VIRGINIA COMMUNITY COLLEGE SYSTEM

REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2014

Auditor of Public Accounts
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AUDIT SUMMARY

We have audited the basic financial statements of the Virginia Community College System (System) as of and for the year ended June 30, 2014, and issued our report thereon, dated October 13, 2015. Our report, included in the System's basic financial statements, is available on the Auditor of Public Accounts' website at www.apa.virginia.gov and the System's website at www.vccs.edu. Our audit of the System found:

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

Our audit also included testing over the major federal programs of the Student Financial Assistance Programs Cluster for the Commonwealth's Single Audit as described in the U.S. Office of Management and Budget Circular A-133 Compliance Supplement and found internal control findings requiring management's attention and instances of noncompliance in relation to the Student Financial Assistance Programs Cluster.

–TABLE OF CONTENTS–

	Pages
AUDIT SUMMARY	
FINANCIAL INTERNAL CONTROL AND COMPLIANCE FINDINGS	1-12
FEDERAL INTERNAL CONTROL AND COMPLIANCE FINDINGS	13-21
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS	22-24
VIRGINIA COMMUNITY COLLEGE SYSTEM – RESPONSES TO AUDIT FINDINGS	25-45
VIRGINIA COMMUNITY COLLEGE SYSTEM OFFICIALS	46
COMMUNITY COLLEGE PRESIDENTS	47

FINANCIAL INTERNAL CONTROL AND COMPLIANCE FINDINGS

Information Systems

Assign System Access Based on Least Privilege

Applicable to: Germanna Community College
Lord Fairfax Community College
Northern Virginia Community College (repeat finding)
Rappahannock Community College

The colleges identified are not consistently granting access to systems based on the principle of least privilege. The colleges also failed to identify users with segregation of duties conflicts during system access reviews. We noted instances in which the colleges granted roles and privileges to employees within the system that were not necessary to perform job duties, including the Administrative Information System (AIS), the Student Information System (SIS), and the state procurement system (eVA). Our review also noted the colleges did not adequately segregate duties within AIS or SIS and lack adequate compensating controls when segregation of duties conflicts are unavoidable.

The System IT Security Standard, 11.2 – User Access Control, dictates the principle of least privilege must be used by each college and the System Office in the assignment of security roles and responsibilities. Granting access based on the principle of least privilege is a best practice for maintaining security over critical systems. Allowing excessive access to critical systems unnecessarily compromises data integrity and increases exposure to sensitive data.

Management of each college should develop and implement policies and procedures that identify AIS and SIS roles that can present possible segregation of duties conflicts, for example, areas where an individual can both enter and approve transactions. Management should review and consider updating SIS and AIS user access to exercise appropriate segregation of duties and eliminate access to conflicting roles. Small colleges, which may have fewer employees available to process transactions, must often compromise the principle of least privilege and proper segregation of duties to ensure business operations function normally. In the absence of eliminating all conflicting access, management should strive to minimize risk of having users with significant access conflicts by implementing compensating controls, for example, reviewing queries designed to identify exceptions to normal internal control processes.

Deactivate User Access Promptly Upon Employee Separation

Applicable to: Germanna Community College
J. Sargeant Reynolds Community College
Lord Fairfax Community College
Northern Virginia Community College (repeat finding)
Piedmont Community College
Thomas Nelson Community College

The colleges identified are not deactivating user access to various systems promptly upon employee termination. In addition, the identified colleges did not remove access to other college and statewide applications in a timely manner or do not have a process in place to ensure timely removal. For the purposes of our testing, we considered five business days to constitute timely deactivation. We noted the following exceptions while performing testwork:

Germanna

- Untimely deletion of employee system access for three out of 19 employees sampled (15 percent)
- Four of the employees sampled (21 percent) remained eligible to be paid in the payroll system and were not deactivated within a reasonable timeframe in comparison to their official date of separation

J. Sargeant Reynolds

- Access for 28 percent of wage and federal work study employees tested was not removed in a timely manner due to the lack of policy enforcement. On average, six months elapsed between separation and access removal for these employees

Lord Fairfax

- Three out of six employees tested (50 percent) did not have eVA access removed within the prescribed time limit. Lord Fairfax removed access for two employees five months after employee separation and removed access for one employee seven months after separation.
- In 12 of 24 terminations reviewed (50 percent), human resources did not inform the functional managers of the termination until after the employee's termination date. As a result, system access was not removed promptly for eight individuals.

Northern Virginia

- Similar findings appear in the prior year's audit; however, we noted the college created a new process beginning with fiscal year 2015. We will evaluate the effectiveness of this process during the fiscal year 2015 audit.
- Northern Virginia did not ensure that 15 employees, who ended employment or changed positions, had their access to eVA removed in a timely manner. These employees retained access between seven and 213 business days subsequent to separation.
- Three out of 25 employees sampled (12 percent) did not have access to other systems removed timely.

Piedmont Virginia

- Piedmont Virginia staff did not deactivate network or system access in a timely fashion for 15 out of 16 individuals sampled (93 percent). For several of the employees, this deactivation occurred several months or years later.

Thomas Nelson

- Thomas Nelson staff did not delete employee access to eVA promptly for two out of five individuals sampled (40 percent)

Per eVA Electronic Procurement System Security Standards, Section 2.8 Deactivation of eVA Access, eVA access should be deactivated when the requirement for access no longer exists. As eVA is a web-based application, allowing access to eVA for terminated employees increases the risk of improper activity by former employees, which could result in a liability for the System. Access to other state and System information systems subsequent to employment also presents unnecessary risks to the System.

