

## MEMORANDUM

TO: Board of Visitors Audit Committee

Ross Mugler, Chair  
R. Bruce Bradley Vice Chair  
Lisa B. Smith (ex-officio)  
Kay A. Kemper (ex-officio)  
Carlton F. Bennett  
Jerri F. Dickeski  
Donna L. Scassera  
Robert M. Tata

FROM: Gregory E. DuBois  
Vice President for Administration and Finance

DATE: September 10, 2018

SUBJECT: Meeting of the Committee September 20, 2018

The Board of Visitors Audit Committee will meet on Thursday, September 20, 2018, 8:00 to 9:00 a.m., in Committee Room A (Room 2203) of Frederick 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 Committee meeting held on Thursday, September 14, 2018.

II. Report from the Chief Audit Executive – Amanda Skaggs, Chief Audit Executive

A. University Audit Department's Quality Assurance Improvement Plan

1. FY2018 Program Results
2. Annual Independence Confirmation
3. Proposed Revisions to Board of Visitors Policy 1610 – Charter of the Internal Audit Department (Enclosed)

B. Active Audit Projects

1. Card Center Information Technology
2. Office of the University Registrar
3. College of Health Sciences
4. Department of Human Resources
5. Transportation and Parking Services
6. Office of the President FY2018 Annual Audit
7. Special Projects/Other Engagements

C. Presentation of Completed Audit Reports (Summaries Enclosed)

1. General Accounting
2. Procurement Services

D. Investigations (Closed Session)

III. Report from Vice President for Administration and Finance

A. University Compliance

**NUMBER:** 1610

**TITLE:** Charter of the ~~University~~Internal 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

### Introduction

~~Old Dominion University supports Internal Audit, as defined by the Institute of Internal Auditors, as "an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes." This charter as adopted herein will serve as a guide for the activities of the Internal 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.~~

~~This charter will:~~

- ~~1. Provide a written record of formally approved policies of the Internal Audit Department;~~
- ~~2. Provide a basis for the evaluation of the performance of the Internal Audit Department by the management of the University and the Audit Committee of the Board of Visitors;~~
- ~~3. Serve as a basic document in the organization and administration of the Internal Audit Department.~~

### 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 risk-based 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. Internal Audit was established to assist the Board of Visitors and management of Old Dominion University in providing the Commonwealth and the country with the best possible educational institution for the 21<sup>st</sup> century. As appropriate to accomplish this mission, Internal Audit will have a dual focus; (1) to provide an independent and objective appraisal of the University's financial, operational and information systems, and to evaluate the internal control environment; and (2) to work with management in a proactive and creative manner to ensure the development and provision of services and processes in the most efficient and effective manner.~~

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 Committee and management on the adequacy and effectiveness of governance, risk management and control processes for Old Dominion University. ~~The underlying objectives for accomplishing the Internal Audit Department's mission include, but are not limited to, the following procedures:-~~

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; ~~Ensuring that proper safeguards are maintained to protect University assets from loss, and if necessary, verify their existence;~~
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's

Standards for the Professional Practice of Internal Auditing

The Institute of Internal Auditors, Inc., an international organization dedicated solely to the

5. Results of audit engagements and other activities.

6.

## Independence and Objectivity

### *Programming*

The ~~University~~Internal 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 selection-determination of facts revealed by the examination or in the development of recommendations or opinions as a result of the examination and application of audit techniques, procedures, and programs.

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 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.

### *Reporting*

~~The Internal 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.~~

### *Investigative*

~~The Internal Audit Department shall be free from undue influence in the selection of areas, activities, personal relationships, and managerial policies to be examined. No legitimate source of information is to be closed to the auditor.~~

### General

~~Objectivity is an essential element of independence. The independence of the department may be compromised if the internal auditor participated directly in the preparation or reconstruction of accounting systems, data, or records; thus members of the Internal Audit Department will be used only in an advisory capacity.~~

## System Planning and Development

The ~~University~~Internal Audit Department will participate, in an advisory capacity, in the planning, development, implementation, and modification of major computer-based 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. The intended purpose and objective of the system implementation or modification has been met.

The internal auditor participating in such a review should ensure that the extent of participation does not affect independence, thus suggested audit trails or other controls will be transmitted through formal correspondence.

#### Responsibility for the Detection of Errors or Irregularities

The staff of the ~~University~~Internal 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 I( uni)-2 48.002 Tc -0.002 Tw 5





loss. The ~~Chief Audit Executive~~~~Internal Audit Director~~ should work to ensure that the University promptly notifies other state departments as required under Section 30-138 of the Code of Virginia.

The ~~University~~~~Internal~~ Audit Department will perform sufficient tests to identify the weaknesses in financial and operating procedures, both automated and manual, which permitted the loss and evaluate the impact the weaknesses have with respect to other activities of the institution. In addition, the ~~University~~~~Internal~~ Audit Department will recommend improvements to correct the weaknesses and incorporate appropriate tests in future audits to disclose the existence of similar weaknesses in other areas of the institution.

#### Consulting Activities

As part of its mission, the ~~University~~~~Internal~~ Audit Department will engage in evolving forms of value-added services which are consistent with the broad definition of internal auditing. As such,



UNIVERSITY AUDIT DEPARTMENT OF OLD DOMINION UNIVERSITY  
Audit of General Accounting FY 2017

AUDIT SUMMARY

Department Heads Mary Deneen,

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Background

Scope and Objectives
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