



COLLEGE OF WILLIAM AND MARY  
IN VIRGINIA  
VIRGINIA INSTITUTE OF MARINE SCIENCE  
AND  
RICHARD BLAND COLLEGE

REPORT ON AUDIT  
FOR THE YEAR ENDED  
JUNE 30, 2015

Auditor of Public Accounts  
Martha S. Mavredes, CPA  
[www.apa.virginia.gov](http://www.apa.virginia.gov)  
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## AUDIT SUMMARY

We have audited the basic financial statements of the College of William and Mary, including the Virginia Institute of Marine Science and Richard Bland College (Colleges) as of and for the year ended June 30, 2015, and issued our report thereon, dated February 8, 2016. Our report, included in the Colleges' Annual Report, is available at the Auditor of Public Accounts' website at [www.apa.virginia.gov](http://www.apa.virginia.gov) and at the Colleges' website at [www.wm.edu](http://www.wm.edu).

Our audit of the Colleges for the year ended June 30, 2015, found:

- the financial statements are presented fairly, in all material respects;
- a deficiency which we consider to be a material weakness in internal control over financial reporting at Richard Bland College;
- additional items which we consider to be significant deficiencies in internal control requiring management's attention at both the College of William and Mary and Richard Bland College; and
- three instances of noncompliance or other matters at Richard Bland College required to be reported under Government Auditing Standards.

## -TABLE OF CONTENTS-

	<u>Pages</u>
AUDIT SUMMARY	
STATUS OF PRIOR YEAR FINDINGS - THE COLLEGE OF WILLIAM AND MARY	1
AUDIT FINDINGS AND RECOMMENDATIONS – THE COLLEGE OF WILLIAM AND MARY	2-3
AUDIT FINDINGS AND RECOMMENDATIONS – RICHARD BLAND COLLEGE	4-9
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS	10-12
THE COLLEGE OF WILLIAM AND MARY RESPONSE	13-14
RICHARD BLAND COLLEGE RESPONSE	15-16
COLLEGE OFFICIALS	17

## STATUS OF PRIOR YEAR FINDINGS – THE COLLEGE OF WILLIAM AND MARY

### **Improve the Employee Termination Process**

In our last audit, we recommended that the College of William and Mary (College) improve the employee termination process. The College was not ensuring that responsible parties were completing the employee termination checklist, which the College's Human Resources Policy requires. This increased the risk of improper payments to terminated employees, the untimely termination of system access, and the untimely removal of access to the College's physical assets. This year, we again noted instances of the College not following the termination process, but most occurred before we provided our recommendation from the prior year.

The College now regularly monitors potentially terminated employees by running audit reports and is implementing system functionality to deliver personnel action forms electronically. The College has strengthened its policy over terminated employees and shifted more responsibility to complete the separation process to the Human Resources Department.

Although the College has implemented compensating controls to prevent over-payments to terminated employees, it is still in the process of implementing the full corrective action. The College should continue implementing corrective action until this issue is fully resolved.

### **Improve Controls over Timesheet Approval**

In our last audit, we recommended that the College improve the timesheet approval process. In the prior year, we noted instances where the Payroll Department (Payroll) approved timesheets as opposed to the departmental supervisors. In the current year, we again found instances of this "super-approval," but most of these occurred before we provided our recommendation for the prior year. The lack of a proper approval increases the risk of employees charging inappropriate hours, overtime, and leave as Payroll is not knowledgeable about the actual hours worked.

The College is now working with the Information Technology Department to identify supervisors who have missed the deadline for approving timesheets. Once identified, Payroll will require positive confirmation that the hours their employees have charged are correct.

Although the College is implementing adequate compensating controls with respect to this previously reported finding, it has not completely implemented the full corrective action plan. We recommend that the College continue to implement this planned corrective action and enforce the current policy to ensure supervisors approve all timesheets timely until this issue is resolved.

