RADFORD UNIVERSITY

Board of Visitors

BUSINESS AFFAIRS AND AUDIT COMMITTEE MEETING
12:30 P.M.
DECEMBER 6, 2018
MARY ANN JENNINGS HOVIS MEMORIAL BOARD ROOM
THIRD FLOOR, MARTIN HALL, RADFORD, VA

DRAFT
MINUTES

COMMITTEE MEMBERS PRESENT
Mr. Gregory A. Burton, Chair
Dr. Jay A. Brown, Vice Chair
Dr. Susan Whealler Johnston
Mr. Randy J. Marcus
Dr. Debra K. McMahon
Ms. Nancy A. Rice

COMMITTEE MEMBERS ABSENT
Mr. James R. Kibler, Jr.

BOARD MEMBERS PRESENT
Mr. Robert A. Archer, Vice Rector
Dr. Thomas Brewster
Ms. Krisha Chachra
Dr. Rachel D. Fowlkes
Ms. Georgia Anne Snyder-Falkinham
Ms. Lisa Throckmorton
Ms. Myriah Brooks, Student Representative (Non-voting Advisory Member)

OTHERS PRESENT:
Dr. Brian O. Hemphill, President
Ms. Sharon Barrett, University Budget Director
Mr. Mike Biscotte, Director of Facilities Planning and Construction
Ms. Karen Casteele, Secretary to the Board of Visitors and Special Assistant to the President
Mr. Jorge Coartney, Associate Vice President for Facilities Management
Dr. Kenna Colley, Interim Provost and Vice President for Academic Affairs
Mr. Grady DeVilbiss, Director of Emergency Management
Ms. Stephanie Jennelle, Associate Vice President for Finance and University Controller
Mr. Danny M. Kemp, Vice President for Information Technology and Chief Information Officer
Dr. Erik Lovik, Director of Institutional Research

Ms. Kitty McCarthy, Vice President for Enrollment Management
Ms. Margaret McManus, University Auditor
Mr. James Perkins, Director of University Services
Mr. Chad A. Reed, Vice President for Finance and Administration and Chief Financial Officer
Mr. John Sanders, Interim Assistant Vice President for Human Resources
Ms. Ashley Schumaker, Chief of Staff and Vice President for University Relations
Dr. Susan Trageser, Vice President for Student Affairs
Mr. Allen Wilson, Senior Assistant Attorney General, Commonwealth of Virginia
Other Radford University faculty and staff

CALL TO ORDER
Mr. Gregory Burton, Chair, formally called the Business Affairs and Audit Committee meeting to order at 12:30 p.m. in the Mary Ann Jennings Hovis Memorial Board Room in Martin Hall. Mr. Burton welcomed everyone to the December meeting.

APPROVAL OF AGENDA
Mr. Burton asked for a motion to approve the December 6, 2018 meeting agenda, as published. Mr. Randy J. Marcus so moved, Dr. Jay A. Brown seconded, and the motion carried unanimously.

APPROVAL OF MINUTES
Mr. Burton asked for a motion to approve the minutes of the October 2, 2018 meeting of the Business Affairs and Audit Committee, as published. Mr. Marcus so moved, Dr. Brown seconded, and the motion carried unanimously.

REPORTS AND RECOMMENDATIONS
University Auditor's Report
University Auditor Margaret McManus presented an oral report on the University Discretionary Fund for the quarter ended September 30, 2018. One hundred percent of University Discretionary Fund expenditures were reviewed, and all were found in compliance with the Board of Visitors' guidelines. Ms. McManus also presented a follow-up audit status report and reports on the following: Revenue Collection Point Audit of Graduate Admissions Application Fees, Departmental Audit of Student Recreation and Wellness and Information Technology Audit of Building Automation Systems. All of said reports are attached hereto as *Attachment A* and are made a part hereof.

Capital Projects Update
Vice President for Finance and Administration and Chief Financial Officer Chad A. Reed presented an update of current capital projects, which included the Reed and Curie Halls renovation and the Center for Adaptive Innovation and Creativity project. In addition, the University is underway on the preparation of an update of the current Master Plan. Background gathering for the Master Plan 2020-2030 began in late 2017 with the assignment of the Committee and a kick-off meeting in April 2018. Final document preparation is scheduled for the summer/fall 2019 with completion in December 2019. A copy of the report is attached hereto as *Attachment B* and is made a part hereof.

Higher Education Equipment Trust Fund Report
Mr. Reed presented an overview of the Higher Education Equipment Trust Fund program. Mr. Reed spoke to the history of the program, the University's annual allocation and how the funds are utilized by the University. A copy of the presentation is attached hereto as *Attachment C* and is made a part hereof.

Auditor of Public Accounts Higher Education Comparative Report
Mr. Reed presented an overview of the Higher Education Comparative Report issued by the Auditor of Public Accounts in October 2018. This report provided comparative financial ratio information for Virginia's four-year public institutions from fiscal year 2015 through 2017. The report highlighted and independently validated the University's financial health, which has received positive attention across the Commonwealth. A copy of the report is attached hereto as *Attachment D* and is made a part hereof.

ADJOURNMENT
With no further business to come before the Committee, Mr. Burton asked for a motion to adjourn the meeting. Dr. Debra K. McMahon made the motion, Dr. Brown seconded, and the motion carried unanimously. The meeting adjourned at 1:17 p.m.

Respectfully submitted,

Ms. Pamela Fitchett
Administrative Assistant
to the Vice President for Finance and Administration and Chief Financial Officer
Secretary to the Committee

RADFORD UNIVERSITY – OFFICE OF AUDIT & ADVISORY SERVICES
Revenue Collection Point Audit – Graduate Admissions Application Fees
August 24, 2018

BACKGROUND
The Graduate Admissions office collects revenue in the form of fees that students pay to apply to the College of Graduate Studies and Research. Although some application fees are received directly from students, the majority are received in a monthly check from CollegeNET, the vendor that handles fee collection for online submission of applications. For fiscal years 2017 and 2018, application fee revenue totaled approximately $48,700 and $51,800, respectively.

SCOPE AND OBJECTIVES
The scope of this review was limited to the Graduate Admissions Application Fees revenue collection function. The objective of this review was to determine whether the Graduate Admissions Application Fees revenue collection function has adequate internal controls over revenues and whether revenues and deposits are handled in accordance with State and University policies and procedures. This review was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

CONCLUSION
At the time of the review, and relative to the revenue collection process reviewed, the internal control structure appeared adequate to provide reasonable assurance that the objectives noted above are being met. However, we identified the following business issues.

BUSINESS ISSUES
The following issues were identified in this audit. Pages 2-3 contain information on planned actions and action dates and, accordingly, those pages are an integral part of this report. 1. A lack of separation of duties in the revenue collection and reconciliation processes was identified. 2. An opportunity exists to improve the security of the funds received and the efficiency of the process. 3. Improvements are needed in the monitoring and reporting of accounts receivable. 4. An improvement is needed in the coding of deposits from CollegeNET. 5. Improvements are needed in the deposit process to enhance documentation and controls.

BUSINESS ISSUE	PLANNED ACTION	ACTION DATE
1. A lack of separation of duties in the revenue collection and reconciliation processes was identified. Specifically, one employee is responsible for all aspects of the collection and reconciliation processes. This increases the risk that funds could be received and not deposited, without being detected.	1. Graduate Admissions will implement revised procedures to split duties among multiple employees to achieve a proper separation of duties.	Complete
2. We noted an opportunity to improve the security of funds received and the efficiency of the process. Currently, application fee revenue checks are received monthly from CollegeNET. Implementing direct deposit for these funds would provide more security over the funds and more efficiency in the process.	2. Graduate Admissions will work with Procurement and Contracts to revise the contract with CollegeNET to implement receipt of funds via direct deposit. Graduate Admissions will then implement procedures to reconcile the CollegeNET revenue to funds received.	August 31, 2018
3. Improvements are needed in the monitoring and reporting of accounts receivable:		
a. Graduate Admissions invoices certain entities who pay application fees on behalf of applicants. The department was unaware that these are accounts receivable. Thus, they were not aware of the need to report accounts receivable information to Financial Reporting.	a. Graduate Admissions will notify Financial Reporting of the potential of accounts receivable and request to be added to the quarterly contact list to report such receivables.	Complete
b. When payments for the accounts receivable are made by journal entry, Graduate Admissions is not notified if/when the journal entry payments occur. Also, Graduate Admissions is unable to see this information in Banner, the University's accounting system. Therefore, these accounts receivable are not being monitored, which could result in uncollected accounts receivables.	b. Graduate Admissions will arrange for an automated report from Banner to be provided to them monthly, so they are aware of journal entry payments. Additionally, Graduate Admissions will implement procedures to track and monitor accounts receivable to ensure that they are collected.	Complete

BUSINESS ISSUE	PLANNED ACTION	ACTION DATE
4. An improvement is needed in the coding of deposits from CollegeNET. Currently, application fee revenue received from CollegeNET is recorded in Banner net of transaction or other fees. Accurate financial reporting requires that revenue be recorded at gross, with fees recorded separately as expenses.	4. Graduate Admissions will implement procedures to ensure that application fee revenue received from CollegeNET is recorded at gross, with transaction or other fees recorded separately as expenses.	August 31, 2018
5. Improvements are needed in the deposit process to enhance documentation and controls. a. There is no evidence that deposits are reviewed before being taken to the Office of the Bursar. Deposits should be reviewed by someone other than the preparer before the deposit is delivered, and evidence of the review should be retained.	a. Graduate Admissions will implement procedures to ensure deposits are reviewed before being delivered to the Office of the Bursar. Evidence of the review will be retained.	Complete
b. A copy of the signed Cashier's Transmittal is not kept in the department while the deposit is being delivered to the Office of the Bursar, as required by the Radford University Funds Handling Procedures. Retaining such copy allows the department to have documentation of custody of funds.	b. Graduate Admissions will ensure that a copy of the reviewed transmittal is retained in the department while the deposit is being delivered to the Office of the Bursar.	Complete
c. The Cashier's Receipt, generated by the Office of the Bursar after a deposit is made, is not reviewed for accuracy by the department. Not reviewing the Cashier's Receipt and matching the amount to the department's records could allow funds to be misappropriated without being detected.	c. The Graduate Admissions Manager will review all Cashier's Receipts to ensure that the amount of funds deposited agrees to departmental records and to ensure that the account coding is accurate. Evidence of the review will be retained.	Complete
d. Although the department maintains a deposit log for fees received directly from applicants, the log does not include the date that funds are received, as required by the Funds Handling Procedures.	d. The deposit log will be modified to include the date funds are received by Graduate Admissions.	Complete

RADFORD UNIVERSITY – OFFICE OF AUDIT & ADVISORY SERVICES
Departmental Audit of Student Recreation & Wellness
September 6, 2018

BACKGROUND

The purpose of the Department of Student Recreation & Wellness is to engage the University community in a wide array of inclusive opportunities for social interaction, improved health, and overall well-being through facilities, services, and programs.

The department includes the following areas: Student Recreation and Wellness Center, Fitness and Wellness Programs, Outdoor Programs, Climbing Wall, Intramurals, Outdoor Recreation Complex, Sports Clubs, and Peters Hall Gymnasium.

For FY 2017, total expenditures were approximately $1.4 million, with 72% ($1 million) in personnel costs and 28% ($400,000) in non-personnel costs. For FY 2017, reported revenue was approximately $36,000.

SCOPE AND OBJECTIVES

The scope of this audit was limited to various aspects of the following areas within the department of Student Recreation and Wellness.
- Cash Funds
- Revenue & Collections
- Fixed Assets/Inventory/Property
- Expenditures, including Small Purchase Charge Card and Fuel Card
- Electronic Timesheet Submission
- Information Technology
- Mandatory Training
- Safety

The scope of our work related to the Revenue & Collections area was limited to Outdoor Programs, which comprised fifty percent of the department's total revenue. The objective of this audit was to determine whether the department is materially compliant with University and State policies and procedures and to determine if key controls in the selected functional areas are adequate.

This review was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

CONCLUSION

At the time of the review, and relative to the processes and transactions reviewed, the internal control structure appeared adequate to provide reasonable assurance that the objectives noted above are being met. However, we identified the following business issues.

