



# CHRISTOPHER NEWPORT UNIVERSITY

## REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2022

Auditor of Public Accounts  
Staci A. Henshaw, CPA

[www.apa.virginia.gov](http://www.apa.virginia.gov)

(804) 225-3350



## AUDIT SUMMARY

We have audited the basic financial statements of Christopher Newport University (University) as of and for the year ended June 30, 2022, and issued our report thereon, dated May 31, 2023. Our report, included in the University's basic financial statements, is available at the Auditor of Public Accounts' website at [www.apa.virginia.gov](http://www.apa.virginia.gov) and at the University's website at [www.cnu.edu](http://www.cnu.edu). Our audit found:

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

## –TABLE OF CONTENTS–

### Pages

AUDIT SUMMARY

INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

1-2

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

3-5

UNIVERSITY RESPONSE

6

UNIVERSITY OFFICIALS

7

## INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

### **Improve Operating System Security**

**Type:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** No

The University did not implement certain security controls for the server operating system supporting the financial system of record in accordance with the Commonwealth's Information Security Standard, SEC 501 (Security Standard). We identified and communicated three control weaknesses to management in a separate document marked Freedom of Information Act Exempt (FOIAE) under § 2.2- 3705.2 of the Code of Virginia due to its sensitivity and description of security controls.

The Security Standard requires the University to implement certain controls and configurations related to Change Management and Audit and Accountability to protect the server operating system.

The University should dedicate the necessary resources to implement the security controls for the operating system as communicated in the FOIAE recommendation that meet the requirements of the Security Standard. Implementing the required controls will help ensure the University maintains the confidentiality, integrity, and availability of sensitive and mission-critical data.

### **Improve Database Audit Logging and Monitoring**

**Type:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** No

The University did not implement certain audit logging and monitoring safeguards for the database supporting the financial system of record in accordance with the Security Standard. We identified and communicated the specific control weakness to management in a separate document marked FOIAE under § 2.2-3705.2 of the Code of Virginia due to its sensitivity and description of security controls.

The Security Standard requires audit logging and monitoring controls to protect the confidentiality, integrity, and availability of sensitive and mission-critical data. Due in part to a licensing issue, the University was not able to implement the necessary safeguards described in the FOIAE document and comply with the Security Standard.

The University should dedicate the necessary resources to implement the security controls for the database as communicated in the FOIAE recommendation to meet the requirements of the Security Standard. Implementing the required controls will help ensure the University maintains the confidentiality, integrity, and availability of sensitive and mission-critical data.

## **Improve Internal Controls Over Terminated Employees**

**Type:** Internal Control

**Severity:** Significant Deficiency

**Repeat:** No

The University did not correctly calculate the annual leave payout for one of 12 (8%) terminated employees. Additionally, the University did not remove physical access or collect equipment in accordance with policies and procedures for one of 15 (7%) terminated employees. The University removed the physical access and collected the equipment 40 days after termination for this employee.

Topic 50320 of the CAPP Manual states that agencies must verify the Commonwealth's payroll system information for terminating employees is complete, properly authorized, and entered accurately into the system. Additionally, the University's policies and procedures require removal of access and collection of resources within three business days of termination.

The University did not have a process in place to review annual leave payouts before sending them to payroll for processing, which led to the overpayment of one employee. Additionally, the University did not remove a terminated employee's electronic door access or collect other equipment timely due to miscommunication and lack of oversight by responsible parties.

Without an adequate review process for annual leave payouts, there is the risk that the University is underpaying or overpaying employees upon termination. Also, without good communication and oversight of the termination process, the University is increasing the risk that terminated employees may retain physical access to University property.

The University should improve internal controls over terminated employees and ensure that they are reviewing annual leave payouts before sending them to payroll for processing. Further, the University should add this review process of annual leave payouts into their termination procedures. The University should also ensure that they are following their established procedures by removing terminated employee access and collecting University equipment within three business days of termination. Further, the University should ensure there is clear communication on who is responsible for separating terminated employees.



Staci A. Henshaw, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

May 31, 2023

The Honorable Glenn Youngkin  
Governor of Virginia

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** (University) as of and for the year ended June 30, 2022, 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 31, 2023. Our report includes a reference to other auditors who audited the financial statements of the component units of the University, as described in our report on the University's financial statements. The other auditors did not audit the financial statements of the component units of the University in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the component units of the University.

### 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 certain deficiencies in internal control titled "Improve Operating System Security," "Improve Database Audit Logging and Monitoring," and "Improve Internal Controls Over Terminated Employees," 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 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 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 and recommendations titled "Improve Operating System Security" and "Improve Database Audit Logging and Monitoring".

### **The University's Response to Findings**

We discussed this report with management at an exit conference held on May 31, 2023. Government Auditing Standards require the auditor to perform limited procedures on the University's response to the findings identified in our audit which is included in the accompanying section titled "University Response." The University's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the response.

### **Status of Prior Findings**

The University has taken adequate corrective action with respect to the audit findings reported in the prior year.

### **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/vks



May 31, 2023

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, 2022. 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**

#### **Improve Operating System Security**

The University will implement controls and configurations related to Change Management, Audit and Accountability to protect the server operating system.

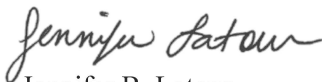
#### **Improve Database Audit Logging and Monitoring**

The University will implement certain audit logging and controls for the financial system database to protect the confidentiality, integrity and availability of sensitive, mission-critical data.

#### **Improve Internal Controls Over Terminated Employees**

The University will implement additional internal controls over terminated employees and update policies and procedures to ensure compliance and accuracy. The University will also ensure clear communication and procedures for terminated employees' access and the collection of University equipment are followed.

Sincerely,



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

*Office of the Vice President for Finance and Planning  
1 Avenue of the Arts, Newport News, VA 23606  
Phone: 757-594-7040 Fax: 757-594-7864*

## **CHRISTOPHER NEWPORT UNIVERSITY**

As of June 30, 2022

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