

OLD DOMINION UNIVERSITY

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2010**

APA

**Auditor of
Public Accounts**

COMMONWEALTH OF VIRGINIA

AUDIT SUMMARY

Our audit of Old Dominion University for the year ended June 30, 2010, found:

- the financial statements are presented fairly, in all material respects, with generally accepted accounting principles;
- a certain matter involving an internal control finding requiring Management's attention; however, we do not consider it to be a material weakness; and
- no instances of noncompliance or other matters required to be reported under Government Auditing Standards.

We have audited the basic financial statements of Old Dominion University as of and for the year ended June 30, 2010, and issued our report thereon, dated March 14, 2011. Our report, included with the University's basic financial statements, is available at the Auditor of Public Accounts' web site at www.apa.virginia.gov and at the University's web site at www.odu.edu.

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INTERNAL CONTROL FINDING AND RECOMMENDATION

Improve Risk Management and Contingency Planning

Old Dominion University has not done a comprehensive review and update of its information security program since 2007, and did not meet its internal objective of a regular update and review every three years in 2010. While the University does update the plan for new systems, it does not consider their impact on other systems or fully assess their impact on business operations and contingency planning. An incremental approach to updating the information security program is reasonable, as long as a comprehensive review is still completed every three years, in accordance with University policy, and whenever major systems are implemented.

By not performing a prompt systematic review of its information security program as the information systems environment changes, the University has introduced inconsistencies in their business impact analysis, risk assessments, and contingency planning documents. An outdated business impact analysis, risk analysis, and continuity of operations plan may impair the University's ability to address information systems security risks and restore essential business functions.

We recommend that the University conduct the review it had planned for 2010, and reinstate its three year systematic review of their risk management and contingency planning documents for accuracy, consistency, and current system information. The University should review and update risk management documents, such as the business impact analysis and risk assessment, at least every three years and when there are major changes in their information systems environment. Contingency planning documents, such as the continuity of operations plan and disaster recovery plan should be tested and reviewed annually. We understand that the University is currently working to update the business impact analysis, and we encourage the University to complete this in accordance with the Commonwealth Security Standard requirements.



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

March 14, 2011

The Honorable Robert F. McDonnell
Governor of Virginia

The Honorable Charles J. Colgan
Chairman, Joint Legislative Audit
and Review Commission

Board of Visitors
Old Dominion 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 **Old Dominion University** as of and for the year ended June 30, 2010, which collectively comprise the University's basic financial statements and have issued our report thereon dated March 14, 2011. 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

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.

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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting entitled "Improve Risk Management and Contingency Planning", which is described in the section titled "Internal Control Finding and Recommendation," that we consider to be a significant deficiency in internal control over financial reporting. 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.

The University's response to the finding identified in our audit is included in the section titled "University Response." We did not audit the University's response and, accordingly, we express no opinion on it.

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.

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 March 2, 2011.

AUDITOR OF PUBLIC ACCOUNTS

JHS/clj



VICE PRESIDENT FOR ADMINISTRATION AND FINANCE
NORFOLK, VIRGINIA 23529 0014
PHONE: (757) 683 3464

March 15, 2011

Mr. Walter J. Kucharski
Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218

Dear Mr. Kucharski:

We have reviewed the finding and recommendation by the Auditor of Public Accounts and have prepared the below management's response to the finding.

Finding: Improve Risk Management and Contingency Planning

Management's Response

Old Dominion has updated the Business Impact Analysis (BIA) on a three year schedule. The BIA was last updated in FY 2007 and the review was set for completion during FY10-11. In November 2010, the Vice President for Administration and Finance decided to temporarily suspend the BIA review until a full-time experienced Emergency Planning and Operations Manager position could be recruited to perform the BIA and subsequent planning tasks in a comprehensive professional manner. The recruitment process for the new position is nearing completion with the expected start date of May 2011. While the hiring of the Emergency Planning and Operations Manager is still in progress, the framework for the BIA update has been started. A workshop has been established to provide the purpose, objective and goals of business impact analysis, an understanding of BIA terminology, how to conduct an effective business impact assessment, and how to use the BIA methodology and template to understand the exposure in the event of an interruption.

The workshop will be a solid foundation for the development of the BIA under the leadership of the new Emergency Planning and Operations Manager position. The new position will conduct and document the BIA. An updated BIA will be completed by the end of calendar year 2011, as well as the incorporation of the findings of the BIA into the risk management, continuity of operations plans, and disaster recovery plans.

Please contact me if additional information is needed.

Sincerely,

Robert L. Fenning
Vice President for Administration & Finance

OLD DOMINION UNIVERSITY
Norfolk, Virginia

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