



GEORGE MASON UNIVERSITY

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2016

Auditor of Public Accounts
Martha S. Mavredes, CPA

www.apa.virginia.gov

(804) 225-3350



AUDIT SUMMARY

We have audited the basic financial statements of George Mason University (George Mason) as of and for the year ended June 30, 2016, and issued our report thereon, dated May 5, 2017. Our report, included in George Mason's Annual Report, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov and at George Mason's website at www.gmu.edu.

Our audit of George Mason for the year ended June 30, 2016, found:

- the financial statements are presented fairly, in all material respects;
- one internal control finding requiring management's attention; however, we do not consider it to be material weaknesses; and
- one instance of noncompliance or other matters required to be reported under Government Auditing Standards; and
- deficiencies identified in the prior year audit report were addressed.

–TABLE OF CONTENTS–

	<u>Pages</u>
INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS	1
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS	2-4
UNIVERSITY RESPONSE	5-6
UNIVERSITY OFFICIALS	7

INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

Improve Database Security

George Mason does not secure a sensitive system's supporting database with some minimum security controls required by their Information Security Standard, ISO/IEC 27002 (ISO 27002) and industry best practices.

We communicated the control weaknesses to management in a separate document marked Freedom of Information Act (FOIA) Exempt under Section 2.2-3705.2 of the Code of Virginia due to it containing descriptions of security mechanisms. The ISO 27002 and industry best practices require the implementation of certain controls that reduce unnecessary risk to data confidentiality, integrity, and availability in systems processing or storing sensitive information.

The University should dedicate the necessary resources to implement the controls discussed in the communication marked FOIA Exempt in accordance with the ISO 27002 and industry best practices in a timely manner.



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

May 5, 2017

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable Robert D. Orrrock, Sr.
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, 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 George Mason University as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise George Mason's basic financial statements and have issued our report thereon dated May 5, 2017. 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 George Mason, 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 George Mason'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 George Mason's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of George Mason'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 a deficiency in internal control over financial reporting entitled "Improve Database Security," which is described in the section titled "Internal Control and Compliance Findings and Recommendations," that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether George Mason'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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the section titled "Internal Control and Compliance Findings and Recommendations," in the finding entitled "Improve Database Security."

George Mason's Response to Findings

We discussed this report with management at an exit conference held on May 9, 2017. George Mason's response to the findings identified in our audit is described in the accompanying section titled "University Response." George Mason'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

George Mason has taken adequate corrective action with respect to 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 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

ZLB/alh



Senior Vice President

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Phone: 703-993-8750; Fax: 703-993-8772

May 10, 2017

Martha S. Mavredes, CPA
Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218

Dear Ms. Mavredes:

We have reviewed the audit findings and recommendations resulting from the fiscal year 2016 audit by the Auditor of Public Accounts (APA) and discussed during the exit conference.

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

APA Finding- Improve Database Security

George Mason does not secure a sensitive system's supporting database with some security controls recommended by their Information Security Standard, ISO/IEC 27002 (ISO 27002) and industry best practices.

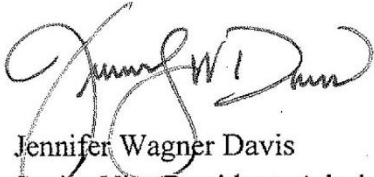
We communicated the control weaknesses to management in a separate document marked Freedom of Information Act (FOIA) Exempt under Section 2.2-3705.2 of the Code of Virginia due to it containing descriptions of security mechanisms. The ISO 27002 and industry best practices require the implementation of certain controls that reduce unnecessary risk to data confidentiality, integrity, and availability in systems processing or storing sensitive information.

The University should dedicate the necessary resources to implement the controls discussed in the communication marked FOIA Exempt in accordance with the ISO 27002 and industry best practices in a timely manner.

Management's Response

The University concurs with the recommended additional controls described in the FOIA Exempt management letter. Corrective actions for the cited control deficiencies will be addressed in a timely manner as detailed in the corrective action plan.

Sincerely,

A handwritten signature in black ink, appearing to read "Jennifer Wagner Davis", is positioned above the printed name.

Jennifer Wagner Davis
Senior Vice President, Administration and Finance

GEORGE MASON UNIVERSITY

Fairfax, Virginia
As of June 30, 2016

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