BUSINESS ISSUES

The following issues were identified in this audit. Pages 2-5 contain information on planned actions and action dates and, accordingly, those pages are an integral part of this report.

1. A lack of separation of duties in the revenue collection and reconciliation processes was identified.
2. Improvements are needed to comply with the Radford University Payment Cards Policy.
3. Access controls to funds are not changed upon employee separation.
4. Review and revision are needed for the forms used in the loaning/checking out of departmental equipment.
5. Improvements are needed to ensure all applicable employees have the required safety training, certification, and/or licensure.
6. Improvements are needed in the University's overall management of the Fuel Card Program.
7. Purchases were made without obtaining the required advance approvals.

RADFORD UNIVERSITY – OFFICE OF AUDIT & ADVISORY SERVICES
Departmental Audit of Student Recreation & Wellness
September 6, 2018

BUSINESS ISSUE	PLANNED ACTION	ACTION DATE
1. A lack of separation of duties in the revenue collection and reconciliation processes was identified. Specifically, one employee is responsible for multiple aspects of the collection and reconciliation processes without compensating controls. This increases the risk that funds could be received and not deposited, without being detected.	The department will implement revised procedures to split duties among multiple employees to achieve a proper separation of duties.	Complete
2. Improvements are needed to comply with the Radford University Payment Cards Policy. Specifically,		
1. The Payment Cards Policy requires the department to maintain a list of all persons with access to cardholder data, including the following information: person's name, date annual training was last attended, verification that each person has read the Radford University Payment Cards Policy and has been trained on internal procedures, and the date the Payment Card Security and Confidentiality Agreement was last signed. Currently, the department does not have a list with all of this required information.	2.1 The department will develop and maintain a listing of all persons with access to cardholder data that includes all information required by the Radford University Payment Cards Policy.	October 31, 2018
2. The Payment Cards Policy specifies that the list of persons with access to cardholder data must be reviewed monthly by the department head or designee to ensure that the list reflects the most current information. Documentation of this review must be retained in the departmental files. There was no evidence of this review.	2.2 The cardholder data access list will be reviewed monthly. Necessary updates and changes will be corrected within two working days of the review. Documentation of the review and supporting documentation will be kept on file.	October 31, 2018
3. The Payment Cards Policy requires annual training for all employees handling payment card transactions. The policy also requires that those employees complete certain other items and that the department maintain supporting documentation regarding the employees' fulfillment of the policy's requirements. We tested 18 of 47 employees (38%) for the required training and documentation. We noted that	2.3 The Director will designate that the Assistant Director of Outdoor Recreation, Assistant Director of Facilities, and Assistant Director for Intramurals and Sports Clubs ensure that: • All current employees complete training as soon as possible. • New employees complete training within 30 days of start date and prior to handling payment card transactions.	October 31, 2018

BUSINESS ISSUE	PLANNED ACTION	ACTION DATE
a. 15 employees (83% of those tested) had not completed the required annual training. The majority was student employees. It appears that the department was unaware that student employees could be given access to the online training. b. For 14 employees (78% of those tested), we were unable to verify if they had read the Payment Cards Policy and had been trained on internal department procedures, due to lack of documentation. c. For 4 employees (22% of those tested), we were unable to obtain the signed Payment Card Security and Confidentiality Agreement.	Documentation of training will be maintained by the Administrative Assistant as well as an annual review. Signed agreements will be kept on file with the Administrative Assistant.	
3. The access controls to funds (i.e. combinations to the safes) are not changed when an employee with access leaves the department. Not changing such controls upon employee turnover puts the departmental funds at risk of being misappropriated.	The safe combinations have been changed. The departure change process is noted by the Administrative Assistant who will prompt that step as necessary.	Complete
4. During our review of departmental assets that are loaned and/or checked out, we noted that improvements are needed in the forms that are used in that process. Specifically, 1. The Equipment Reservation Request and Contract used by the Service Desk indicates that a fee could be charged for items damaged or not returned. Although the department stated that these fees have not been actually charged, such fees have not been approved in accordance with the Radford University Fee Policy 2. The Equipment Reservation Request and Contract used by the Service Desk does not appear to have been reviewed by legal counsel, although it contains wording addressing liability for the University.	4.1. The department has updated the form to remove the fee language. 4.2 & 4.3. The department will obtain legal counsel's review and maintain documentation of that review.	Complete November 1, 2018

BUSINESS ISSUE	PLANNED ACTION	ACTION DATE
3. Although the department asserted that the Equipment Rental Contract used by RU Outdoors had been reviewed by legal counsel, there was no documentation on file to verify that.		

5. During our review of required safety training, certification, and/or licensure for employees, we noted the following:
 	
1. Improvements are needed in the tracking of certifications. Specifically,
  a. The Outdoor Programs area does not have a process for tracking the certifications of staff to ensure proper certification and timely recertification.
  b. Although the Facilities & Operations area maintains a spreadsheet, it is not used for all employees or for all required certifications.
	5.1 The department will develop a tracking process for all certifications and trainings. All Assistant Directors (Outdoor Programs, Facilities, Fitwell, Intramurals and Sport Clubs) will maintain, track, and review monthly for compliance and prompt correction as necessary.	October 31, 2018

2. In our testing of 10 employees and 32 required certifications/trainings, we found that two employees (20%) did not have two (6%) current required certifications/trainings. Employees not maintaining current safety certifications or trainings and management not properly tracking those could result in employees not being properly trained and able to respond appropriately to a safety incident.	5.2 The department has ensured that the two employees obtained the necessary training and updated certifications.	Complete
6. Improvements are needed in the University's overall management of the Fuel Card Program. Specifically, 1. Fuel card program responsibilities are not included in the program administrator's position description. This could result in the employee not clearly understanding his/her responsibilities related to the program.	6.1 The Fuel Card Account Administrator position description has been updated to reflect responsibility for oversight of the Mansfield Oil/Voyager Fuel Card program.	Complete
2. Although the University uses the Department of General Services Office of Fleet Management Services (OFMS) contract for fuel cards, the	6.2 Because training is not provided by OFMS and the OFMS policies and procedures provide limited guidance, Accounting Services has created a number of forms,	Complete

BUSINESS ISSUE	PLANNED ACTION	ACTION DATE
University is not following the OFMS policies and procedures for the program. This appears to be due to the program administrator not receiving training on the policies and procedures and, thus, not providing instructions to departments regarding their responsibilities for the fuel cards issued to them. This results in non-compliance with the State's policies and procedures. It also increases the risk that misuse of fuel cards could go undetected.	agreements, and procedures for managing the program. These were implemented for all fuel cards effective July 1, 2018.	

7. During our review of expenditures, we noted the following:
 	
 1. Our review of Small Purchase Charge Card (SPCC) transactions encompassed 45 transactions from among all of the department's four cardholders.
 	
   a. Nine of those transactions were food and beverage related transactions. We noted that seven (78%) of them were not approved before the purchase was made, as required by the Radford University Food and Beverage Policy and Procedure.
 	
   b. Nineteen of the transactions were required to have a purchase order approved in the University's electronic procurement system before the purchase was made. We noted that four (21%) of them did not.
	7.1. The department conducted a training/process review for the professional staff members to ensure that SPCC purchases obtain the proper approvals.	Complete

2. In our review of non-SPCC expenditures, we noted that 7 of 38 (18%) transactions did not have an approved purchase order prior to making a commitment on behalf of the University, as required. The failure to obtain required approvals in advance is a procurement violation and could result in unallowable purchases using University funds. Misuse of the SPCC could lead to suspension or revocation of the SPCC.	7.2 The department conducted a training/process review for the professional staff members to ensure that non-SPCC purchases obtain the proper approvals prior to the commitment being made.	Complete

RADFORD UNIVERSITY – OFFICE OF AUDIT & ADVISORY SERVICES
Information Technology Audit – Building Automation Systems
September 28, 2018

BACKGROUND
ADX and ALC are automated energy management information technology (IT) systems used by Radford University to centrally control the heating, ventilation, and air conditioning functions of campus buildings. For this audit, they are referred to jointly as Building Automation Systems (BAS). The system ownership and data ownership of BAS is the responsibility of the Facilities Management Department (Facilities) in the Division of Finance and Administration. The system administration is the responsibility of the Division of Information Technology (DoIT).

SCOPE AND OBJECTIVES
Based on criteria defined in the Radford University Data and System Classifications Standard 5102s, management has classified BAS as sensitive systems because it is imperative that the systems be made available for business purposes. All sensitive systems must comply with the Radford University Information Technology Security Standard 5003s-01 (Standard).
The scope of this audit was limited to BAS and their attached field service devices. The objective of this audit was to determine whether controls are designed, implemented and operating effectively in the following University Information Security Program components: Risk Management, IT Contingency Planning, Information Systems Security, Logical Access Controls, Facilities Security, Personnel Security, Threat Management, and IT Asset Management. The audit procedures were based on requirements outlined in the Radford University Information Technology Security Standard 5003s-01; however, only key controls were reviewed. The audit also considered whether established controls aligned with information technology security best practices.
This review was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

CONCLUSION
Controls are implemented and working as designed. However, improvements are needed to ensure compliance with the Radford University Information Technology Security Standard 5003s-01.

BUSINESS ISSUES
The following issues were identified in this audit. Pages 2-7 contain information on planned actions and action dates and, accordingly, those pages are an integral part of this report.

1.   The Application Administrator role is not addressed in the Standard.
2.   The monitoring of role-based training and security awareness training needs strengthening.
3.   Improvements are needed related to the role of the BAS Engineer.
4.   The IT System Security Plan for BAS had not been updated in accordance with the Standard.
5.   The annual review of the list of persons allowed physical access to sensitive IT systems was incomplete.
6.   Password management controls for BAS servers and applications need improvement.
7.   Improvements are needed related to disaster recovery exercises.
8.   Systems documentation for BAS needs strengthening to comply with the Standard.
9.   Improvements are needed related to system hardening.
10.   Issue is Freedom of Information Act exempt under § 2.2-3705.2 of the Code of Virginia.
11.   Issue is Freedom of Information Act exempt under § 2.2-3705.2 of the Code of Virginia.
12.   Improvements are needed in the information security monitoring and event logging procedures.
13.   Configuration and change controls practices need strengthening.
14.   Account management controls need improvement.

BUSINESS ISSUE	PLANNED ACTION	ACTION DATE
1. The Division of Information Technology has recognized a need to identify employees serving as application administrators. The Application Administrator role is listed on the University's sensitive systems list, with an employee assigned to that role. As such, it appears to be a key role. However, the IT Security Standard does not address this role. Therefore, it is unclear whether the Application Administrator must comply with certain requirements of the Standard, as do the other key roles addressed in the Standard.	1. DoIT management has evaluated and determined this role is a key role. The IT Security Standard has been updated to add the role and responsibilities.	Complete
2. Per the Standard, role-based training for certain key roles is required annually. Security awareness training is required annually for all users of sensitive systems, including contractors.		
1. Regarding role-based training, our testing found that the System Owner and Data Owner of BAS (same employee) had not taken the required annual role-based training. Our testing also found that one of the alternate system administrator's role-based training had expired.	2.1 DoIT management will develop online role-based training.	February 1, 2019
2. Regarding security awareness training, we found		
a. The security awareness training for the System Owner had expired, but the user's account was not revoked in accordance with the University's Security Awareness Training Policy 5103.	2.2.a End-user security awareness training was moved from MOAT to SANS in January 2018. All current employees were transitioned to SANS in June 2018 to start the new training cycle. Reports are generated daily to identify users who have not completed training, and accounts are disabled until training is completed.	Complete
b. The contractors assigned to support BAS had not taken the University's security awareness training.	2.2.b The three contractors working on BAS have provided evidence of security awareness training. DoIT and Facilities have developed a process to ensure that DoIT is notified when contractors need access to BAS. DoIT will then require the contractors to provide evidence of completing security awareness training through their company, or to complete the University's training. Facilities has documented a procedure to ensure annually that contractors provide evidence	Complete

