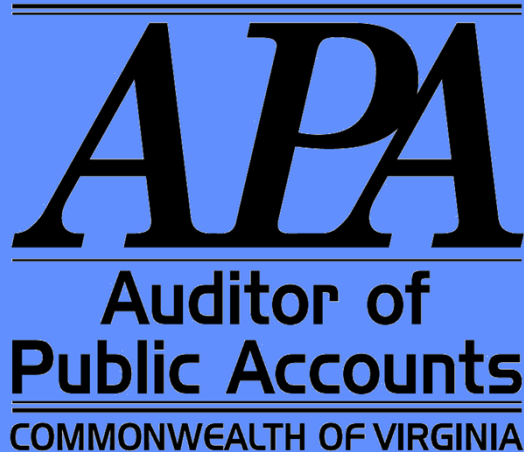


GEORGE MASON UNIVERSITY

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



AUDIT SUMMARY

Our audit of George Mason University for the year ended June 30, 2010, found:

- the financial statements are presented fairly, in all material respects;
- 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 George Mason University as of and for the year ended June 30, 2010, and issued our report thereon, dated February 10, 2011. Our report, included with the University's basic financial statements, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov and at the University's website at www.gmu.edu .

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INTERNAL CONTROL FINDING AND RECOMMENDATION

Improve Information Security Program

During our review of one of the University's databases containing confidential mission critical data, we found the University does not perform adequate activity auditing and monitoring, account management, or password management. Without proper controls over accounts with elevated privileges, or appropriate password controls, the University increases the risk of data breach, data corruption, and data unavailability.

We have communicated the details of these areas to management in a separate confidential document that is exempt from disclosure from the Freedom of Information Act under Section 2.2-3705.2 of the Code of Virginia, because it contains descriptions of the University's information security.

We recommend that the University dedicate the necessary resources to develop policies and procedures to set management's expectations regarding the weaknesses stated above. The University should also take this opportunity to evaluate their current information security program and identify any other areas where the program does not meet the requirements of the information security standard that the University has adopted, ISO/IEC 27002:2005. Lastly, the University needs to ensure that staff is made aware of any new requirements and provide any necessary training.



Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

February 10, 2011

The Honorable Robert F. McDonnell
Governor of Virginia

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

Board of Visitors
George Mason 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 **George Mason 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 February 10, 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 Information Security Program", 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.

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 "University 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 February 14, 2011.

AUDITOR OF PUBLIC ACCOUNTS

JHS/ clj



Senior Vice President

4400 University Drive, MS 3B2, Fairfax, Virginia 22030
Phone: 703-993-8750; Fax: 703-993-8772

February 10, 2011

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

Dear Mr. Kucharski:

We have reviewed the audit finding and recommendations resulting from the fiscal year 2010 audit by the Auditor of Public Accounts (APA) and discussed during the exit conference.

George Mason University acknowledges and concurs with the audit finding. The following contains the APA finding and management's response to the concerns and issues raised.

APA Finding: Improve Information Security Program

During our review of one of the University's databases containing confidential mission critical data, we found the University does not perform adequate activity auditing and monitoring, account management, or password management. Without proper controls over accounts with elevated privileges, or appropriate password controls, the University increases the risk of data breach, data corruption, and data unavailability.

We have communicated the details of these areas to management in a separate confidential document that is exempt from disclosure from the Freedom of Information Act under Section 2.2-3705.2 of the Code of Virginia, because it contains descriptions of the University's information security.

We recommend that the University dedicate the necessary resources to develop policies and procedures to set management's expectations regarding the weaknesses stated above. The University should also take this opportunity to evaluate their current information security program and identify any other areas where the program does not meet the requirements of the information security standard that the University has adopted, ISO/IEC 27002:2005. Lastly, the University needs to ensure that staff is made aware of any new requirements and provide any necessary training.

Mr. Walter J. Kucharski
February 10, 2011
Page 2

Management's Response:

George Mason University is committed to meeting the security standards in ISO/IEC 27002:2005. Plans are already in place to address activity auditing and monitoring and password management. Policies and procedures will also be in place this calendar year to address account management. It should be noted that these findings do not apply to the majority of systems at the university but due to a subset of systems that are very complex. Similar issues are being experienced at other universities in Virginia and we are working with them to develop acceptable solutions. The new policies and procedures will be in place this calendar year.

Sincerely,

A handwritten signature in cursive script, appearing to read "Maurice W. Scherrens".

Maurice W. Scherrens
Senior Vice President

GEORGE MASON UNIVERSITY
Fairfax, Virginia

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