



JAMES MADISON UNIVERSITY

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2023

Auditor of Public Accounts
Staci A. Henshaw, CPA

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AUDIT SUMMARY

We have audited the basic financial statements of James Madison University (University) as of and for the year ended June 30, 2023, and issued our report thereon, dated April 19, 2024. Our report, included in 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.jmu.edu. Our audit found:

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

In the section titled "Internal Control and Compliance Findings and Recommendations" we have included our assessment of the conditions and causes resulting in the internal control and compliance findings identified through our audits as well as recommendations for addressing those findings. Our assessment does not remove management's responsibility to perform a thorough assessment of the conditions and causes of the findings and develop and appropriately implement adequate corrective actions to resolve the findings as required by the Department of Accounts in Topic 10205 – Agency Response to APA Audit of the Commonwealth Accounting Policies and Procedures Manual. Those corrective actions may include additional items beyond our recommendations.

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INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

Improve Firewall Management

Type: Internal Control and Compliance

Severity: Significant Deficiency

The University does not properly secure the firewall that safeguards its secure internal network in accordance with its adopted security standard, the International Organization for Standardization and the International Electrotechnical Commission Standard, ISO/IEC 27002 (ISO Standard), as well as University policy. The University runs quarterly best practice security audit and vulnerability audit scans but was not aware of certain tests and detections that the scans do not perform. Additionally, the University does not document a formal policy and procedure to safeguard against the control weaknesses identified. We communicated two 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 it containing descriptions of security mechanisms. The ISO Standard requires organizations to implement certain controls that reduce unnecessary risk to the confidentiality, integrity, and availability of the University's information systems and data.

The University should implement the controls discussed in the communication marked FOIAE. The University should also develop procedures and processes to maintain the firewall in accordance with the requirements of university policy and the ISO Standard. Doing this will help to ensure the University secures its network to protect its systems and data.

Improve Virtual Private Network Security

Type: Internal Control and Compliance

Severity: Significant Deficiency

The University does not define certain controls and processes within its policies and procedures for managing its Virtual Private Network (VPN). As a result, the University does not implement certain security controls for its VPN in accordance with the ISO Standard, as well as industry best practices. The University implemented part of its current process in 2015, and during the transition, grandfathered in users under the old process. Additionally, the University did not require users to follow the established process in April 2020 during the COVID-19 pandemic. Lastly, the University had implemented compensating controls that it believes reduces the risk of one of the weaknesses identified. We identified and communicated four specific control weaknesses to management in a separate document marked FOIAE under § 2.2-3705.2 of the Code of Virginia due to it containing descriptions of security mechanisms.

The University should dedicate resources to remediate the control weaknesses and consistently implement the processes discussed in the communication marked FOIAE. The University should also develop policies and procedures for managing the VPN in accordance with the ISO Standard and industry best practices. Doing this will help to ensure the University secures its network to protect its systems and data.



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

April 19, 2024

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
James Madison University

President Jonathan R. Alger
James Madison 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 discretely presented component unit and remaining fund information of **James Madison University** (University) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated April 19, 2024. Our report includes a reference to other auditors who audited the financial statements of the component unit 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 unit 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.

Report on 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 Firewall Management" and "Improve Virtual Private Network Security," 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 Firewall Management" and "Improve Virtual Private Network Security."

The University's Response to Findings

We discussed this report with management at an exit conference held on May 10, 2024. 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.

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

MBR/clj

FINDINGS SUMMARY

Finding Title	Status of Corrective Action*	First Issued
Improve Firewall Management	Ongoing	2023
Improve Virtual Private Network Security	Ongoing	2023

*A status of **Ongoing** indicates a new and/or existing finding that requires management's corrective action as of fiscal year end.



May 2, 2024

Staci Henshaw, CPA
Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218

Dear Ms. Henshaw:

We have reviewed the audit findings and recommendations resulting from the fiscal year 2023 audit by the Auditor of Public Accounts (APA).

In response to the internal control weaknesses and compliance findings, James Madison University acknowledges and concurs with the audit findings and has completed, or is in the process of implementing, the recommendations made by the APA. We would like to note that immediate corrective action was taken to address issues of noncompliance, and the applicable offices are continuously reviewing their policies and procedures to ensure their operating effectiveness.

The following contains management's responses to the findings.

Improve Firewall Management

Responsible for Corrective Action: Robin Bryan, Associate Vice President IT & CIO

The institution was found to have an end-of-life firewall device with outdated software.

As soon as possible after identification, this device was updated. To avoid this compliance issue in the future, processes have been modified to detect end-of-life software.

Improve Virtual Private Network Security

Responsible for Corrective Action: Robin Bryan, Associate Vice President IT & CIO

To avoid this compliance issue in the future, JMU IT is improving the documentation regarding VPN request and approval as well as working to document our remote access standard and supporting procedures.

Sincerely,

A handwritten signature in blue ink that reads "Mark W. Angel".

Mark W. Angel
Associate Vice President for Finance

Office of
Associate Vice President
for Finance

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