BUSINESS ISSUE	PLANNED ACTION	ACTION DATE
	of security awareness training in accordance with the Standard.	
3. Improvements are needed related to the role of the BAS Engineer. Specifically,		
1. As Application Administrator, the BAS Engineer performs operational duties similar to a system administrator and, as Data Custodian, manages all system data for BAS. This presents a lack of separation of duties. Additionally, the BAS Engineer has elevated rights to the server and applications with little oversight of the BAS Engineer's activities on the systems.	3.1 The BAS Engineer will continue to serve as Application Administrator and Data Custodian. To mitigate the risk inherent in that arrangement, the following actions have been taken: • Facilities has coordinated with DoIT to eliminate non-person (club) accounts. • Account access and VPN access now require approval from the System Owner. • DoIT has removed local administrator rights for contractors.	Complete
2. We also noted that the BAS Engineer does not have a backup. There is no one in Facilities that is trained to perform the BAS Engineer's duties on BAS in the event the BAS Engineer must be absent for an extended period.	3.2 Facilities has developed a plan to use outside engineering support to perform the duties of the BAS Engineer in the event of the BAS Engineer's absence for an extended period.	Complete
4. The IT Security Standard requires that the System Security Plan (SSP) for sensitive systems be updated at least every three years, and submitted to the Information Security Officer (ISO) for approval. The SSP for BAS was last updated in May 2013, which is outside of the required timeframe.	4. In 2018, the University's Business Impact Analysis (BIA), Risk Assessment (RA), and Disaster Recovery Plans (DRP) are scheduled for review as part of the 3-year review cycle. During this engagement, DoIT will evaluate the types of documents required for systems, including the SSP. BAS will be included in the scope of the review and for documented updates.	June 1, 2019
5. The Standard requires that the ISO or designee annually reviews a list of persons allowed physical access to sensitive IT systems. In testing the review of those allowed physical access to the data centers, we found that the list reviewed was incomplete. This could lead to an inaccurate review and jeopardize physical security.	5. DoIT will develop and implement a written procedure to document the physical access review process performed by the ISO.	December 1, 2018
6. Controls over password management practices for BAS servers and applications need improvement to ensure a more secure environment and to comply with the Standard as follows:		

BUSINESS ISSUE	PLANNED ACTION	ACTION DATE
1. This issue was communicated to management in a separate document marked Freedom of Information Act exempt under § 2.2-3705.2(3) of the Code of Virginia due to it containing descriptions of security mechanisms.	6.1 Management provided a planned action under the same public disclosure exemption as noted in the business issue.	August 1, 2019
2. Change the WebCtrl/ALC application level password policy to (a) require password complexity in accordance with the Standard, (b) set password expirations to at least every 180 days, and (c) maintain a password history file of at least the last six passwords to prevent reuse of the same or similar passwords	6.2 Facilities changed the WebCtrl/ALC application level password policies to comply with the Standard.	Complete
3. Change the MetaSys/ADX-application level password policy to (a) set password expirations to at least every 180 days and (b) establish a screen saver lockout to be implemented after a maximum of 30 minutes of inactivity.	6.3 Facilities changed the Metasys/ADX application level password policies to comply with the Standard.	Complete
7. Based on BIA and RA results, BAS have been identified as IT disaster components of the University's Continuity of Operations Plan because they are systems that are necessary to recover essential or dependent business functions of the University. The Standard requires an annual exercise of IT disaster recovery (DR) components to assess their adequacy and effectiveness, and, following the exercise, a review and revision of DR components. At the time of our audit, we noted that there had been no DR exercise performed on the ALC system within the past year. This appeared to be due to not performing a scheduled DR exercise at the enterprise level for the data centers (where BAS are hosted) since 2014. DR procedures were successfully performed on the ADX system within the past year. However, they were performed out of necessity for an actual DR event, instead of a planned exercise. Additionally, for that DR event, we were unable to obtain evidence that IT DR components were reviewed afterward.	7.1 DoIT has performed a DR exercise at the enterprise level for the data centers, where BAS are housed. After the exercise, a review was conducted. 7.2 Currently, DoIT performs multiple disaster recovery exercises each year, both functional and tabletop, at the enterprise level for DR IT components testing. Due to resource limitations, DoIT is unable to perform disaster recovery exercises on every individual system. Accordingly, DoIT will update the IT Security Standard to better reflect DR testing expectations.	Complete December 1, 2018

BUSINESS ISSUE	PLANNED ACTION	ACTION DATE
8. Improvements are needed in the systems documentation for BAS. We were unable to obtain the following documentation required by the Standard.		
1. Updated network diagrams	8.1 In coordination with DoIT, Facilities has updated network diagrams.	Complete
2. Reference list that correlates each sensitive system with the components required to run the system (such as servers, networks, personnel, etc.)	8.2 DoIT has provided a reference list with the elements noted.	Complete
3. Annual self-assessment to determine the continued validity of risk assessment controls	8.3 DoIT will create a risk self-assessment template for system owners to complete.	June 1, 2019
9. Improvements are needed in the system hardening. Specifically,		
1. The Standard requires that records be maintained regarding the application of baseline security configurations. We were unable to obtain those records for BAS.	9.1 The application of baseline security configurations for BAS has been documented and will be maintained.	Complete
2. Internal vulnerability scans are not being performed annually on BAS servers as required by the Standard.	9.2 DoIT is now performing internal vulnerability scans weekly.	Complete
10. This issue was communicated to management in a separate document marked Freedom of Information Act exempt under § 2.2-3705.2(3) of the Code of Virginia due to it containing descriptions security mechanisms.	10. Management provided a planned action under the same public disclosure exemption as noted in the business issue.	Complete
11. This issue was communicated to management in a separate document marked Freedom of Information Act exempt under § 2.2-3705.2(3) of the Code of Virginia due to it containing descriptions of security mechanisms.	11. Management provided a planned action under the same public disclosure exemption as noted in the business issue.	December 1, 2018
11. Improvements are needed in the information security monitoring and event logging procedures.		
1. Although the Application Administrator reviews the application-generated audit logs,	12.1 DoIT has provided a basic guideline document with procedures to follow in the	Complete

BUSINESS ISSUE	PLANNED ACTION	ACTION DATE
there are no documented procedures for how to handle malicious activity discovered during the review.	event of malicious activity. Also, DoIT and Facilities have developed a written information security log monitoring and reporting procedure.	
2. The requirements for the frequency of system administrator log reviews are inconsistent between the IT Security Standard and the Log Review & Storage Policy (IT-PO-5200).	12.2 DoIT will review and update the policies and procedures documentation as needed to ensure consistency.	December 1, 2018
3. Although there appear to be procedures in place for actions that system administrators should take when a suspicious or apparent malicious activity is taking place, those procedures aren't documented.	12.3 DoIT has created a written procedure for system administrators on incident response handling procedures.	Complete
13. The University has documented configuration and change control practices in the IT Change Control Policy (IT-PO-5201). In our review of change requests, we noted that three out of four were not documented and entered into the specified repository (*ServiceNow*), as required by the policy. They were documented only by email correspondence. Additionally, these change requests were not assigned a "type" (e.g. major, minor, routine, or emergency), as required by the policy.	13. DoIT has worked with Facilities to develop a formal process for BAS application and system change requests.	Complete
14. During our review of account management, we noted the following:		
1. Certain accounts appeared to be unneeded, but they had not been disabled. Maintaining such accounts increases the risk for unauthorized systems access because the accounts may not be routinely used and monitored. Specific accounts to be addressed included a test group with no user membership, two tech accounts granted access for a project that was now complete, an enabled default Administrators group, and an inactive service account.	14.1 DoIT and Facilities have evaluated the identified accounts and removed them.	Complete
2. Facilities uses a spreadsheet that contains BAS user credentials, including passwords. The spreadsheet was stored on an employee's laptop without encryption to protect the confidentiality and integrity of the user	14.2 Facilities has removed the spreadsheet, and it is no longer in use.	Complete

BUSINESS ISSUE	PLANNED ACTION	ACTION DATE
credentials. This practice increases the risk that user accounts could be compromised.		
3. Certain administrator accounts did not have both an administrative account and at least one standard user account, as required by the Standard.	14.3 Facilities has established the required standard user accounts.	Complete
4. One account with local administrative rights and system access to the ALC server did not appear to meet the requirements of least privilege.	14.4 Facilities has removed the account.	Complete
5. We were unable to obtain evidence that the System Owner/Data Owner annually reviews all user accounts for users' continued need to access the systems, as required by the Standard.	14.5 The System Owner/Data Owner has reviewed user accounts. Additionally, Facilities has developed a written procedure for the account review to ensure that it is done annually.	Complete

Audit: Student Health and Counseling Services Contract				
	Business Issue	Planned Action	Action Date	Status
1.2	The contract states that the Contractor shall ensure "that 95 percent of all entering students" have submitted a health record form with immunization history. b) It appears that the University was not monitoring compliance with this requirement prior to our audit. Upon our inquiry, the University obtained the data from the Contractor.	The University will ensure that the Contractor identifies all currently enrolled students who have not complied with the requirement, gives them appropriate notice, and then blocks class registration as needed. The University will monitor compliance with the requirement at least semi-annually.	April 1, 2017 Revised to July 1, 2017 Revised to March 15, 2018 Revised to October 31, 2018	Follow-up review is in process

Audit: Revenue Collection Point – Graduate Admissions Application Fees				
	Business Issue	Planned Action	Action Date	Status
2.0	We noted an opportunity to improve the security of funds received and the efficiency of the process. Currently, application fee revenue checks are received monthly from CollegeNET. Implementing direct deposit for these funds would provide more security over the funds and more efficiency in the process.	Graduate Admissions will work with Procurement and Contracts to revise the contract with CollegeNET to implement receipt of funds via direct deposit. Graduate Admissions will then implement procedures to reconcile the CollegeNET revenue to funds received.	August 31, 2018	Complete
4.0	An improvement is needed in the coding of deposits from CollegeNET. Currently, application fee revenue received from CollegeNET is recorded in Banner net of transaction or other fees. Accurate financial reporting requires that revenue be recorded at gross, with fees recorded separately as expenses.	Graduate Admissions will implement procedures to ensure that application fee revenue received from CollegeNET is recorded at gross, with transaction or other fees recorded separately as expenses.	August 31, 2018 Revised to November 30, 2018	In process

	Audit: Student Recreation & Wellness Department			
	Business Issue	Planned Action	Action Date	Status
2.1	Improvements are needed to comply with the Radford University Payment Cards Policy. Specifically, The Payment Cards Policy requires the department to maintain a list of all persons with access to cardholder data, including the following information: person's name, date annual training was last attended, verification that each person has read the Radford University Payment Cards Policy and has been trained on internal procedures, and the date the Payment Card Security and Confidentiality Agreement was last signed. Currently, the department does not have a list with all of this required information.	The department will develop and maintain a listing of all persons with access to cardholder data that includes all information required by the Radford University Payment Cards Policy.	October 31, 2018	Complete
2.2	Improvements are needed to comply with the Radford University Payment Cards Policy. Specifically, The Payment Cards Policy specifies that the list of persons with access to cardholder data must be reviewed monthly by the department head or designee to ensure that the list reflects the most current information. Documentation of this review must be retained in the departmental files. There was no evidence of this review.	The cardholder data access list will be reviewed monthly. Necessary updates and changes will be corrected within two working days of the review. Documentation of the review and supporting documentation will be kept on file.	October 31, 2018	Complete
2.3	Improvements are needed to comply with the Radford University Payment Cards Policy. Specifically, The Payment Cards Policy requires annual training for all employees handling payment card transactions. The policy also requires that those employees complete certain other items and that the department maintain supporting documentation regarding the employees' fulfillment of the policy's requirements.	The Director will designate that the Assistant Director of Outdoor Recreation, Assistant Director of Facilities, and Assistant Director for Intramurals and Sports Clubs ensure that (1) All current employees complete training as soon as possible, and (2) new employees complete training within 30 days of start date and prior to handling payment card transactions. Documentation of training and the annual review will be maintained. Signed agreements will be kept on file.	October 31, 2018	Follow-up review is in process

| 4.2 | The Equipment Reservation Request and Contract used by the Service Desk does not appear to have been reviewed by legal counsel, although it contains wording addressing liability for the University.

