



CHRISTOPHER NEWPORT UNIVERSITY

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2020

Auditor of Public Accounts

Staci A. Henshaw, CPA

www.apa.virginia.gov

(804) 225-3350



AUDIT SUMMARY

We have audited the basic financial statements of Christopher Newport University as of and for the year ended June 30, 2020, and issued our report thereon, dated May 21, 2021. Our report is included in the University's Financial Statements that it anticipates releasing on or around June 11, 2021. Our audit found:

- the financial statements are presented fairly, in all material respects;
- one internal control finding requiring management's attention; however, we do not consider it to be a material weakness;
- one instance of noncompliance or other matters required to be reported under Government Auditing Standards; and
- adequate resolution of the prior year's audit findings, except for one audit finding that will be reissued.

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INTERNAL CONTROL AND COMPLIANCE FINDING AND RECOMMENDATION

Continue to Improve Processes over System Access Removal for Terminated Employees

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: Partial (first issued in fiscal year 2019)

Prior Title: Improve Policies and Procedures over System Access Removal for Terminated Employees

Christopher Newport University (University) does not remove employees' information system access in a timely manner in accordance with their policies and procedures. University employees retained inappropriate access to the Commonwealth's purchasing system, the University's accounting and financial reporting system, and the University's web-based portal for internal resources as follows:

- Two of 24 (8%) terminated employees with access to the Commonwealth's purchasing system did not have their access removed until 14 to 33 days after termination.
- Three of 16 (19%) terminated employees with access to the University's web-based portal did not have their access removed until six to 89 days after termination.
- The University could not provide sufficient documentation to support the timely removal of access to the University's accounting and financial reporting system for one out of eight employees (13%).

In addition, the University did not ensure timely deactivation of one employee's administrative access to the Commonwealth's purchasing system following the reassignment of administrative duties to another employee.

The University's policies and procedures require removal of system access within three days of termination, with the exception of the Commonwealth's purchasing system. The policies and procedures over the Commonwealth's purchasing system require the Department of Materiel Management (Materiel Management) remove system access within seven days of notification of termination; however, based on discussion with management, the actual intent of the policy is for access to be removed within seven days of termination. The University allows a more lenient access removal policy for the purchasing system as Materiel Management must reassign account custody to process outstanding orders.

Untimely removal of access to information systems can expose the University to inappropriate activity by individuals no longer employed by the institution. Untimely user access deactivations may compromise the protection and integrity of confidential purchasing and accounting and financial reporting system data.

The University did not remove employees' access to systems timely due to miscommunication and lack of oversight by responsible parties. In addition, management attributed some instances of delay

in access removal to functionality issues with the University's employee management system, which notifies management of terminations and the need to remove access. In these instances, users did not receive a notification from the system prompting responsible parties to remove access for terminated employees.

Since the prior year finding, the University has made significant progress in addressing functionality issues in the employee management system and we recommend they continue to make improvements to ensure information on employee terminations is communicated and processed in a timely manner. In addition, the University should review and modify their system access removal policy for the Commonwealth's purchasing system to ensure it is consistent with the actual intent of the policy.



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

May 21, 2021

The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Kenneth R. Plum
Chairman, Joint Legislative Audit
And Review Commission

Board of Visitors
Christopher Newport 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 **Christopher Newport University** as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated May 21, 2021. 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 (internal control) as a basis for designing 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. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 that we consider to be material weaknesses. We did identify a deficiency in internal control entitled "Continue to Improve Processes over System Access Removal for Terminated Employees," which is described in the section titled "Internal Control and Compliance Finding and Recommendation," that we consider to be a significant deficiency.

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 financial statements. 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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the section titled "Internal Control and Compliance Finding and Recommendation" in the finding and recommendation entitled "Continue to Improve Processes over System Access Removal for Terminated Employees".

The University's Response to Findings and Recommendations

We discussed this report with management at an exit conference held on May 19, 2021. The University's response to the finding and recommendation 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.

Status of Prior Findings and Recommendations

The University has not taken adequate corrective action with respect to the previously reported finding and recommendation "Improve Policies and Procedures over System Access Removal for Terminated Employees," which has only been partially corrected as of the audit period. Accordingly, we included this finding and recommendation in the section entitled "Internal Control and Compliance

Finding and Recommendation.” The University has taken adequate corrective action with respect to audit findings and recommendations reported in the prior year that are not repeated in this report.

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 Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

LCW/clj



May 21, 2021

Staci Henshaw, CPA
Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218

Dear Ms. Henshaw:

Christopher Newport University has reviewed the findings and recommendations provided by the Auditor of Public Accounts for fiscal year ended June 30, 2020. The University appreciates the effort and hard work the APA auditors put towards the audit this year and has the following response to the Internal Control and Compliance Matters:

Internal Control and Compliance Matters

Continue to Improve Processes over System Access Removal for Terminated Employees

The University will continue to make improvements in system access removal for terminated employees, addressing system and process issues to ensure employee terminations are communicated and processed in a timely manner. The University will also revise purchasing policies and procedures to ensure they are consistent with the policy for access removal.

Sincerely,

A handwritten signature in black ink that reads "Jennifer B. Latour".

Jennifer B. Latour
Vice President for Finance and Planning/CFO

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CHRISTOPHER NEWPORT UNIVERSITY

As of June 30, 2020

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