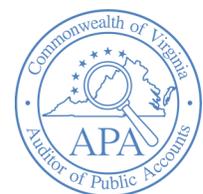




# LONGWOOD UNIVERSITY

## REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2014

Auditor of Public Accounts  
Martha S. Mavredes, CPA  
[www.apa.virginia.gov](http://www.apa.virginia.gov)  
(804) 225-3350



## AUDIT SUMMARY

We have audited the basic financial statements of Longwood University as of and for the year ended June 30, 2014, and issued our report thereon, dated May 6, 2015. Our audit of Longwood University for the year ended June 30, 2014, found:

- the financial statements are presented fairly, in all material respects;
- an internal control finding requiring management's attention; however, we do not consider it to be material weaknesses; and
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

Our audit did identify opportunities for the University to implement additional modules of and enhancements to its Banner system, which would strengthen operations and alleviate manual processes. This investment in technology enhancements would have up-front and on-going costs but would be paralleled by greater efficiency and the ability for the University to reallocate resources to other critical needs necessary to meet its academic mission. The University would have the benefit of utilizing other institutions that have already made such technology investments in Banner. Long-term planning for investments in technology enhancements may increase the University's ability to meet the needs of students, employees, and community and strengthen Longwood University as a whole.

Our audit also included testing over the major federal programs of the Student Financial Aid cluster for the Commonwealth's Single Audit as described in the U.S. Office of Management and Budget Circular A-144 Compliance Supplement, and found no internal control findings requiring management's attention or instances of noncompliance in relation to this testing.

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## INTERNAL CONTROL FINDINGS AND RECOMMENDATIONS

### Improve Information Security Management and Prioritization

The University does not prioritize and manage information security for sensitive University IT resources in accordance with its designated information security standard, ISO 27002 version 2013-10-01 (Security Standard). The Security Standard requires that the University implement several security controls, both physical and logical, to safeguard mission critical systems that contain or use sensitive data.

We identified and communicated several areas of weaknesses 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. In general, these areas consisted of seven control weaknesses in “Physical and Environmental Security,” four weaknesses in “IT Risk Management and Contingency Planning,” and two weaknesses in “IT Change Control Management.”

We recommend that the University prioritize information security management organization-wide and dedicate the necessary resources to comply with University policies, the Security Standard, and best practices.



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

May 6, 2015

The Honorable Terence R. McAuliffe  
Governor of Virginia

The Honorable John C. Watkins  
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, 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 **Longwood University** as of and for the year ended June 30, 2014, 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 6, 2015. 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 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.

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. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control over financial reporting entitled "Improve Information Security Management and Prioritization," which is described in the section titled "Internal Control Findings and Recommendations," 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 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 Findings**

We discussed this report with management at an exit conference held on May 28, 2015. The University's response to the findings identified in our audit is described in the accompanying section titled "Agency 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

KKH/alh

LONGWOOD  
UNIVERSITY

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May 28, 2015

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

Dear Ms. Mavredes:

Longwood University has reviewed the Financial Internal Control and Compliance Findings and Recommendations provided by the Auditor of Public Accounts for fiscal year ending June 30, 2014 and is in agreement, in principle, with all of the findings submitted.

Attached for your consideration is a brief update as to where the campus is with respect to progress on the findings. The formal Corrective Action Work plan will be submitted within thirty days as required by CAPP Manual Section 10205. Please contact me should you have any questions or require additional information.

On behalf of Longwood University, please extend my appreciation to all of your staff for their professional audit work and recommendations.

Sincerely,



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



## FY 2014 – Financial Internal Control & Compliance Findings

### Improve Information Security Management and Prioritization

- The ITS department has reviewed the findings and is taking a proactive approach to the findings. Some of the findings have been addressed, some are requiring procurement, and others are requiring process changes. Items that are the direct responsibility of the ITS department are anticipated to be complete by May 2016.

## LONGWOOD UNIVERSITY

Farmville, Virginia

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