## AUDIT FINDINGS AND RECOMMENDATIONS – THE COLLEGE OF WILLIAM AND MARY

### **Improve Access Controls to Information Systems**

The Information Technology Department (IT) of College of William and Mary (College) is not properly granting and managing access to its enterprise information system (Banner). During our review, we found the following:

- Although now removed, one user who terminated employment with the College in June of 2015 still had system access at the time of our review in January 2016.
- Two employees had access to process purchase requisitions who did not require this as part of their core job responsibilities.
- Two employees had access to modify the Human Resources table in Banner when their core job responsibilities only required the ability to query this object.

According to the College's Security Standard, International Standards Organization (ISO) 27002 Section 9.2.1, the process for managing user ID's should include immediately disabling or removing user ID's of users who have left the organization. In addition, Section 9.2.3 dictates that organizations should allocate privileged access rights on a "need-to-use" basis.

By allowing users access to forms and systems that they do not require, IT increases the risk of improper transactions taking place. Changes in job responsibilities, lack of adherence to the College's policy on terminated employees, and a lack of adequate systems access review led to the issues identified. IT should enhance reviews of employees' access to critical systems and only grant access to necessary functions. This will decrease the risk of improper transactions taking place.

### **Improve the Reconciliation of Retirement Contributions - REPEAT**

The College does not have adequate policies and procedures in place to reconcile retirement contribution information between the College's payroll system and the *myVRS* Navigator System and maintain the proper supporting documentation. Although the Human Resources Department (Human Resources) is reconciling the information, discrepancies are not always resolved prior to confirming the information to the Virginia Retirement System (Retirement System).

Guidance from the Department of Accounts (Accounts) states that agencies must certify the Contributions Snapshot from *myVRS* Navigator is accurate, as this becomes the official basis for the Retirement System's billing amounts. In addition, Accounts instructs agencies to reconcile *myVRS* Navigator and the College's payroll and human resources systems and resolve all discrepancies prior to confirmation. By completing reconciliations after the snapshot confirmation, management cannot ensure that the amounts reported to the Retirement System are accurate, which affects the reported pension liability.

Human Resources should implement policies and procedures to ensure the completion of reconciliations prior to confirmation of contribution amounts to *myVRS* Navigator and maintain documentation to show this has occurred. This will lower the risk of providing inaccurate information to the Retirement System and ensure the accuracy of reported pension liability amounts.

### **Improve Controls over Retirement Census Data**

The College is maintaining incorrect information in the *myVRS* Navigator system. During our review, we found instances of incorrect demographic information, employment dates, salaries, and coverage dates of employees in the Retirement System. The Retirement System uses this census data to project an actuarially determined pension liability, which the College is now required to carry on its financial statements.

The Retirement System's Employer Manual outlines the requirements for enrolling and maintaining employee information in *myVRS* Navigator. Employers are responsible for ensuring that they correctly submit all employee data to the Retirement System. With the implementation of new pension reporting standards by the Governmental Accounting Standards Board (GASB), the College must now rely upon this information to determine a significant liability on its financial statements. It is, therefore, critical to ensure that employees' census data is correct to reduce the risk of reporting an incorrect amount.

The College should improve controls over data entry into *myVRS* Navigator. This will lower the risk of providing inaccurate information to the Retirement System and ensure the accuracy of reported pension liability amounts.

### **Improve Database Security**

The College has not implemented some of the required controls to protect the database management system that supports Banner in accordance with the Security Standard. The Security Standard requires the implementation of adequate security controls to safeguard systems that contain or process sensitive and financial data.

We identified and communicated the specific control weakness to management in a separate document marked Freedom of Information Act Exempt (FOIAE) under Section 2.2-3705.2 of the Code of Virginia due to it containing descriptions of security controls. In general, these areas consisted of four control weaknesses related to "Administrative Account Controls," one related to "Removal of Unneeded Accounts," one associated with "Password Controls," and one for "Monitoring Controls."

The College should implement the specific configurations and account privileges necessary to meet the requirements of the Security Standard. In addition, the College should implement stronger controls for the database management system to address the weaknesses communicated in the FOIAE recommendation.