Although the department asserted that the Equipment Rental Contract used by RU Outdoors had been reviewed by legal counsel, there was no documentation on file to verify that. | The department will obtain legal counsel's review and maintain documentation of that review. | November 1, 2018 Revised to March 1, 2019 | In process |
|---|---|---|---|---|
| 5.1 | During our review of required safety training, certification, and/or licensure for employees, we noted that improvements are needed in the tracking of certifications. Specifically,

    a. The Outdoor Programs area does not have a process for tracking the certifications of staff to ensure proper certification and timely recertification.
    b. Although the Facilities & Operations area maintains a spreadsheet, it is not used for all employees or for all required certifications.

Employees not maintaining current safety certifications or trainings and management not properly tracking those could result in employees not being properly trained and able to respond appropriately to a safety incident. | The department will develop a tracking process for all certifications and trainings. All Assistant Directors will maintain, track, and review monthly for compliance and prompt correction as necessary. | October 31, 2018 Revised to December 15, 2018 | In process |

RADFORD UNIVERSITY BOARD OF VISITORS
Business Affairs and Audit Committee
December 6, 2018

Information Item
Capital Projects Update

Item: Facilities Planning and Construction update on capital projects.

Background: Currently, the University has **two active capital projects** in progress. Following is an update and project summary:

1. **Reed-Curie Renovation**

   Project Budget -- $33,045,000

   Architect/Engineer Firm--- Cannon Design

   Construction Manager-- Branch and Associates

   The Reed-Curie renovation project was approved in the spring 2016 state bond package. The project will completely renovate the existing Reed Hall and Curie Hall science buildings to complement the recent addition of the Center for the Sciences, ultimately providing an overall state-of-the-art facility for nearly all of Radford University's Artis College of Science and Technology departments.

   Occupants in the renovated building will include the Departments of Physics, Geology and Geospatial Sciences and the Office of the Dean. The Cyber Security Center will also be housed in the renovated building, along with support spaces for the Chemistry and Biology Departments. The Greenhouse will also be renovated and remain located adjacent to the renovated Reed Hall.

   The state initially approved funding for detailed planning for the project in the fall of 2016, and then approved final funding for the remainder of design and the construction on June 30, 2017. The state issued an approved demolition Building Permit on January 8, 2018, and the approved full project Building Permit on May 3, 2018.

   During the summer of 2017, Radford University completed the relocation of staff and equipment to various swing spaces on campus to render the building unoccupied. A Guaranteed Maximum Price for an Early Release Demolition Package was approved with a Notice-to-Proceed executed on January 8, 2018. Radford University also completed several tasks during winter break of 2017 to facilitate demolition/construction startup, including removal and surplus of remaining furnishings, hazardous materials abatement, and

establishment of construction entrance and laydown area and fencing. A Guaranteed Maximum Price for the full Project Renovation Package was approved with a Notice-to-Proceed executed on May 3, 2018.

Demolition is complete, including all interior systems and components and select exterior utilities and site work. The façade of the existing Curie Hall has also been demolished to allow installation of a new façade to more closely match the elements of the adjacent Center for the Sciences, and to provide full views from the interior building spaces. New interior walls and various building systems installation are well underway, starting at the first floor and proceeding to the third floor. Electrical and HVAC/plumbing rough-ins are nearly complete prior to the installation of walls. The foundations and framing for the entry area addition and various exterior utility systems and components are also underway.

Design for furniture and other equipment/furnishings is underway, to allow timely pricing and procurement of FF&E. Project construction final completion is scheduled for the fall of 2019, with overall project completion and swing space relocations by December 2019 to allow classes in January 2020.

2. **Center for Adaptive Innovation and Creativity**

Project Budget -- $4,000,000
(Detailed Planning only)

Architect/Engineer Firm-- Hord Coplan and Macht

Construction Manager-- TBD

The Center for Adaptive Innovation and Creativity project was approved for Detailed Planning in July 2018, as described in the Radford University six-year capital plan submission to the state in December of 2017.

The Center will address an array of significant existing programmatic and building deficiencies across a number of academic colleges. The approximately 215,000-square-foot multi-story building will include state-of-the-art instruction, laboratory, maker, studio, computer, and collaborative spaces that integrate the arts and health sciences, along with office and other academic support functions. Specialty spaces will include an instructional auditorium and support spaces, jewelry and ceramics instructional spaces, health science clinical lab spaces, painting and drawing studio spaces, and music and dance studio spaces. The project will be located in a prominent area of campus directly adjacent to East Main Street, and will respond aesthetically to the existing buildings along this important campus corridor.

Significant utility impacts will need to be accommodated, along with erosion/sediment control and stormwater management requirements. The project will replace existing facilities and

building systems nearly 50 years old that are inadequate for today's learning environment and technologies. The project scope will generally provide for demolition of the existing Porterfield East and West Halls and McGuffey Hall and construction of the new building and building systems and components including HVAC, plumbing, electrical, fire alarm and detection, fire suppression, lightning protection, and elevators. The impact of required swing spaces and potential phased construction will need to be investigated during the early design phases of the project.

The solicitation for design services was advertised on May 1, 2018, and the firm of Hord, Coplan and Macht was selected. The design began in July with submittal to BCOM of the Schematic Package in November and the Preliminary Package scheduled for spring of 2019. The initial Programming effort is complete, and early building schemes were developed and approved by Radford University. Geotechnical investigations and site/utility surveying are complete. The state's Department of Historic Resources has approved the proposed demolition, and the Environmental Impact Report has been approved by DEQ. The demolition package has been approved by AARB, along with preliminary approval of the new building design. The new building design will be submitted for final approval on December 7, 2018.

Radford University's request to utilize the Construction Management-at-Risk delivery method was approved by BCOM, and the solicitation for CM-at-Risk services was advertised on July 22, 2018. Qualifications packages were received on August 21, 2018 with RFP proposals and interviews in mid-September. The contract for pre-construction services was awarded to Skanska on October 8, 2018 and their team is underway on pre-construction services for the project.

3. **Master Plan 2020-2030**

The University is underway on the preparation of an update of the current Master Plan. Background information gathering for the Master Plan 2020-2030 began in late 2017 with the assignment of the Committee and kickoff meeting in April 2018. Initial information gathering and stakeholder input occurred throughout the summer and fall, with campus open forums and presentations to all internal governance Senates and other organizations and stakeholder groups. Sub-committees were formed to study specific areas of interest including academics; student activities and services; land use; transportation; infrastructure and sustainability; and public-private and community. A review of existing campus space utilization was completed, using outside consultants to identify potential under- or over-utilization of various space types. A review of existing campus parking was also completed, using outside consultants to identify potential areas of improvement for traffic, parking, and public transportation. Initial findings will be compiled and reviewed with the Executive Steering Committee in December, in order to identify areas for greater analysis in the spring of 2019. Final document preparation is scheduled for the summer/fall of 2019, with completion in December of 2019.
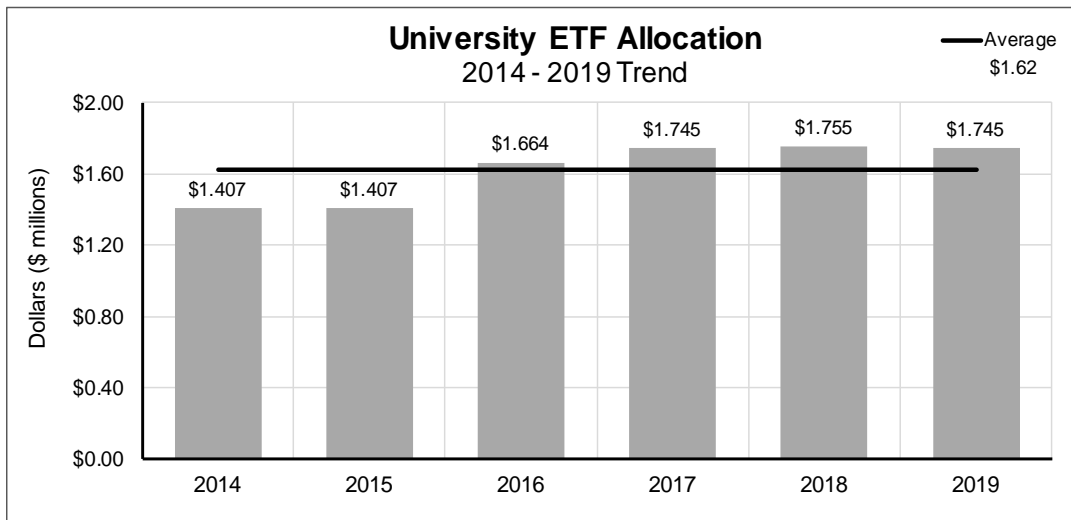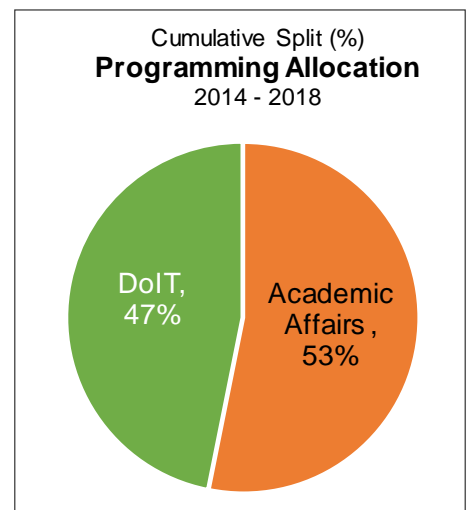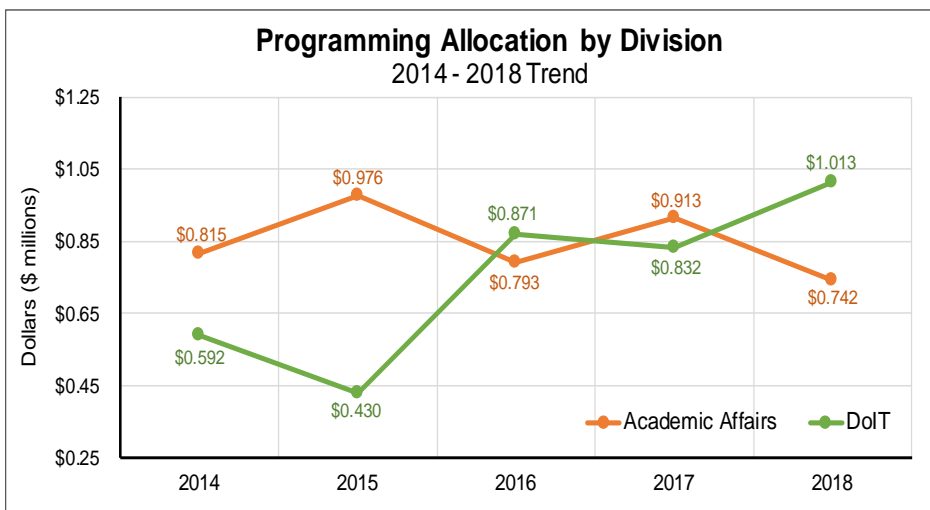
Radford University

Higher Education Equipment Trust Fund Summary (HEETF)

