

LONGWOOD UNIVERSITY

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2012**

APA

**Auditor of
Public Accounts**

COMMONWEALTH OF VIRGINIA

AUDIT SUMMARY

Our audit of Longwood University for the year ended June 30, 2012, found:

- the financial statements are presented fairly, in all material respects;
- internal control findings requiring Management's attention; one of which, we consider to be a material weakness and one we consider to be a significant deficiency; and
- no instances of noncompliance or other matters required to be reported under Government Auditing Standards.

In addition, we have audited the basic financial statements of Longwood University as of and for the year ended June 30, 2012, and issued our report thereon dated April 4, 2013. Our report, included in the University's basic financial statements, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov.

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AUDIT FINDINGS AND RECOMMENDATIONS

Improve Review and Preparation of Financial Statements

The University's final unaudited financial statements included material misstatements and errors in the cash flow statement and footnotes that resulted from improper preparation and use of amounts not updated from the prior year. Management's review process did not detect these misstatements.

We recommend that management implement new and strengthen existing controls over the financial reporting process so their design and operation is sufficient to prevent or detect and correct material mistakes and assure proper presentation of statements and footnotes. Improved financial reporting controls will ensure the University's unaudited financial statements are materially correct and accurately represent its operations. Further, it will reduce the time and effort required to make corrections detected after issuing the unaudited statements.

Improve Oracle Database Security

The University does not implement certain controls in its Oracle database that stores sensitive information for the Student Information System. Some of this information is also classified sensitive under the Family Educational Rights and Privacy Act.

The University's security policy requires and the Center for Internet Security Oracle 11g Database best practices recommends implementing specific controls to reduce unnecessary risk to data confidentiality, integrity, and availability.

We identified and communicated four weak controls to management in a separate document marked Freedom of Information Act Exempt under Section 2.2-3705.2 of the Code of Virginia due to it containing descriptions of security mechanisms. Management agreed with our recommendations and provided a corrective action plan to us under the same public disclosure exemption.



Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

April 4, 2013

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable John M. O'Bannon, III
Chairman, Joint Legislative Audit
and Review Commission

Board of Visitors
Longwood University

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

We have audited the financial statements of the business-type activities and aggregate discretely presented component units of Longwood University as of and for the year ended June 30, 2012, which collectively comprise the University's basic financial statements and have issued our report thereon dated April 4, 2013. Our report includes a reference to other auditors. We conducted our audit in accordance with 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. 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

Management of the University is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses; therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the section entitled “Audit Findings and Recommendations” we identified a deficiency in internal control over financial reporting that we consider to be a material weakness and a deficiency that we consider to be a significant deficiency in 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. We consider the deficiency entitled “Improve Review and Preparation of Financial Statements”, which is described in the section titled “Audit Findings and Recommendations,” to be a material weakness.

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. We consider the deficiency entitled “Improve Oracle Database Security,” which is described in the section titled “Audit Findings and Recommendations,” to be significant a 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 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The University’s response to the findings identified in our audit is included in the section titled “Agency Response.” We did not audit the University’s response and, accordingly, we express no opinion on it.

Report Distribution and Exit Conference

The “Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters” is intended solely for the information and use of the Governor and General Assembly of Virginia, the Board of Visitors, and management, and is not intended to be and should not be used by anyone, other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

We discussed this report with management at an exit conference held on April 25, 2013.

AUDITOR OF PUBLIC ACCOUNTS

KKHclj

LONGWOOD
UNIVERSITY

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trs: 711

April 26, 2013

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

Dear Ms. Mavredes:

The following are responses to audit findings and recommendations issued to Longwood University in conjunction with its audit of the June 30, 2012, financial statements:

Improve Review and Preparation of Financial Statements

We concur that improvements in review processes for the cash flow statement and footnotes are needed. The following actions will be implemented to ensure there are sufficient review processes in place to prevent or detect and correct material mistakes and assure proper presentation of statements and footnotes:

- Include another individual within Financial Reporting and General Accounting in the financial statement preparation process.
- Work with other departments to receive information more timely in order to allow more time for data review and compilation.
- Include another individual within the Financial Reporting and General Accounting area to serve as a reviewer. All footnotes and the cash flow statement worksheet will go through an additional review process, to include a checklist that will assist the reviewer in identifying necessary changes.
- Implement the checklist provided by APA as a final review, to be performed by the AVP of Financial Operations.

Improve Oracle Database Security

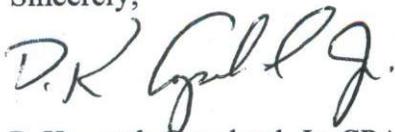
We concur that improvements are needed. The following actions will be implemented to ensure that the security of the Oracle databases is improved:

- Longwood will develop a CIO approved ITS policy for the usage and governance of super-user accounts.
- Longwood will implement the use of a centralized log server.
- Database user accounts will be configured to enforce strong passwords.



If you have questions or need additional information, please do not hesitate to contact me at (434) 395-2016 or copelandpk@longwood.edu.

Sincerely,

A handwritten signature in black ink, appearing to read "P. K. Copeland, Jr.", written in a cursive style.

P. Kenneth Copeland, Jr. CPA, MBA
Vice President for Administration and Finance

LONGWOOD UNIVERSITY

Farmville, Virginia

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