## AUDIT FINDINGS AND RECOMMENDATIONS – RICHARD BLAND COLLEGE

### **Improve Controls over Financial Reporting - REPEAT**

Richard Bland College (Richard Bland) does not have adequate internal controls over its financial reporting process. During the prior year audit, we identified deficiencies in Richard Bland's financial reporting and errors in its unaudited financial statements submitted to the College. This year, we again found deficiencies and errors, which indicate there is a reasonable possibility that Richard Bland would not prevent or detect and correct material misstatements on a timely basis. As such, we consider this matter to be a material weakness in internal control.

During our review of Richard Bland's financial reports, we found the following:

- Richard Bland does not have adequate policies and procedures indicating who is responsible for each financial reporting function and the specific details of reports run from the accounting system (Banner).
- Richard Bland does not perform regular reconciliations between the fixed assets tracking system and the general ledger system. Amounts reported in construction-in-progress and leasehold improvements did not agree to Banner.
- There was a material correcting journal entry, which re-classified a \$1.2 million asset to a different category of fixed assets, meaning Richard Bland misclassified the asset in the prior year.
- Over \$56,000 was misclassified as expenditures; based on the nature of these transactions, we found that they were actually revenues.
- Richard Bland made an entry, which was a "plug" figure to balance the statement of net position without proper supporting documentation or justification.
- There was a classification error in ending Net Position due to an improper manual calculation.
- Richard Bland did not reverse all accrual journal entries from the prior year. This likely understated the net position by an immaterial amount.
- Richard Bland had to create five versions of the trial balance due to revisions noted by the College.
- Richard Bland could not locate or provide supporting documentation for the details of a footnote disclosure.

- Richard Bland uses a manual process to create the trial balance by manually entering data into a template spreadsheet. As all data necessary for financial reporting is already in the Banner system and is available via standard Banner reports, this is a duplication of efforts and increases the risk of error.
- Richard Bland uses summary control accounts from the general ledger to prepare the Statement of Revenues, Expenses, and Changes in Net Position, as opposed to detailed account codes from the operating ledger. This requires the use of fund codes to break out classifications of transactions as opposed to account codes, which would be more appropriate for financial reporting. According to the Banner User Manual, the system intends fund codes to identify a self-balancing set of accounts while the manual defines account code as “a designation for individual asset, liability, equity, revenue, expenditure, and/or transfer account classifications.” The inappropriate use of fund codes versus account codes increases the risk of misclassification.

Management is responsible designing and maintaining a system of internal controls relevant to the preparation and fair presentation of financial statements in accordance with generally accepted accounting principles (GAAP) that are free from material misstatement. A lack of formalized procedures, significant turnover in financial reporting and financial operations, and switching between methodologies for producing financial reports led to the issues identified. A formalized process to produce year-end financial reports would decrease the risk of material misstatement and the lack thereof has resulted in misstatements in the current and prior years.

Without correcting and reporting accurate individual financial information, Richard Bland cannot appropriately set performance targets for use in strategic planning. This affects long-term and capital planning decisions made by management and the Board of Visitors. Richard Bland should provide accurate, stand-alone financial information to the Board of Visitors and use this information to set performance and viability targets to ensure the school meets its objectives.

Further, Richard Bland should develop and implement policies and procedures over financial reporting, utilize the existing capabilities of Banner to produce trial balance reports, run these reports regularly, and reconcile them to account balances in Banner to ensure accuracy. Where possible, as Item 155.7 of Chapter 665 of the [Code of Virginia](#) allows Richard Bland to “explore shared services and other options for increased collaboration with the College,” Richard Bland should seek guidance where necessary and consider requesting that the College take over some administrative functions. The two institutions should collaborate on the financial reporting process throughout the year and Richard Bland should seek guidance, as necessary.