The Higher Education Equipment Trust Fund (HEETF) was established in 1986 by the General Assembly to provide funding to upgrade equipment needed for instruction and research. The State Council of Higher Education (SCHEV) shares administrative responsibility for the program with the Virginia College Building Authority (VCBA). Institutions purchase equipment using their operating funds and are reimbursed by the Trust Fund. Debt payments are made on the equipment to the Authority over the period of financing. The General Assembly appropriates funds for the debt service. While the financing of the Trust Fund is handled by the VCBA and bond counselors, SCHEV recommends how it is to be distributed among institutions based on identified equipment needs. SCHEV's recommendation is then communicated to the Governor and the General Assembly for consideration in the budget process. The General Assembly makes the final decision on dollar allocations.
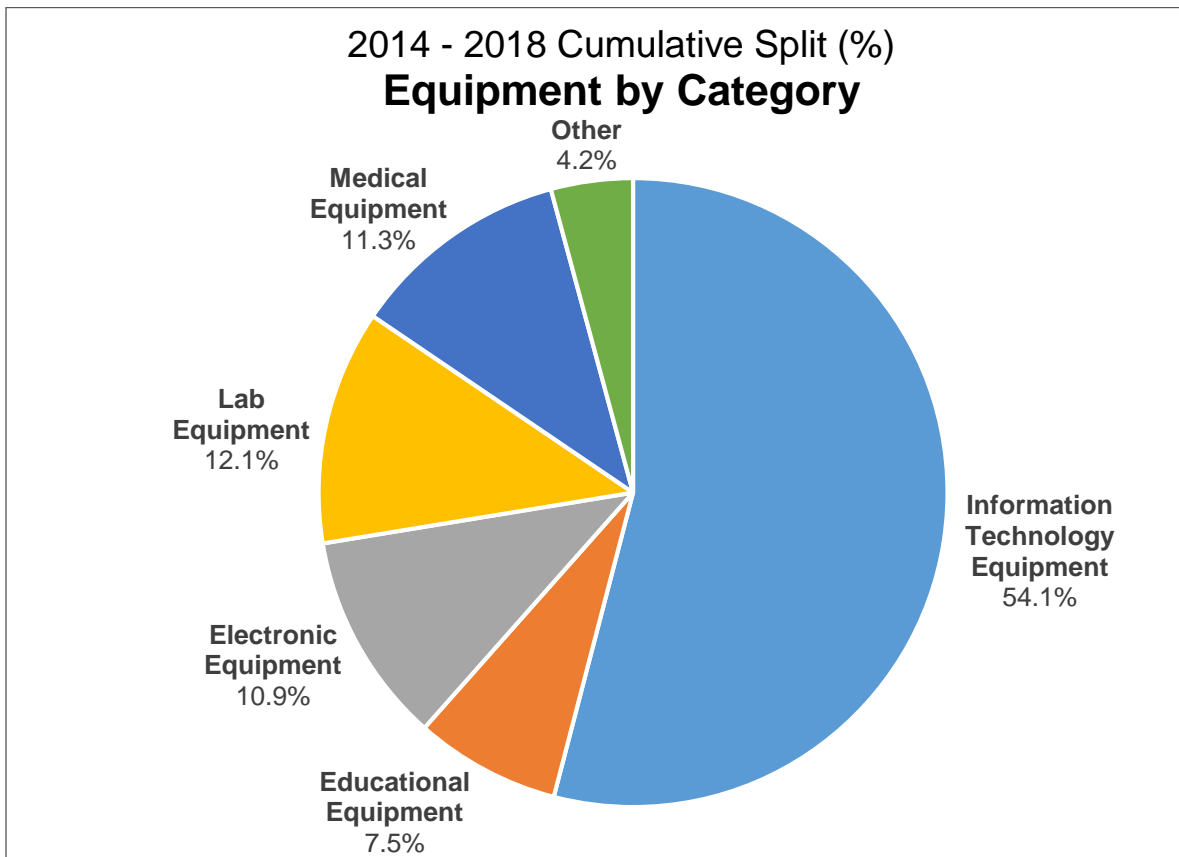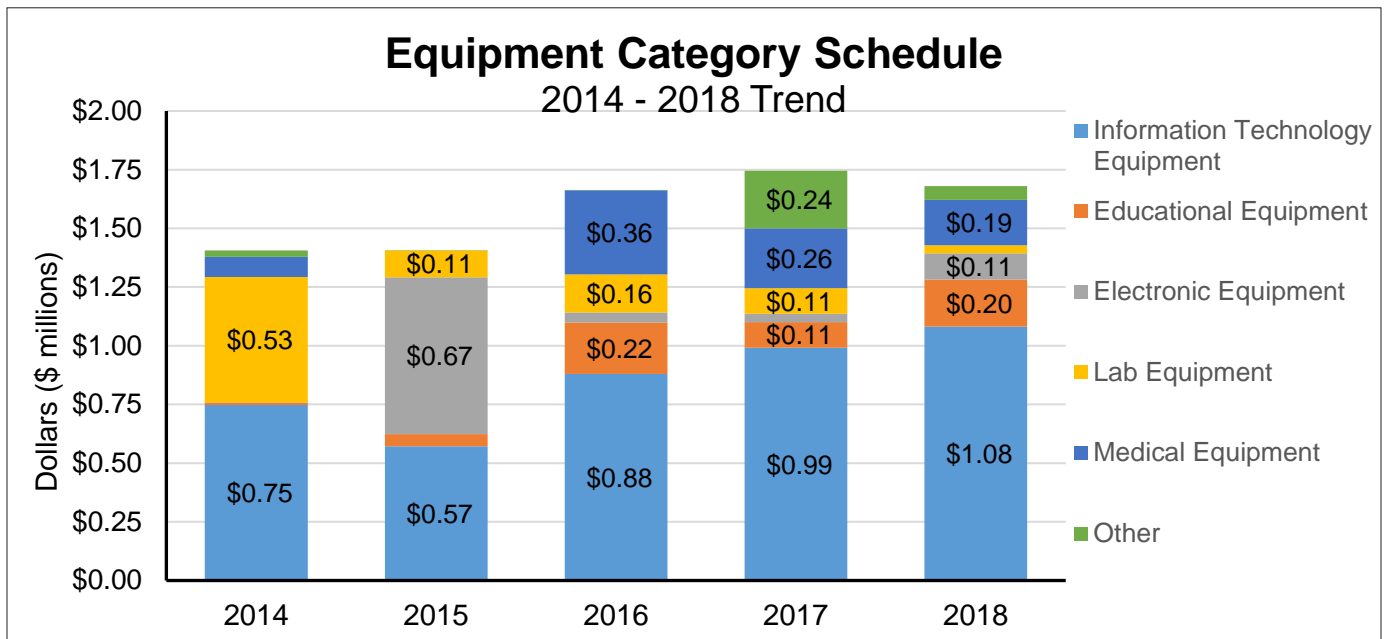
<u>**University Allocations:**</u>

<u>**Programming Allocations**</u>:

Equipment Category:

Equipment Category Schedule
2014 - 2018 Trend

Dollars ($ millions)

Year	Information Technology Equipment	Educational Equipment	Electronic Equipment	Lab Equipment	Medical Equipment	Other
2014	$0.75			$0.53		
2015	$0.57		$0.67	$0.11		
2016	$0.88	$0.22		$0.16	$0.36	
2017	$0.99	$0.11		$0.11	$0.26	$0.24
2018	$1.08	$0.20	$0.11		$0.19	

Legend:
- Information Technology Equipment
- Educational Equipment
- Electronic Equipment
- Lab Equipment
- Medical Equipment
- Other

2014 - 2018 Cumulative Split (%)
Equipment by Category

- Information Technology Equipment 54.1%
- Educational Equipment 7.5%
- Electronic Equipment 10.9%
- Lab Equipment 12.1%
- Medical Equipment 11.3%
- Other 4.2%

Higher Education Equipment Trust Fund

RADFORD UNIVERSITY

Board of Visitors

December 6, 2018

Background

Higher Education Equipment Trust Fund (HEETF)
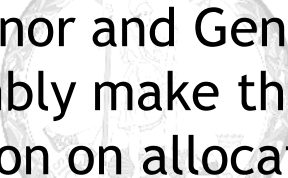
- Established 1986 by the General Assembly
- State Council of Higher Education (SCHEV) shares administrative responsibilities with the Virginia College Building Authority (VCBA)

SCHEV recommends how funds are distributed among institutions

VCBA manages the financing of the Trust Fund

Governor and General Assembly make the final decision on allocations

RADFORD UNIVERSITY

Purpose

The fund is used to accomplish the following goals:

- Significantly reduce the amount of obsolete technology and equipment

- Provide students with improved access to information and technology

- Provide faculty with appropriate equipment and training to use technology

- Support faculty in the introduction of new ways of instruction and learning

- Install management information systems that are flexible and directly accessible to users to help support restructuring and cost-containment

University Allocation

Radford University ETF
Trend: FY 2014 - 2019

- - - Average
$1.62

Dollars ($ millions)

Year	Value
2014	$1.41
2015	$1.41
2016	$1.66
2017	$1.74
2018	$1.76
2019	$1.74
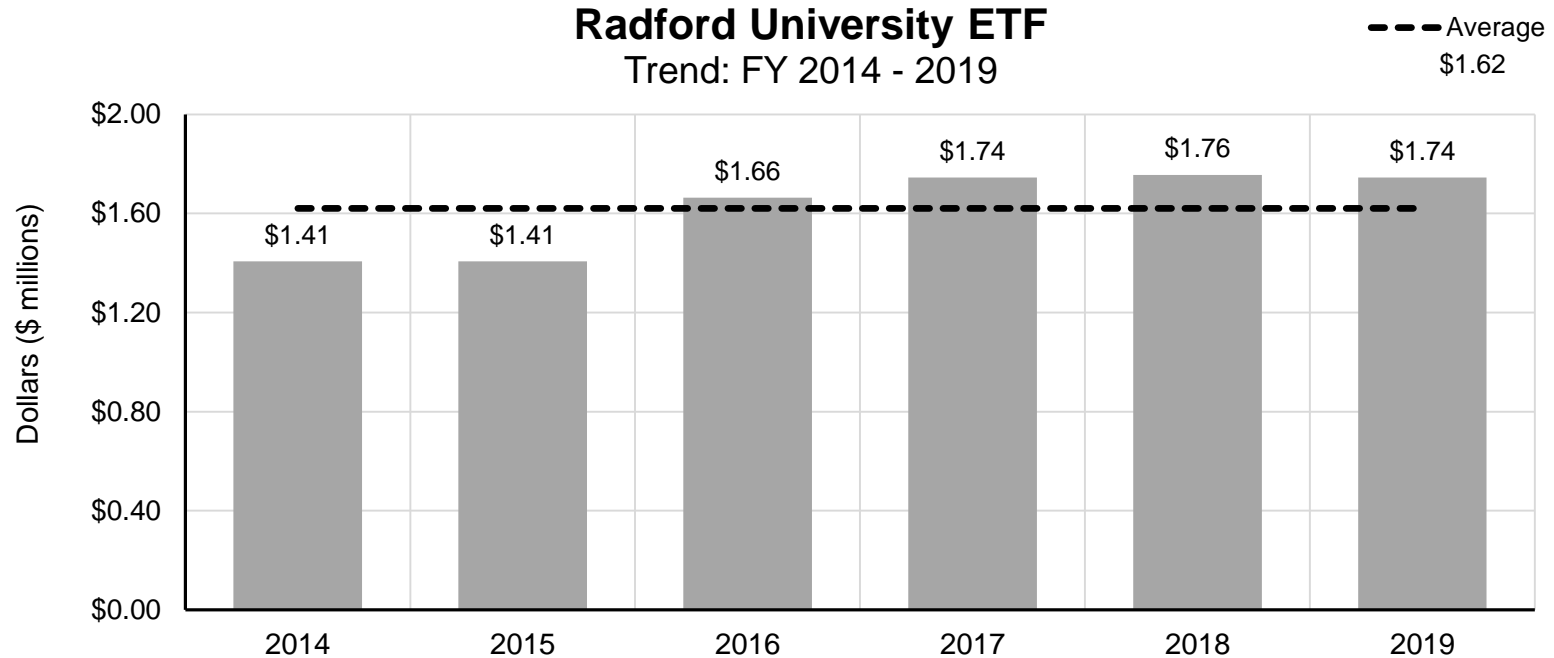
Programing Allocation

Programming Allocation by Division
2014 - 2018 Trend
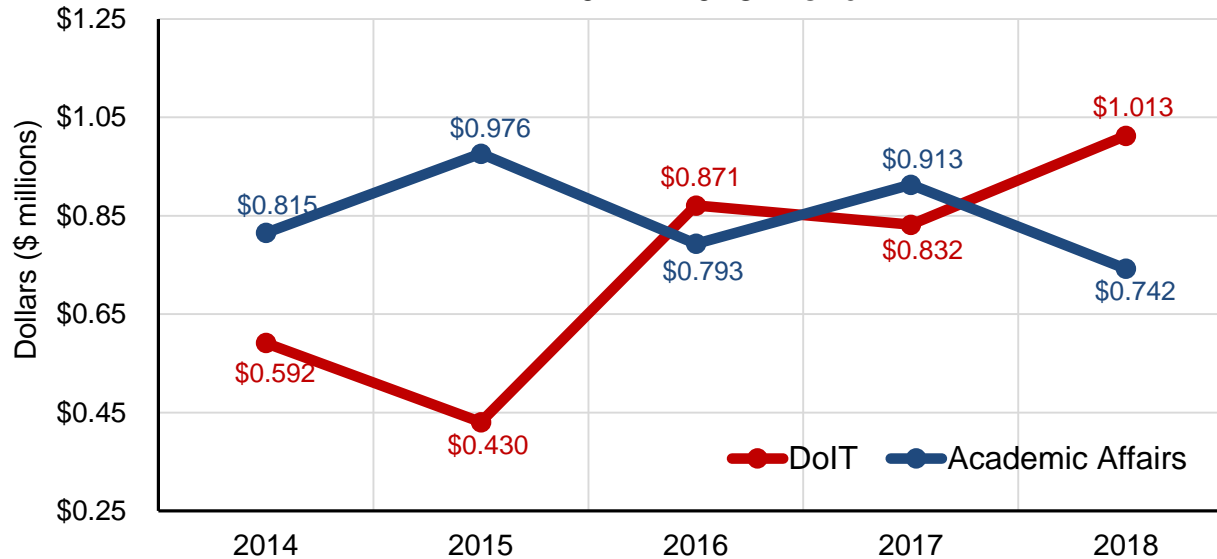
Cumulative Split (%)
Programming Allocation
2014 - 2018

