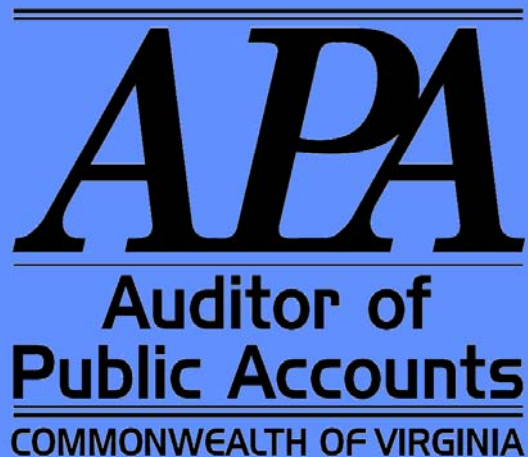


CHRISTOPHER NEWPORT UNIVERSITY

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2008**



AUDIT SUMMARY

Our audit of Christopher Newport University for the year ended June 30, 2008, found:

- the financial statements are presented fairly, in all material respects;
- no material weaknesses in internal control over financial reporting;
- two instances of noncompliance or other matters required to be reported under Government Auditing Standards; and
- the University has taken adequate corrective action with respect to the audit finding reported in the prior year.

We have audited the basic financial statements of Christopher Newport University as of June 30, 2008, and for the year then ended and issued our report thereon dated April 6, 2009. Our report, included with the University's basic financial statements, is available at the Auditor of Public Accounts' web site at www.apa.virginia.gov and at the University's web site at www.cnu.edu.

- TABLE OF CONTENTS -

	<u>Pages</u>
AUDIT SUMMARY	
AUDIT FINDINGS AND RECOMMENDATIONS	1
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS	2-3
UNIVERSITY RESPONSE	4
UNIVERSITY OFFICIALS	5

AUDIT FINDINGS AND RECOMMENDATIONS

Include the Bookstore System in Information Security Program

The University did not include the Bookstore's point of sale and accounting system as part of its overall information security program. The Bookstore maintains its own system and related hardware; however, the University did not include the Bookstore when performing its business impact analysis and risk assessment and other work to comply with the Commonwealth's security standard.

The University should examine its methodology to identify business functions and systems for consideration in its security program and determine if the University has excluded any other operations, such as the Bookstore. The University should amend its security program to include the Bookstore and any other excluded operation.

Delete Access to the Commonwealth's Procurement System (eVA)

The University does not delete terminated employees' access from the Commonwealth's electronic procurement system (eVA) promptly. Of the 16 terminated eVA users reviewed, we found eight did not have their access deleted until four days to three months after their termination and two were still active as of the date reviewed. The University should delete employee access to eVA within the recommended 24 hours of the user's termination.



Commonwealth of Virginia

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

Walter J. Kucharski, Auditor

April 6, 2009

The Honorable Timothy M. Kaine
Governor of Virginia

The Honorable M. Kirkland Cox
Chairman, 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 the financial statements of the business-type activities and aggregate discretely presented component units of **Christopher Newport University** as of and for the year ended June 30, 2008, which collectively comprise the University's basic financial statements and have issued our report thereon dated April 6, 2009. Our report was modified to include 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that

adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be 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 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. Instances of noncompliance and other matters, entitled "Include the Bookstore System in Information Security Program" and "Delete Access to the Commonwealth's Procurement System (eVA)," are described in the section titled "Internal Control and Compliance Findings and Recommendations." There were no other matters that are required to be reported.

The University's response to the findings identified in our audit is included in the section titled "University's Response." We did not audit the University's response and, accordingly, we express no opinion on it.

Status of Prior Findings

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

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 April 6, 2009.

AUDITOR OF PUBLIC ACCOUNTS

MCR/clj



April 6, 2009

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

Dear Mr. Kucharski,

Christopher Newport University has reviewed the findings and recommendations provided by the Auditor of Public Accounts for fiscal year ended June 30, 2008. The University concurs with the findings and has taken the following actions:

Include the Bookstore System in Information Security Program

On March 17, 2009, IT Services completed the inventory of the Bookstore system and has begun an extensive study of this system with the Bookstore personnel and the staff at the Missouri Book Services, the provider of the system, in order to assure this system will be SEC 501 compliant.

Delete Access to the Commonwealth's Procurement System (eVA)

The University will implement controls in order to ensure eVA access is deactivated within the requirement timeframe. However, there are controls in place that mitigate any terminated employees who still have eVA access from creating false orders or changing existing orders they placed prior to their termination, because all eVA orders require approval authority before orders are placed.

The termination of employees from eVA will be added to the University's ARMICS testing to better ensure controls are working and employees are terminated from the eVA system within 24 hours of employment termination.

I would like to thank you and your staff on another successful year and I look forward to working with you and your staff in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "William L. Brauer", with a long horizontal flourish extending to the right.

William L. Brauer
Executive Vice President

CHRISTOPHER NEWPORT UNIVERSITY
Newport News, Virginia

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