee and management on the adequacy and effectiveness of governance, risk management and control processes for Old Dominion University.

1. Evaluating financial and operating procedures for adequacy of internal controls and providing advice and guidance on control aspects of new policies, systems, processes and procedures;
2. Ascertaining the extent of adherence, by the University and its employees, to established policies, plans, and procedures, and compliance with state and federal laws and regulations;
3. Determining whether resources and assets are acquired economically, and protected adequately;
4. Determining the propriety and accuracy of financial transactions and data;
5. Working with management to identify opportunities for process improvements, cost savings and revenue enhancements;
6. Evaluating the accuracy, security, effectiveness and efficiency of the University information technology and processing systems;

7. Evaluating the effectiveness and efficiency of operations and programs along with

4. Significant risk exposures and control issues to include fraud, governance issues and other matters requiring the attention of, or requested by, the Audit and Compliance Committee.
5. Results of audit engagements and other activities.
6. The propriety of any limitations on the scope of internal audits that may be imposed by University management.
7. Resource requirements.
8. Any response to risk by management that may be unacceptable to the University.

As used herein, the term "external" shall refer to representatives of or the activities of the Auditor of Public Accounts for the Commonwealth of Virginia, individual certified public accountants (the "CPA") and auditors from organizations, governmental or commercial, outside the University.

Code of Virginia §2.2307 et seq., established the Office of the State Inspector General (OSIG) effective July 1, 2012, and charged the office with providing services in three core areas: (1) investigating complaints alleging fraud, waste, abuse, or corruption; (2) conducting performance reviews of executive branch agencies; and (3) coordinating auditing standards for internal audit programs existing as of July 1, 2012, and developing and maintaining other internal audit programs. As the OSIG is required to coordinate and require standards for those internal audit programs, ODU's University Audit Department will adhere to any OSIG directives.

#### Authority

The Chief Audit Executive will have unrestricted access to, and communicate and interact directly with, the Audit and Compliance Committee, including private meetings without management present.

The Audit and Compliance Committee authorizes the internal audit activity to:

Have full, free, and unrestricted access to all university activities, property, personnel, and records which are relevant to fulfillment of the department's mission to the University.

- x It is understood that certain items of the university are confidential in nature and special arrangements will be made when examining and reporting upon such items.
- x Allocate resources, set frequencies, select subjects, determine scope of work, apply techniques required to accomplish audit objectives, and issue reports.
- x Obtain assistance from the necessary personnel of Old Dominion University, as well as other specialized services from within or outside of the University, in order to complete the engagement.

## Independence and Objectivity

The University Audit Department shall be free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. The University Audit Department shall be free from control or undue influence in the determination of facts revealed by the examination or in the development of recommendations or opinions as a result of the examination.

If the Chief Audit Executive determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to the appropriate parties. The Chief Audit Executive will disclose to the Audit and Compliance Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others. Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment.

## System Planning and Development

The University Audit Department will participate, in an advisory capacity, in the planning, development, implementation, and modification of major computerized and manual systems to ensure that:

1. Adequate controls are incorporated in the system;
2. A thorough testing of the system is performed at appropriate stages;
3. System documentation is complete and accurate; and
- 4.

## Responsibility for the Detection of Errors or Irregularities

The staff of the University Audit Department have a professional responsibility to conduct reviews with an attitude of professional skepticism, recognizing that the application of internal auditing procedures may produce evidential matter indicating the possibility of errors or irregularities.

If the internal audit staff believe that an error or irregularity may exist in an area under review or in any other area of the university, the Chief Audit Executive shall be notified at once. The Chief Audit Executive should consider the implications of such an error or irregularity and its disposition with the President and/or the President's designated representative. If the Chief Audit Executive believes that both of the individuals are directly involved, then the disclosure of potential irregularities should be made directly to the chairman of the Audit and Compliance Committee of the Board of Visitors.

The University Audit Department cannot be solely responsible for the detection and prevention of all errors and irregularities which may occur within the university. This is a responsibility shared by all members of the university management team.

## Coordination of External Auditors

The Chief Audit Executive is responsible for coordinating the audit efforts of the University Audit Department with those of the Auditor of Public Accounts for the Commonwealth of Virginia and other external auditors that have business with the University. This coordination of audit efforts should be in the planning and definition of the scope of proposed audits so the work of auditing groups is complementary and will provide a comprehensive, effective audit.

## Audit Plan

Each year, a proposed detailed audit plan for the next fiscal year will be submitted to the Audit and Compliance Committee. Upon approval of the plan by the Committee, audits will be initiated pursuant to the plan.

A block of time will be set aside for unexpected audits, special request audits and consulting, and cases received from the Commonwealth's fraud, waste and abuse. In excess of this, any additions to the plan will require written documentation as to the need for such additions with final approval for the request being made by the President and Committee.

A copy of all approved revisions to the audit plan will be submitted to the President and the Audit and Compliance Committee.

## Audit Reports

At the conclusion of each audit, the department or activity audited will be provided an opportunity to respond in writing to the findings, conclusions, and recommendations of the University





the Department will be guided by the IIA Code of Ethics and the Standards for the Professional Practice of Internal Auditing.

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## Activity and Status of Audit Issues since May 2019

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University Audit Department  
September 3, 2019

## Activity and Status of Audit Issues Since May 2019

The University Audit Department follows up with management as to the status of previously recommended corrective actions related to issues identified

## Activity and Status of Audit Issues Since May 2019

Issue Status by Engagement			
Engagement Title	Report Date	# of Issues Closed Since 05/29/2019	# of Issues Open as of 09/03/2019
NCAA Compliance: Recruitment, Title IX, Academic Advising Distance Learning	8/22/16	0	1
	11/23/16		





Activity and Status of Audit Issues Since