DoIT, 47%

Academic Affairs , 53%
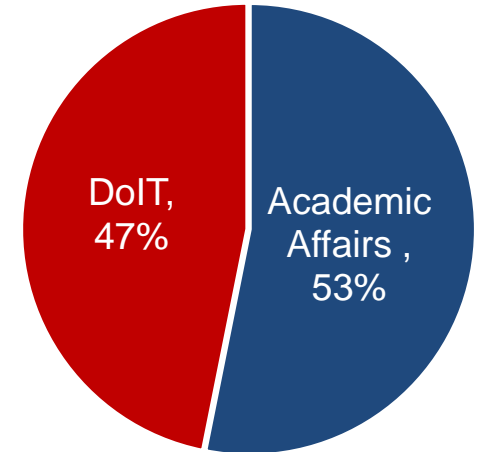
Equipment Category

Radford University Equipment
Trend: FY 2014 - 2018

Legend:
- Information Technology Equipment
- Educational Equipment
- Electronic Equipment
- Lab Equipment
- Medical Equipment
- Other

Y-axis: Dollars ($ millions)

Year	Information Technology Equipment	Educational Equipment	Lab Equipment	Medical Equipment	Other
2014	$0.75		$0.53		
2015	$0.57		$0.11		
2016	$0.88	$0.22	$0.16	$0.36	
2017	$0.99	$0.11	$0.11	$0.26	$0.24
2018	$1.08	$0.20	$0.11	$0.19	

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Equipment Category – Cumulative Split

Radford University Equipment

FY 2014 - 2018

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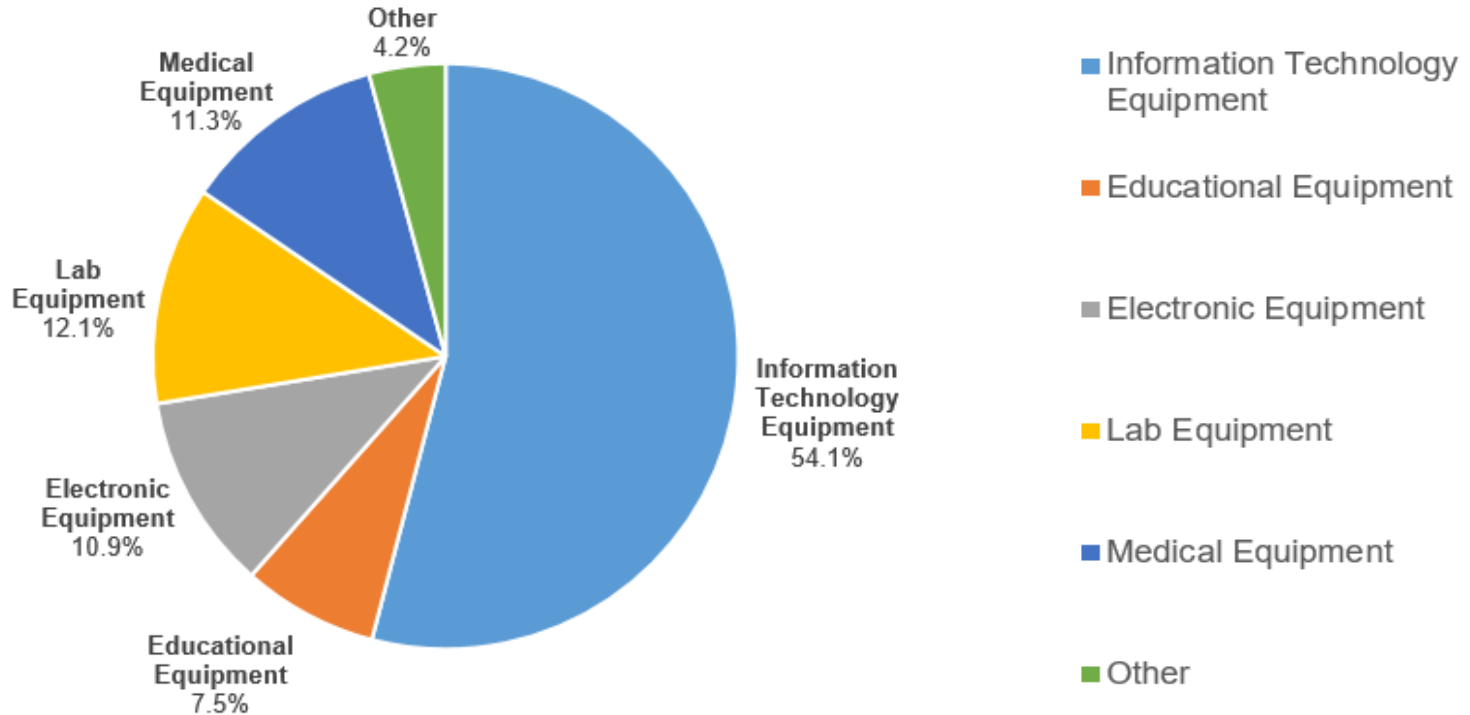
Auditor of Public Accounts
Higher Education Comparative Report

RADFORD
UNIVERSITY

Board of Visitors

December 6, 2018

Purpose

- Provide comparative financial information for Virginia's four-year public institutions of higher education

- Uses ratio analysis as the methodology to understand differences in financial activity at each institution

- Data provided by institutions individually published financial statement and footnotes

- Includes data from FY 2015 – 2017 (i.e. July 1, 2014 – June 20, 2017)

Institutions grouped into 3 categories:
1. Highest Research Activity
2. Higher Research Activity
3. Master's and Baccalaureate Institution

Virgina Higher Education

15 four-year, public institutions of higher education -

Peer Comparison

1 **Financial Resource Ratios:**

- Primary Reserve
- Viability
- Return on Net Position
- Age of Facilities

2 **Activity-Based Ratios:**

- Functional Classification
- Net Operating Revenues
- Auxiliary Income

3 **Composite Financial Index:** Weighted combination of Primary Reserve, Viability, Return on Net Position, and Net Operating Revenues

Business Affairs and Audit Committee

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Financial Resource Ratios

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Primary Reserve Ratio

Do we have the resources to meet our mission?

- Expendable net position / total expenses

- Indicates the sufficiency of resources and their flexibility

- Indicates that during an economic downturn, an institution could encounter difficulty meeting its obligations

- The accepted benchmark for this particular ratio is 0.40

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Primary Reserve Ratio

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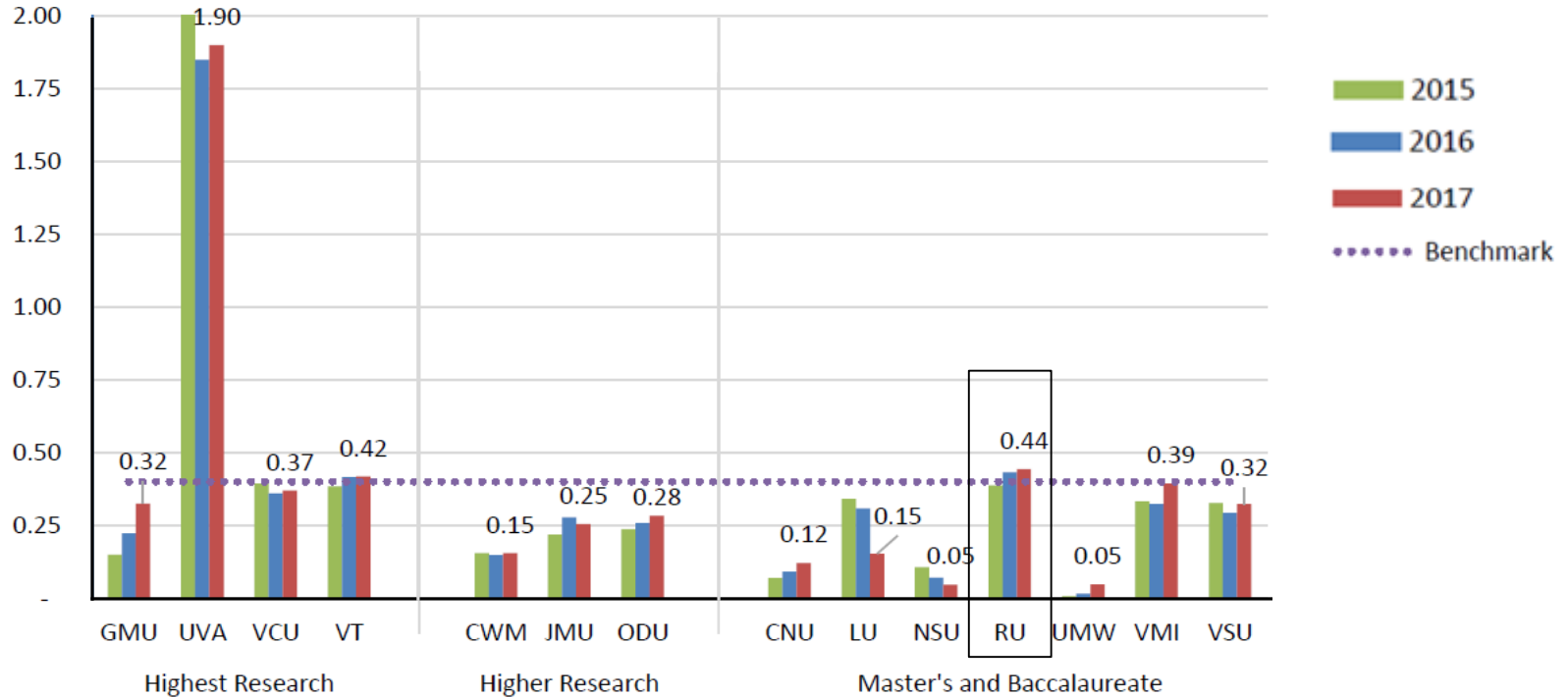
Viabilitiy Ratio

What is our availability of resources to settle outstanding debt?

- Expendable net position/ long-term debt

- Indicates the capacity to repay total debt through reserves

- Indicates whether the institution can assume new debt

- A benchmark ratio of 1.0 or greater indicates sufficient expendable resources to cover outstanding debt obligations.

