



OLD DOMINION UNIVERSITY

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2016

Auditor of Public Accounts
Martha S. Mavredes, CPA

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AUDIT SUMMARY

We have audited the basic financial statements of Old Dominion University as of and for the year ended June 30, 2016, and issued our report thereon, dated June 6, 2017. Our report, included in the University's Financial Statements, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov and at the University's website at www.odu.edu. Our audit found:

- the financial statements are presented fairly, in all material respects;
- internal control findings requiring management's attention; however, we do not consider them to be material weaknesses; and
- instances of noncompliance or other matters required to be reported under Government Auditing Standards.

Our audit also included testing over federal Student Financial Aid performed in accordance with the U.S. Office of Management and Budget Uniform Guidance Compliance Supplement; and found two internal control findings and instances of noncompliance requiring management's attention.

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INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

Ensure Return of Title IV Calculations are Accurate

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: No

Old Dominion University's (University's) Office of Financial Aid used incorrect dates to calculate the required return of Title IV funds for Fall 2015 and Spring 2016 student withdrawals. This error resulted in refund miscalculations for all 20 students reviewed. In performing the calculation, the Office of Financial Aid used the academic calendar through the end of scheduled classes as provided by the Office of the Registrar to determine the length of the semester, as opposed to the end of examinations. In accordance with Code of Federal Regulations 34 CFR §668.3(2)(b)(2), the academic year must include any week of instructional time, which the Code defines as any week where at least one day of instruction or examinations occur or, after the last scheduled day of classes, at least one day of study for final exams occurs. When an institution does not include examination dates in determining the length of the semester, the calculation of earned aid is overstated and students will not return the correct amount of aid.

The Office of Financial Aid should review all federal guidelines surrounding Title IV calculations and update their processes to ensure accurate compliance with the guidance. Further, the Office of Financial Aid should consider implementing a secondary review of all critical data components in the Title IV refund calculations to ensure compliance with applicable federal guidelines and to prevent future errors.

Improve Enrollment Reporting Process

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: No

The University's Office of Student Financial Aid did not report student status changes for unofficial withdrawals for the spring semester to the National Student Loan Data System (NSLDS) in accordance with the Higher Education Act of 1965 (HEA) and the NSLDS Enrollment Reporting Guide. The University did not report the correct enrollment status within the required timeframe for six of 35 students reviewed. Additionally, the University reported one of those students as withdrawn from the University when he was in fact a graduate.

Under the provisions of the HEA, the Department of Education's regulations in 34 CFR §674.19, §682.610, §685.309, and §690.83, and related guidance, schools are required to confirm and report the enrollment status of students who receive Title IV federal student aid. In accordance with the NSLDS Enrollment Reporting Guide Section 2.4, schools must match the Enrollment Reporting Roster file received from NSLDS to student records maintained at the school. For each record, the school must

confirm either that the current information provided by NSLDS is still valid or update the enrollment status to the correct value. Per Section 4.4.2 of the Enrollment Reporting Guide, reporting the correct status of withdrawn or graduated is critical to the protection of the student's interest subsidy and initiation of repayment statuses. After all enrollment records are validated as correct or updated appropriately, the school or servicer returns the file to NSLDS. Additionally, as described in Section 4.4.2 of the Enrollment Reporting Guide, schools should take advantage of existing withdrawals procedures to report withdrawals to NSLDS as soon as possible.

The errors related to untimely updating of the students' status were the result of the Office of the Registrar sending enrollment reports through the National School Clearinghouse to the NSLDS prior to when the Office of Student Financial Aid was able to identify all unofficial withdrawals. Additionally, the one student that had an incorrect status reported was due to the student not applying for graduation in a timely fashion and the school not updating the roster file once completed.

A student's enrollment status determines eligibility for in-school status, deferment and grace periods as well as for the Department of Education's payment of interest subsidies to FFEL program loan holders. The accuracy of Title IV student loan records depends heavily on the accuracy of the enrollment information reported by schools. Schools must review, update, and verify student enrollment statuses, effective dates of the enrollment status, and anticipated completion dates in order to ensure the accuracy of the student loan records maintained by the NSLDS.

To improve compliance with the Code of Federal Regulations and the NSLDS Enrollment Reporting Guide, the Office of the Registrar should send the final enrollment after Financial Aid runs their process to report the effective date as the last attendance date.



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

June 6, 2017

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable Robert D. Orrrock, Sr.
Chairman, Joint Legislative Audit
and Review Commission

Board of Visitors
Old Dominion University

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER

FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate discretely presented component units of **Old Dominion University** (the University) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated June 6, 2017. Our report includes a reference to other auditors. We did not consider internal controls over financial reporting or test compliance with certain provisions of laws, regulations, contracts, and grant agreements for the financial statements of the component units of the University, which were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, but not in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control over financial reporting entitled "Ensure Return of Title IV Calculations are Accurate" and "Improve Enrollment Reporting Process," which are described in the section titled "Internal Control and Compliance Findings and Recommendations," that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the section titled "Internal Control and Compliance Findings and Recommendations," in the findings entitled "Ensure Return of Title IV Calculations are Accurate" and "Improve Enrollment Reporting Process."