### **Improve Access Controls to Information Systems**

Richard Bland College is not properly managing access to its information systems. During our review, we found the following:

- Two employees had dual update access to the Human Resources and Payroll Systems (PMIS and CIPPS) during the audit period. This generally violates a proper separation of duties as the user could update human resource records and process payment to the employee.
- One employee's CIPPS access remained active for a period of four months after the end of their employment at Richard Bland.
- Five employees retained access to the accounting system (Banner) after terminating their employment with Richard Bland.
- One employee terminated employment with Richard Bland and subsequently returned, but there was no documentation of removal of this employee's Banner access.
- One employee had two separate User ID's, but only needed one. This is an indicator of a lack of a formalized access review process.
- Three employees had access to process purchase requisitions who did not require this function as part of their core job responsibilities.
- Four employees had access to process invoices who did not require this function as part of their core job responsibilities.

The Commonwealth's Information Security Standard, SEC-501-09 (Security Standard) instructs that users' role assignments should provide adequate separation of duties. Further, section AC-6 instructs agencies to employ the principle of least privilege, authorizing only access necessary to accomplish assigned tasks. Finally, section PS-4 instructs agencies to disable information system access within 24 hours of employment termination.

Significant turnover and the lack of a routine, formalized access review process led to the conditions above. By allowing users access to systems and functions that they did not require as part of their core job responsibilities, Richard Bland has increased the risk of improper transactions taking place. Richard Bland should improve internal controls surrounding systems access, specifically around segregation of duties, and implement policies and procedures regarding information systems access for employees. This will reduce the risk of inappropriate or erroneous activity within the information systems.

**Comply with the Department of Human Resources Management Policy for Wage Employees - REPEAT**

Richard Bland is not complying with the Department of Human Resource Management (Human Resource Management) Policy 2.20 (Policy). Richard Bland does not have policies and procedures in place to ensure wage employees' total hours worked in a year-long period do not

exceed 1,500 hours. There were three, non-benefited employees who worked more than 1,500 hours from May 1, 2014, to April 30, 2015.

The Policy limits non-benefited employees to working no more than an average of 29 hours per week, for a maximum not to exceed 1,500 hours in the one-year measurement period of May 1 to April 30. Human Resource Management developed this policy to ensure that the Commonwealth is complying with the requirements of the Patient Protection and Affordable Care Act, which will bring penalties for non-compliance.

Due to the variety of employee types at Richard Bland, and employees working multiple positions, tracking employees' hours to ensure compliance with the 1,500-hour limit will require strong internal controls. Although out of compliance with the Policy during our audit period, Richard Bland shifted its payroll function over to the Commonwealth's centralized Payroll Service Bureau as of state fiscal year 2016. As the Payroll Service Bureau now monitors hours worked and processes payroll for Richard Bland, this will greatly reduce the risk of non-compliance with the Policy.

### **Improve Controls over Expenditure Vouchers**

Richard Bland does not have adequate internal controls over the processing of accounts payable vouchers. Richard Bland processed some vendor payments without obtaining the proper supporting documentation and approvals prior to payment. Four out of 21 expenditure vouchers and one out of seven capital asset purchases tested did not have approval prior to purchase. One additional voucher did not have supporting documentation for a portion of the purchase. Topic 20310 of the Commonwealth Accounting Policies and Procedures Manual (CAPP Manual) states that agencies must attach the original vendor prepared bill to the payment as supporting documentation. The CAPP Manual also states that the requirement to authorize, record, and control disbursement transactions is mandatory.

Richard Bland does not have adequate policies and procedures in place pertaining to the expenditure process. This, in conjunction with a lack of approval and not maintaining supporting documentation, has increased the risk of improper vendor payments. Richard Bland should review existing policies and procedures for the vendor payment process to ensure that proper internal controls are in place.

### **Improve Controls over Small Purchase Charge Cards**

Richard Bland does not have adequate internal controls over Small Purchase Charge Card (SPCC) reconciliations. During our review, we found no documentation of SPCC reconciliations performed during fiscal year 2015. CAPP Manual Topic 20355 states, "The agency is responsible for retaining documentation of purchases and returns and reconciling them, with the aid of the purchasing log, to the monthly charge card statement." The lack of documentation increases the risk that SPCC holders are not properly performing reconciliations. This, in turn, increases the risk of incorrect payments on charge card statements, as well as fraudulent purchases.

