

OLD DOMINION UNIVERSITY

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2011**



AUDIT SUMMARY

Our audit of Old Dominion University for the year ended June 30, 2011, found:

- the financial statements are presented fairly, in all material respects;
- no material weaknesses in internal control over financial reporting;
- no instances of noncompliance or other matters required to be reported under Government Auditing Standards; and
- a prior year finding for which the University is scheduled to complete corrective action in December 2011.

We have audited the basic financial statements of Old Dominion University as of and for the year ended June 30, 2011, and issued our report thereon, dated November 18, 2011. 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.odu.edu.

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STATUS OF PRIOR YEAR FINDING

The University made significant progress towards completing the corrective action on the finding below and expects to complete its final business impact analysis in December 2011; subsequent to the completion of our audit fieldwork. Accordingly we did not review the corrective action, but will include a review during our 2012 audit.

Improve Risk Management and Contingency Planning

Old Dominion University had 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. The University was updating the plan for new systems, but it did 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 the University completes a comprehensive review every three years, in accordance with University policy, and whenever it implements major systems.

We had recommended 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.



Commonwealth of Virginia

Auditor of Public Accounts

Walter J. Kucharski
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

November 18, 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, 2011, which collectively comprise the University's basic financial statements and have issued our report thereon dated November 18, 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 College, 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

Management of the College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures 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 College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College'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.

Status of Prior Year Finding

Old Dominion University has not completed corrective action with respect to the previously reported finding "Improve Risk Management and Contingency Planning." Accordingly, we included this finding in the section entitled "Status of Prior Year Finding."

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 November 14, 2011.

AUDITOR OF PUBLIC ACCOUNTS

AWP/clj



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

November 28, 2011

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

Dear Mr. Kucharski,

Please find below management's update on the status of the corrective action taken on the 2010 finding.

Status of Corrective Action for 2010 Finding: Improve Risk Management and Contingency Planning

The University made significant progress toward completing a comprehensive review of its Risk Management and Contingency Planning documentation and is on track to update the Business Impact Analysis (BIA) by the end of the 2011 as planned and reported in the response to the 2010 Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters. The University successfully recruited the Emergency Planning and Operations Manager. The Emergency Planning and Operations Manager is leading the effort to maintain a current Business Impact Analysis and has completed the following steps;

- Reviewed and updated the framework for conducting a Business Impact Analysis
- Obtained senior leadership support on the value and priority of the Business Impact Analysis
- Informed business units on the following:
 - The purpose of the Business Impact Analysis
 - Identifying primary business functions
 - Categorizing the impact of a disruption to the business function
 - Determining the type of impact of the disruption
 - Identifying the applications, resources, services and other business functions required to perform the business function
 - Maximum Acceptable Outage of the business function
 - Recovery Point Objective of the business function
 - BIA rating based on the maximum acceptable outage of the business function
- Conducted phone and personal interviews to clarify data received
- Conducted a workshop with business unit leaders to validate findings
- Initiated follow-up interviews and requests
- Initiated a draft of the BIA

The Emergency Planning and Operations Manager will complete the data analysis and clarifications from business units. A core team with representatives from the Office of Computing and Communications Services and the University Internal Audit Office is working with the Emergency Planning and Operations Manager to consolidate the information and finalize the documentation.

The BIA document will be reviewed and approved by the University senior leadership. The University Risk Assessments, Continuity of Operations and Disaster Recovery plans will be aligned with the BIA.

Sincerely,

Robert L. Fenning
Vice President for Administration & Finance

OLD DOMINION UNIVERSITY
Norfolk, Virginia

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