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Viability Ratio

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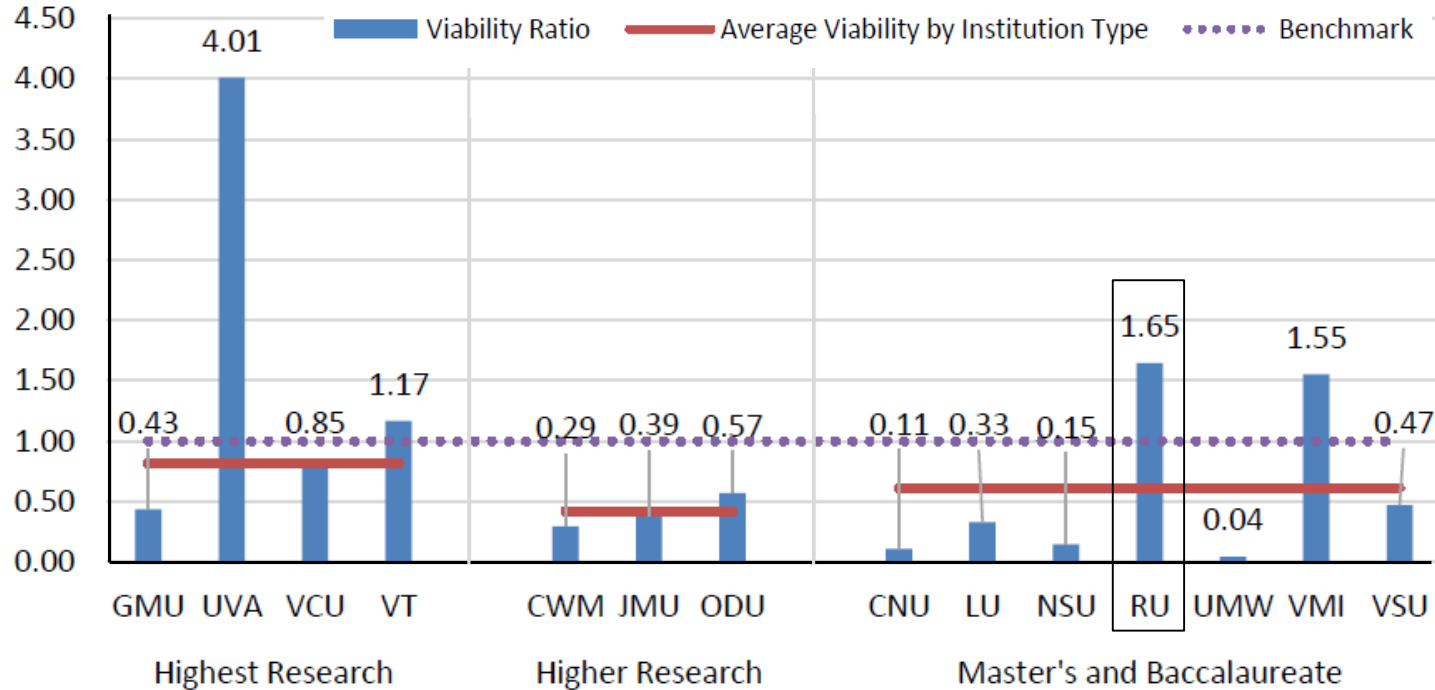
Return on Net Position Ratio

Is a reasonable return generated?

- Change in net position / Average total net position

- Indicates whether the institution is better off financially this year than last

- There is generally not a fixed benchmark to achieve for this ratio; however, institutions often look to make this ratio positive and improve over time.

Return on Net Position Ratio
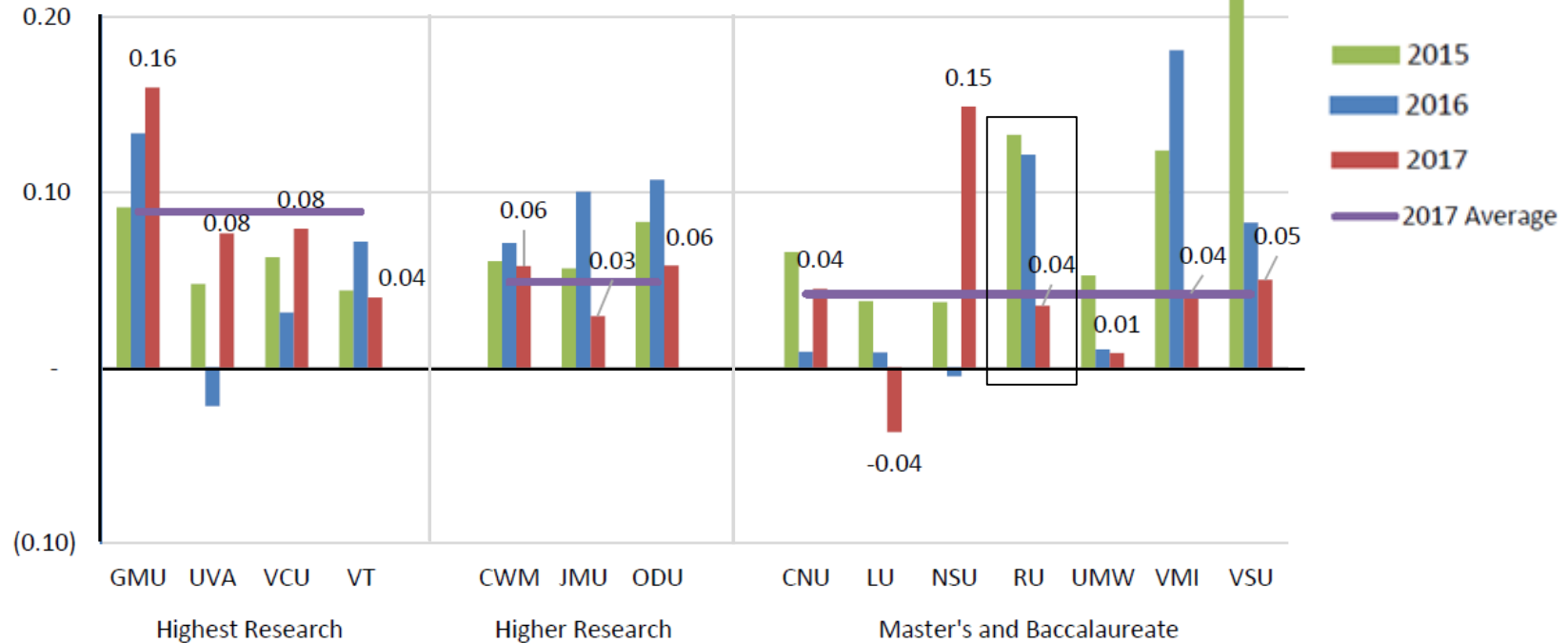
Age of Facilities Ratio

What is our future deferred maintenance need?

- Accumulated depreciation/ depreciation expense

- Measures relative age of all facilities

- Indicator of future building, infrastructure and maintenance needs

- A higher Age of Facilities ratio represents a greater immediate need for facility improvements

Age of Facilities Ratio (in years)

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Activity-Based Ratios

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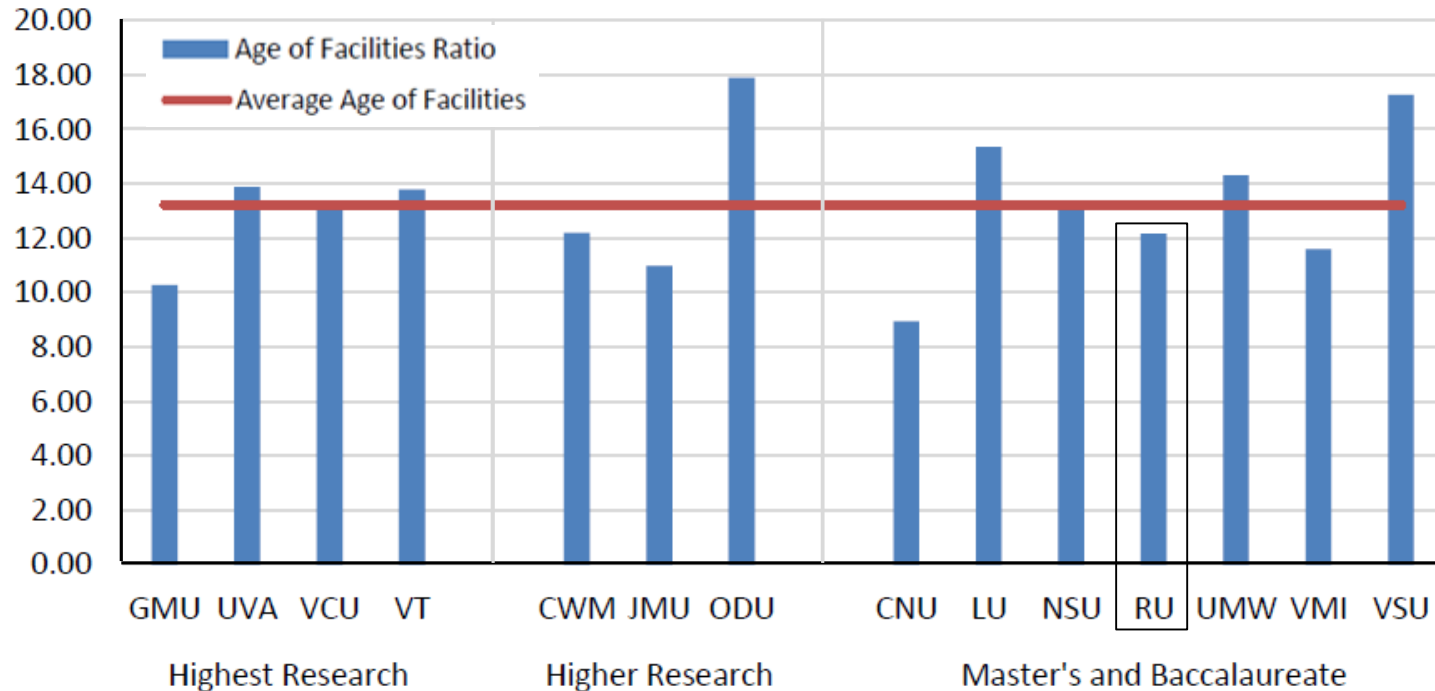
Combined Function Classification Ratio

How are resources allocated and prioritized?

- Depicts expenses of certain functions as a percentage of E&G Revenue

  1. **Educational Core Services** ratio includes expenses related to instruction, research and public service functions

  2. **Educational Support ratio** includes academic support, student services function

  3. **General Support ratio** consists of expenses for institutional support functions

- All institutions spend more than they receive in operating revenue. As a result, institutions use non-operating revenue to cover these expenses.

# Combined Function Classification Ratio
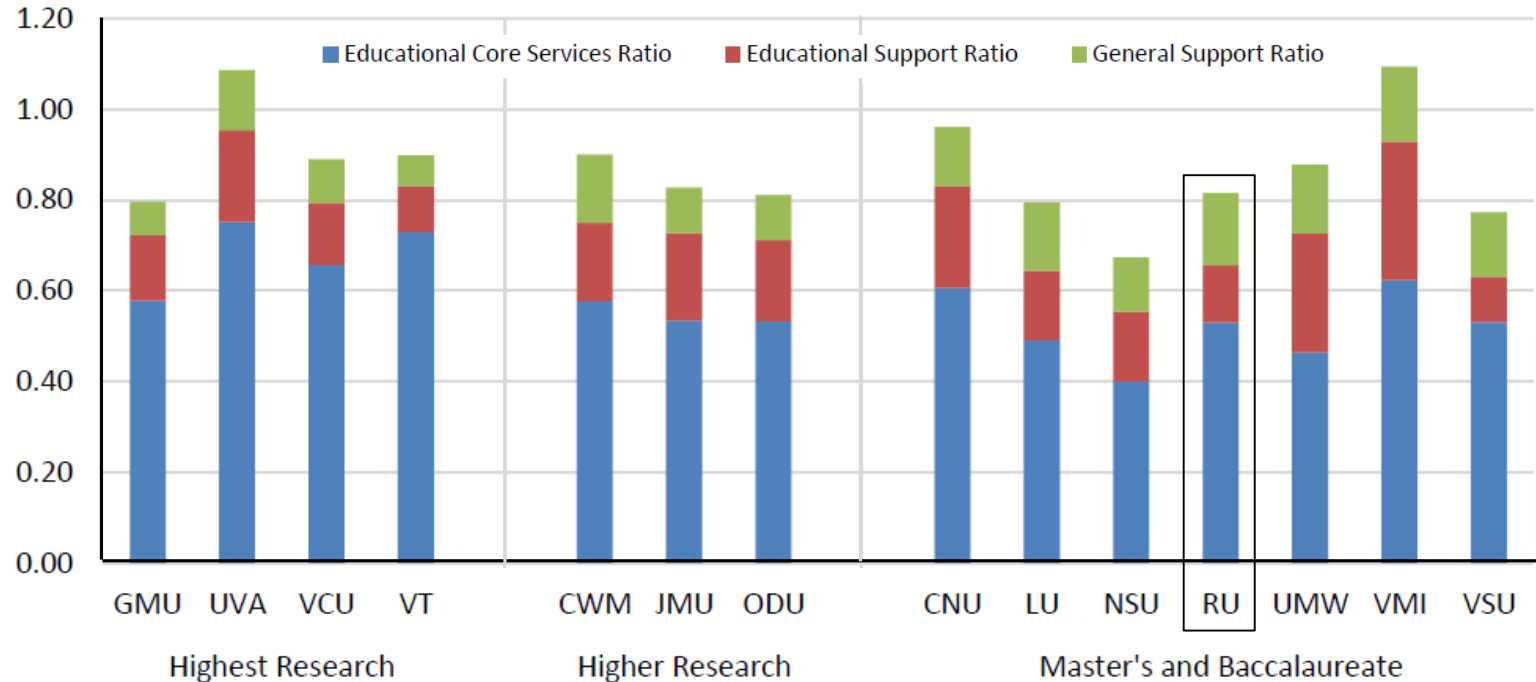
Net Operating Revenues Ratio

Are we living within our means?