Richard Bland has transitioned to an online reconciliation process, which does not produce traditional hardcopy documentation, and has not implemented a procedure to maintain appropriate documentation using the online reconciliation process. The lack of documented policies and procedures over the SPCC reconciliations also creates challenges for a new Purchase Card Administrator to perform the reconciliations consistently and in a timely manner. Richard Bland should create and implement policies and procedures pertaining to SPCC Reconciliations that outline the process of the reconciliation and maintaining proper documentation of the reconciliation.

### **Continue to Improve Information Security Program - REPEAT**

Richard Bland does not have an adequate information security program to secure its mission-critical systems and sensitive data. In the prior year, we noted instances of non-compliance with the Commonwealth's Security Standard. Richard Bland has made significant progress since the last audit in addressing several of the identified issues, but the following issues remain unresolved:

#### IT Risk Management and Contingency Planning

- Richard Bland does not produce risk assessment executive summary reports for executive leadership that include major findings and mitigation recommendations identified during the risk management process. According to section six of the Security Standard, a risk assessment executive summary is an essential control to ensure that organizational leadership and IT staff are communicating and working collectively toward the mitigation of risks and hardening of mission-critical IT systems.
- Richard Bland does not obtain documented executive level approval on its risk management and contingency planning artifacts. Section two of the Security Standard requires Richard Bland to obtain the College President and Executive Staff's formal approval over the completed Business Impact Analysis, Risk Assessment(s), Information and Communication Technology Continuity of Operations Plan, and Information Technology Disaster Recovery Plan.

#### IT Security Awareness and Training

- Richard Bland does not provide security awareness training to all employees as prescribed by the Security Standard and Richard Bland policy. Providing annual training and security education to employees reduces the risk of employees making costly security errors that could lead to a data breach.
- Richard Bland does not provide periodic specialized training for users who serve in system administration or data management specific roles and does not require these employees to document acceptance of their responsibility as prescribed by section two of the Security Standard.

Richard Bland did not fully resolve the above issues from the prior year due to limited IT staff and had to prioritize other audit findings from the prior year. However, Richard Bland has a corrective action plan to ensure that all issues noted above are resolved by February 29, 2016. We recommend that Richard Bland continue to develop, align, and implement an information security program with organizational policies and the Security Standard, as well as fully remediating the items noted above.



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

February 8, 2016

The Honorable Terence R. McAuliffe  
Governor of Virginia

The Honorable Robert D. Orrock, Sr.  
Vice-Chairman, Joint Legislative Audit  
and Review Commission

Board of Visitors  
The College of William and Mary

## **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 the **College of William and Mary in Virginia, including the Virginia Institute of Marine Science and Richard Bland College** (the Colleges) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Colleges' basic financial statements and have issued our report thereon dated February 8, 2016. 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 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**

In planning and performing our audit of the financial statements, we considered the Colleges' internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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 Colleges' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Colleges' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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. However, as described in the sections entitled “Audit Findings and Recommendations – The College of William and Mary” and “Audit Findings and Recommendations – Richard Bland College,” we identified a deficiency in internal control over financial reporting that we consider to be a material weakness and deficiencies in internal control that we consider to be significant deficiencies.

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. We consider the deficiency entitled “Improve Controls over Financial Reporting,” which is described in the section titled “Audit Findings and Recommendations – Richard Bland College,” to be a material weakness.