The University's Response to Findings

We discussed this report with management at an exit conference held on May 23, 2017. The University's response to the findings identified in our audit is described in the accompanying section titled "University Response." The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Audit Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AUDITOR OF PUBLIC ACCOUNTS

LDJ/clj



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Office of the President

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May 23, 2017

Martha S. Mavredes, CPA
Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218

Dear Ms. Mavredes:

We have reviewed the audit findings and recommendations resulting from the fiscal year 2016 audit by the Auditor of Public Accounts (APA) and discussed during the exit conference.

Old Dominion University acknowledges and concurs with the audit findings. The following contains the APA findings and management's response to the concerns and issues raised.

APA Finding – Ensure Return of Title IV Calculations are Accurate

The Old Dominion University's (University's) Office of Financial Aid used incorrect dates to calculate the required return of Title IV funds for Fall 2015 and Spring 2016 student withdrawals. This error resulted in refund miscalculations for all 20 students reviewed. In performing the calculation, the Office of Financial Aid used the academic calendar through the end of scheduled classes as provided by the Office of the Registrar to determine the length of the semester, as opposed to the end of examinations. In accordance with Code of Federal Regulations Section 34 CFR 668.3(2)(b)(2), the academic year must include any week of instructional time, which the Code defines as any week where at least one day of instruction or examinations occur or, after the last scheduled day of classes, at least one day of study for final exams occurs. When an institution does not include examination dates in determining the length of the semester, the calculation of earned aid is overstated and students will not return the correct amount of aid.

The Office of Financial Aid should review all federal guidelines surrounding Title IV calculations and update their processes to ensure accurate compliance with the guidance. Further, the Office of Financial Aid should consider implementing a secondary review of all critical data components in the Title IV refund calculations to ensure compliance with applicable federal guidelines and to prevent future errors.

Management's Response

Old Dominion University's goal is to ensure the accurate calculation of Return of Title IV funds. The date for academic term, which is used in the Title IV refund calculation, has been updated in Banner to include the exam period. The change is effective for the 2017/18 financial aid year, beginning with the Fall 2017 semester, and will ensure compliance with applicable federal guidelines.

APA Finding – Improve Enrollment Reporting Process

The University's Office of Student Financial Aid did not report student status changes for unofficial withdrawals for the spring semester to the National Student Loan Data System (NSLDS) in accordance with the Higher Education Act of 1965 (HEA) and the NSLDS Enrollment Reporting Guide. The University did not report the correct enrollment status within the required timeframe for six of 35 students reviewed. Additionally, the University reported one of those students as withdrawn from the University when he was in fact a graduate.

Under the provisions of the HEA, the Department of Education's regulations in 34 CFR §674.19, §682.610, §685.309 and §690.83, and related guidance, schools are required to confirm and report the enrollment status of students who receive Title IV federal student aid. In accordance with the NSLDS Enrollment Reporting Guide Section 2.4, schools must match the Enrollment Reporting Roster file received from NSLDS to student records maintained at the school. For each record, the school must confirm either that the current information provided by NSLDS is still valid or update the enrollment status to the correct value. Per Section 4.4.2 of the Enrollment Reporting Guide, reporting the correct status of withdrawn or graduated is critical to the protection of the student's interest subsidy and initiation of repayment statuses. After all enrollment records are validated as correct or updated appropriately, the school or servicer returns the file to NSLDS. Additionally, as described in Section 4.4.2 of the Enrollment Reporting Guide, schools should take advantage of existing withdrawals procedures to report withdrawals to NSLDS as soon as possible.

The errors related to untimely updating of the students' status were the result of the Office of the Registrar sending enrollment reports through the National School Clearinghouse to the NSLDS prior to when the Office of Student Financial Aid was able to identify all unofficial withdrawals. Additionally, the one student that had an incorrect status reported was due to the student not applying for graduation in a timely fashion and the school not updating the roster file once completed.

A student's enrollment status determines eligibility for in-school status, deferment and grace periods as well as for the Department of Education's payment of interest subsidies to FFEL program loan holders. The accuracy of Title IV student loan records depends heavily on the accuracy of the enrollment information reported by schools. Schools must review, update, and verify student enrollment statuses, effective dates of the

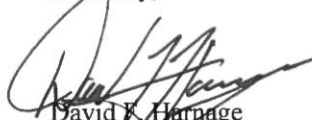
enrollment status, and anticipated completion dates in order to ensure the accuracy of the student loan records maintained by the NSLDS.

To improve compliance with the Code of Federal Regulations and the NSLDS Enrollment Reporting Guide, the Office of the Registrar should send the final enrollment after Financial Aid runs their process to report the effective date as the last attendance date.

Management's Response

Old Dominion University takes very seriously the financial and reporting obligations within Title IV. The Registrar, working with the Clearinghouse and Financial Aid has adjusted the reporting calendar for the 2016/17 academic year to ensure that final reporting for each term is completed after Financial Aid has run the Return of Title IV process in Banner so that unofficial withdrawals will be included. They will continue to monitor the calendar going forward in conjunction with the Financial Aid Office to ensure that they have completed the Return of Title IV process prior to submission of the final term file to the National School Clearinghouse.

Sincerely,



David F. Harnage
Chief Operating Officer

OLD DOMINION UNIVERSITY

As of June 30, 2016

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