



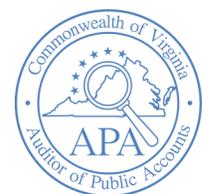
UNIVERSITY OF MARY WASHINGTON

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2015

Auditor of Public Accounts
Martha S. Mavredes, CPA

www.apa.virginia.gov

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AUDIT SUMMARY

We have audited the basic financial statements of the University of Mary Washington as of and for the year ended June 30, 2015, and issued our report thereon, dated July 6, 2016. Our report, included in the University's Annual Report, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov and at the University's website at www.umw.edu.

Our audit of the University of Mary Washington for the year ended June 30, 2015, found:

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

-TABLE OF CONTENTS-

	<u>Pages</u>
AUDIT SUMMARY	
STATUS OF PRIOR YEAR FINDINGS	1
INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS	2
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS	3-5
UNIVERSITY RESPONSE	6
UNIVERSITY OFFICIALS	7

STATUS OF PRIOR YEAR FINDINGS

Implement Financial Aid Disbursement Notifications

In our last audit, we recommended that the University of Mary Washington (University) improve the financial aid notification process. The University was not notifying aid recipients of financial aid disbursements, which is required by the Code of Federal Regulations 34 CFR Section 668.165(a)(1). Not properly notifying aid recipients can lead to noncompliance with federal regulations as well as not providing the appropriate period of time for a student or parent to make an informed decision on whether to accept or reject a loan.

In June 2015, the University implemented new procedures for the 2015 Summer semester to ensure notifications were provided to all aid recipients prior to disbursement. We will review the implementation of management's corrective actions during our next audit.

Improve the *myVRS* Navigator Reconciliation Process

In our last audit, we recommended that the University improve the *myVRS* Navigator reconciliation process. The University lacked evidence of reconciliations between the Commonwealth's human resource system (PMIS) and the Virginia Retirement System's *myVRS* Navigator system. Without documentation of the required reconciliation to PMIS, management has no assurance that reconciliations are being performed before contribution information is confirmed to the Retirement System.

The University implemented new procedures to document the required reconciliations between PMIS and *myVRS* Navigator in March 2016. Although the University is implementing adequate corrective action with respect to this previously reported finding, it has not completely implemented the full corrective actions. As of April 2016, the University is still working on finalizing the policies and procedures for the *myVRS* Navigator reconciliation process. We will review the implementation of management's corrective actions during our next audit.

INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

Improve Policies and Procedures for Granting and Restricting Elevated Workstation Privileges

The University does not have an adequate policy or procedure for restricting and managing elevated permissions that allow faculty and staff to install software onto their assigned computers without the information technology (IT) department vetting the software as safe. The University also does not require faculty and staff to sign or acknowledge an end-user agreement or receive additional security awareness training associated with the risk of having elevated workstation privileges in accordance with its designated information security standard, the Commonwealth's Information Security Standard, SEC 501-09 (Security Standard). The Security Standard requires the implementation of adequate logical access controls to safeguard information systems that contain or process sensitive data.

We have communicated the details of this finding to management in a separate document marked Freedom of Information Act Exempt (FOIAE) under Section 2.2-3705.2 of the Code of Virginia due to it containing descriptions of security mechanisms.

The University should dedicate the necessary resources to create, approve, and implement a policy and procedure for restricting and managing the use of elevated workstation privileges to meet the requirements of the Security Standard. Furthermore, the University should implement additional controls to address the weaknesses communicated in the FOIAE recommendation.

Improve Virtual Private Network Security Controls

The University does not implement certain security controls for its Virtual Private Network (VPN) in accordance with the Security Standard. The VPN is used by the University's faculty and staff to remotely connect to the University's internal network and access critical and sensitive information technology resources. The Security Standard requires certain controls over the VPN to ensure the protection of remotely accessed IT resources.

We identified and communicated the specific control weaknesses to management in a separate document marked FOIAE 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 weaknesses related to authentication, least privilege, security controls, and system configuration.

The University should dedicate the necessary resources to implement security controls for the VPN that meet the requirements of the Security Standard. In addition, the University should implement stronger controls for the VPN to address the weaknesses communicated in the FOIAE recommendation.



Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

July 6, 2016

The Honorable Terence R. McAuliffe
Governor of Virginia

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

Board of Visitors
University of Mary Washington

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 discretely presented component unit of the University of Mary Washington as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated July 6, 2016. 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 unit of the University, which was audited by another auditor in accordance with auditing standards generally accepted in the United States of America, but not in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control over financial reporting entitled "Implement Financial Aid Disbursement Notifications" and "Improve the myVRS Navigator Reconciliation Process," which are described in the section entitled "Status of Prior Year Findings;" along with the findings entitled "Improve Policies and Procedures for Granting and Restricting Elevated Workstation Privileges" and "Improve Virtual Private Network Security Controls," which are described in the section titled "Internal Control and Compliance Findings and Recommendations," that we consider to be significant deficiencies.

Compliance and Other Matters

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

The University's Response to Findings

We discussed this report with management at an exit conference held on August 15, 2016. The University's response to the findings identified in our audit is described in the accompanying section titled "University Response." The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Status of Prior Findings

The University is taking adequate corrective action with respect to audit findings reported in the prior year that are reported in the section entitled “Status of Prior Year Findings” and has taken adequate corrective action with respect to audit findings which 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 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

JMR/alh



August 15, 2016

Ms. Martha Mavredes
Auditor of Public Accounts
PO Box 1295
Richmond, Virginia 23218

Subject: Management response to the Audit Recommendations for Fiscal Year 2015

Dear Ms. Mavredes,

I am pleased to send you University of Mary Washington's response to the internal control findings and recommendations identified during the audit of the fiscal year ended June 30, 2015. Management's responses are as follows:

Improve Policies and Procedures for Granting and Restricting Elevated Workstation Privileges

IT management agrees with the additional controls recommended in the management point. IT management expects to complete the implementation of the recommended controls by July 31, 2017.

Improve Virtual Private Network Security Controls

IT management agrees with the additional controls recommended in the management point. IT management expects to complete the implementation of the recommended controls by July 31, 2017.

If you have any questions or need additional information, please do not hesitate to contact me by phone at (540) 654-1246 or send an e-mail to rpearce@umw.edu

Sincerely,

Richard Pearce
Vice President for Administration & Finance & CFO

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UNIVERSITY OF MARY WASHINGTON

June 30, 2015

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