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. We consider the deficiencies entitled “Improve the Employee Termination Process” and “Improve Controls over Timesheet Approval,” which are described in the section entitled “Status of Prior Year Findings – the College of William and Mary;” the deficiencies entitled “Improve Access Controls to Information Systems,” “Improve the Reconciliation of Retirement Contributions,” “Improve Controls over Retirement Census Data,” and “Improve Database Security,” which are described in the section titled “Audit Findings and Recommendations – The College of William and Mary;” as well as the deficiencies entitled “Improve Access Controls to Information Systems,” “Comply with the Department of Human Resources Management Policy for Wage Employees,” “Improve Controls over Expenditure Vouchers,” and “Improve Controls over Small Purchase Charge Cards,” and “Continue to Improve Information Security Program,” which are described in the section titled “Audit Findings and Recommendations – Richard Bland College” to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Colleges’ 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 three instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the section titled “Audit Findings and Recommendations – Richard Bland College” in the finding entitled “Improve Access Controls to Information Systems,” “Continue to Improve

Information Security Program,” and “Comply with the Department of Human Resources Management Policy for Wage Employees”

### **The College’s Response to Findings**

We discussed this report with management at an exit conference held on January 26, 2016. The Colleges’ response to the findings identified in our audit is described in the accompanying sections titled “The College of William and Mary Response” and “Richard Bland College Response.” The Colleges’ 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**

The College of William and Mary and Richard Bland College have not taken adequate corrective action with respect to the previously reported findings “Improve the Reconciliation of Retirement Contributions,” “Improve Controls over Financial Reporting,” “Comply with the Department of Human Resources Management Policy for Wage Employees,” and “Continue to Improve the Information Security Program.” Accordingly, we included these findings in the sections entitled “Audit Findings and Recommendations – Richard Bland College” and “Audit Findings and Recommendations – the College of William and Mary.” The College has taken adequate corrective action with respect to audit findings reported in the prior year that are reported in the section entitled “Status of Prior Year Findings – the College of William and Mary” and those which are not repeated in this report.

### **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

BDH/alh



# WILLIAM & MARY

CHARTERED 1693

## OFFICE OF FINANCE AND ADMINISTRATION

February 15, 2016

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

Dear Ms. Mavredes:

After reviewing the College of William & Mary's fiscal year 2015 (FY15) audit findings and recommendations, I hereby provide the following responses for inclusion in the audit report:

- Improve the Employee Termination Process  
Management agrees with the auditor's finding and as noted in the report has already taken significant steps to address this issue. Beginning in June 2015, the College initiated a reorganization of the Office of Human Resources to improve coordination of personnel actions, payroll processes, and workflow. In addition, Human Resources has implemented new reporting tools that allow for more rapid identification of employees whose termination has not been fully processed which should substantially reduce opportunities for overpayments. The Office of Human Resources is also in the process of establishing an electronic personnel action form which will allow for more prompt notification of changes in employees' status and will reduce opportunities for manual keying errors.
- Improve Controls Over Timesheet Approval  
Management agrees with the finding and has already taken significant steps to improve controls over the timesheet approval process. Specifically, the College has established a new policy that requires supervisors to certify timesheets that have been administratively approved or correct them within seven days of notification. We are in the process of finalizing the automation of our systems to support the new policy. We will make the policy effective as soon as the systems have been updated and anticipate adoption of the policy as early as March 25, 2016. In the interim, I have issued a memorandum to all supervisors reminding them of their responsibilities for approval of timesheets in a timely manner.
- Improve Access Controls to Information Systems  
Management agrees with the auditor's finding and has already taken measures to prevent unnecessary access to the Banner suite of enterprise applications. Moving forward, the College will place greater emphasis on reviewing of departing employees' access rights,

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Martha S. Mavredes  
February 15, 2016  
Page 2

and analyzing new employees' needs to ensure that rights are not automatically transferred but are still aligned with the new employees' job functions.