- Operating surplus or deficit / operating revenues

- Indicates whether institution is living within available resources

- Indicates whether operation is producing a surplus or deficit

- Balance between return and achievement of mission is critical to assessment of success
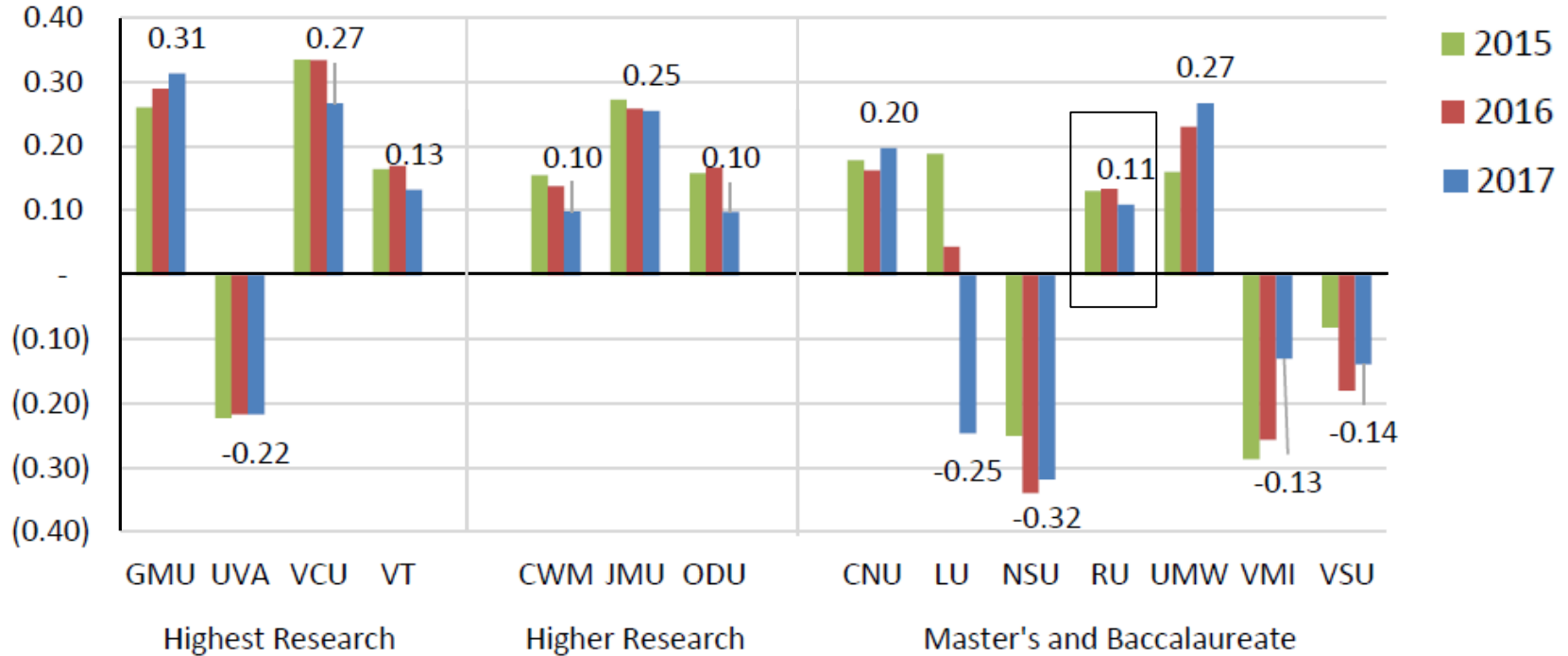
Net Operating Revenues Ratio

RADFORD UNIVERSITY
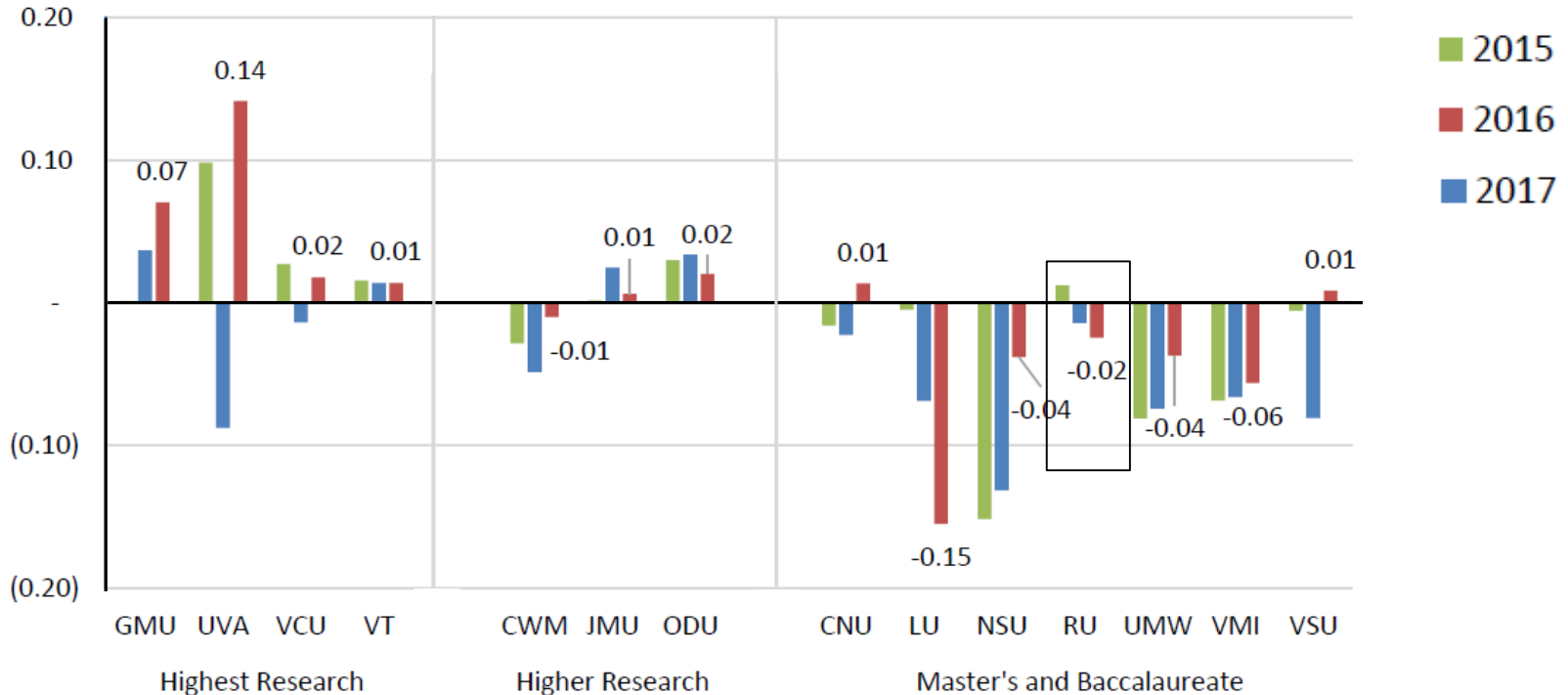
Auxiliary Income Ratio

Does auxiliary revenue exceed expenses for those services?

- Net Auxiliary Revenues / Total Auxiliary Revenues

- Compares auxiliary income to the amount of net auxiliary revenue

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Auxiliary Income Ratio

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Composite Financial Index

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Composite Financial Index (CFI)

Measurement of the overall financial well-being

- CFI is a combination of four core ratios including;
    1. Primary Reserve Ratio
    2. Viability Ratio
    3. Return on Net Position
    4. Net Operating Revenues Ratio

- The potential range of CFI scores are -4 to 10, with 3 representing a baseline value of financial health.

Composite Financial Index (CFI)
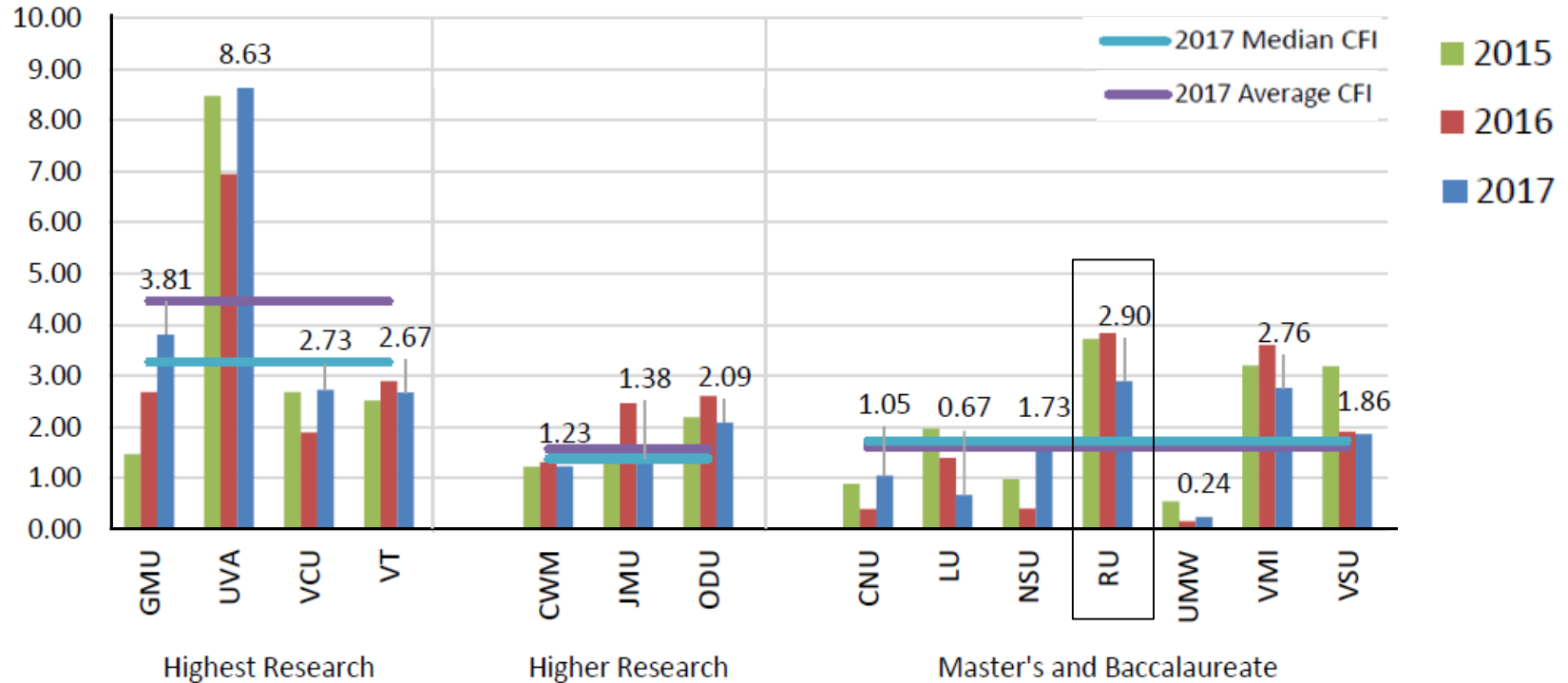
The Richmond Times Dispatch (Nov. 29, 2018)
"Virginia's public colleges pose some risks for state taxpayers"

> "…the Viability Ratio is an indicator of an institution's capacity to service its long-term debt. Three institutions have ironclad viability ratios: the University of Virginia, **Radford University**, and Virginia Military Institute."

Business Affairs and Audit Committee

RADFORD UNIVERSITY

Discussion

End of Board of Visitors Materials