- Improve the Reconciliation of Retirement Contributions  
Management concurs with the auditor's finding. The Office of Human Resources is working to improve the documentation of its reconciliation and to ensure that reconciliations are completed prior to confirming contribution amounts in my VRS Navigator.
- Improve Controls over Retirement Census Data  
Management concurs. In all instances where discrepancies were found between employee data in Banner and myVRS Navigator, the data maintained by the College in Banner was accurate. Some errors may be due to the electronic transmission of the data between William & Mary and the VRS and/or employee data being correctly transferred to the VRS initially but not being subsequently transferred to VRS when updates are made in Banner. The Office of Human Resources is working with the College's Information Technology team and the VRS to ensure that data files are being transmitted and uploaded correctly to eliminate any discrepancies in the future.
- Improve Database Security  
Management concurs with the auditor's findings related to controls of the database management system that supports Banner. The College's Information Technology Office is in the process of documenting standards for creating database accounts and access to those accounts, removing the one unneeded account identified through the audit process, and ensuring that password controls are set in accordance with the Security Standard. Management takes exception to the audit findings related to monitoring controls which although not monitored by the Banner application are strictly monitored by the Database.

Please contact me should you have any questions.

Sincerely,



Samuel E. Jones  
Senior Vice President for Finance and Administration

cc: Amy S. Sebring  
Kent B. Erdahl  
Courtney M. Carpenter  
John M. Poma

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# Richard Bland College of WILLIAM & MARY

Office of the President

Richard Bland College  
Response to APA Findings  
February 8, 2016

Richard Bland College management acknowledges the longstanding deficiencies in the financial reporting process and in fully leveraging BANNER functionality. With a new financial management team coming on board at RBC over the last four months, we discovered that BANNER Finance was not implemented correctly when it was set up in the early 2000's, adequate training never provided to the end users, and modifications to the finance module were not documented. As a result, the GASB module that was placed on top of BANNER Finance several years ago never had the opportunity to be successfully utilized. From a high level review of financial documentation on site, financial statement preparation at RBC has always been heavily manual, even after BANNER was put into place in the early 2000's. Based on reviews of financial statement work over the last five years, RBC has had unsupported negative asset or liability values as well as plug values. The current management group understands the importance of getting financial reporting standardized, fully supported, and the process streamlined by fully leveraging the power of BANNER and proper accounting procedures.

- We have begun analysis of all RBC financial data in BANNER, in CARS, and in the multiple excel spreadsheets used to track various items to understand where we are starting from.
- We are investigating the setup of the RBC BANNER instance to determine what areas need to be improved and corrected to ensure we properly leverage the GASB module to generate an accurate TB.
- We are in the process of hiring a new BANNER IT Applications engineer with significant experience in both Finance and BANNER to ensure this revitalization of BANNER Finance is done correctly and with an eye to compliance and standardization.
- With the turnover of several mid-level finance positions in the last three months, we have taken the opportunity to restructure the finance unit to include more experienced accountant positions who understand the importance and relevance of adhering to accounting standards. With these new professionals coming into place, we are building SOP's around our financial processes to ensure processes are sufficiently captured and repeatable regardless of who is in the position.

RBC financial management is committed to the following dates and deliverables:

- June 30, 2016 - BANNER Finance will be properly restructured to allow monthly reporting and reconciliations to occur on time and with transparency;
- September 30, 2016 - RBC will have generated a fully supported set of financial statements for FY 2016;

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- December 23, 2016 - SOP's for financial reporting processes will be captured.

RBC will also reach out to and work with the College to determine where we could share resources, best practices, and experience to improve our financial reporting process.

Beginning July 1 fiscal year 2016, payroll services were transferred to DOA's Payroll Bureau. Part of the reporting provided by this group is a monthly monitoring of hours remaining for all 1500 hour employees. We have set our notification range at 1200 hours. Once an employee hits that mark, we begin tracking hours to ensure they do not exceed 1500 hours in the fiscal year. As of the December 2015 report, there were no employees within the notification range.

Sincerely,



Dr. Debbie L. Sydow  
President

2/8/16  
Date

THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA  
RICHARD BLAND COLLEGE

June 30, 2015

BOARD OF VISITORS

Todd A. Stottlemeyer – Rector  
Robert E. Scott – Vice Rector  
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Kendrick F. Ashton, Jr.	William H. Payne, II
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Christopher M. Little	H. Thomas Watkins, III

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