The colleges cited should develop processes whereby access is removed without delay upon employee separation. Due to the size of some colleges and the difficulties noted in communicating information timely, an automated approach to notification of employee separations may be more appropriate and aid in preventing lapses in internal control processes. Colleges should further ensure that individuals involved in the process understand employee separation requirements and communication protocols.

Improve Database Security

Applicable to: System Office

The System does not use some required and essential controls to protect sensitive data in a database that supports a critical system.

We identified five essential controls that either do not meet the System's internal IT Security Standard requirements or do not exist in the System's IT Security Standard. We communicated the details of these control weaknesses 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 specific descriptions of security mechanisms.

The System should dedicate the necessary resources to implement and improve the controls discussed in the communication marked FOIAE. In doing so, the System should develop and revise configuration procedures for all its sensitive databases that, at a minimum, meet the requirements in the International Organization for Standardization information security management standard 27001 – the System's adopted information security best practice standard.

Business Processes

GERMANNA COMMUNITY COLLEGE

Continue to Improve Documentation of Policies and Procedures

Germanna Community College's (Germanna) current documented policies and procedures lack detailed information for how to complete certain business office processes. Management maintains a Business Office Procedures Manual, which includes high level explanations of the major business office processes. Best practices include establishing detailed policies and procedures for significant fiscal processes. A lack of detailed policies and procedures over critical business processes increases the risk of inconsistent application of internal control processes, particularly when Germanna experiences vacancies in key positions.

Management should continue to review critical business office processes and develop and implement detailed policies and procedures to be maintained, reviewed, and updated on a consistent basis.

Establish Allowance for Doubtful Accounts Procedures

Germanna does not have procedures to calculate an allowance for doubtful accounts at fiscal year-end. Germanna did not maintain documented procedures detailing the estimate calculation process, nor did Germanna staff determine an appropriate percentage to be used based on historical information or other relevant data. In accordance with Commonwealth Accounting Policies and Procedures (CAPP) Manual Topic No. 20505, "Management should establish an allowance for doubtful accounts to reflect the amount of an agency's receivables that management estimates will be uncollectible." Further, "the estimate should be based upon historical data or other pertinent information relative to the receivables in question."

The use of a specific percentage to establish an allowance amount, which is not based upon historical data or other pertinent information, can misstate the value of accounts receivable in the financial statements. This deficiency in calculation of the allowance resulted from a vacancy in the Director of Finance position at fiscal year-end, as well as a lack of well-documented procedures for how the allowance for doubtful accounts should be calculated.

Germanna's business office should develop documented procedures for the calculation to estimate the allowance for doubtful accounts, which include significant assumptions regarding collectability of certain receivables and methodology used in the calculation. These procedures will allow for a consistent calculation of the allowance for doubtful accounts based on historical or other pertinent data when financial positions are vacant.

Improve Controls Related to Approvals

Germanna does not always document approval of adjusting journal entries (AJEs) and batch headers for SIS/AIS reconciliation entries. According to best practices, approval controls are necessary to ensure accurate and consistent performance of AJEs and reconciliations. Lack of approvals can lead to misstatements and errors in financial reporting. Audit testing identified the following exceptions:

- No documented approval for 13 out of 25 SIS/AIS reconciliations reviewed.
- No documented approval for both local AJEs tested.

During the fiscal year, Germanna had turnover and vacancies in major financial positions, which contributed to the exceptions. In addition, local fund AJEs do not require a batch header, and therefore, the AJEs did not receive a documented approval.

Germanna should implement electronic approvals when possible, as this can prevent posting of journal entries prior to proper approval. Further, Germanna should establish appropriate backup approvers to ensure completion of approvals when critical financial positions are vacant.

J. SARGEANT REYNOLDS COMMUNITY COLLEGE

Improve Review over Accrued Payroll Schedule

J. Sargeant Reynolds Community College (J. Sargeant Reynolds) payroll and accounting departments do not have an adequate preparation and review process in place for the accrued payroll calculation reported on the Schedule of Accrued Payroll Expense (Schedule 5). The System Office provides the colleges with a set of instructions for each schedule submitted on an annual basis. The System Office combines the colleges' submissions to create the annual System Financial Report

The Payroll Supervisor prepares the schedule and the Accounting Manager reviews the schedule prior to submission. Due to the lack of review of Schedule 5 in conjunction with the instructions, J. Sargeant Reynolds underreported its accrued payroll expense by approximately $572,000. The components of the misstatement include:

- summer faculty contracts worked in fiscal year 2014 that were not properly accrued;
- special payroll for nine-month faculty that was not properly accrued; and,
- nine-month faculty contracts that were paid over 12 months were not fully accrued for fiscal year 2014.

Based on the instructions provided by the System Office for Schedule 5, colleges should accrue payroll for periods worked in June 2014 or earlier but not paid until July 2014 or later. Since nine-month employees fulfill their contractual obligations prior to fiscal year end, J. Sargeant Reynolds should accrue, in full, unpaid payroll for nine-month faculty paid over 12 months.

J. Sargeant Reynolds payroll and accounting departments should develop and implement a preparation and review process for Schedule 5 that includes reviewing instructions during preparation and review of the schedule, analyzing supporting data for completeness, and reviewing calculations for accuracy.

LORD FAIRFAX COMMUNITY COLLEGE

Improve Allowance for Doubtful Accounts Procedures

Lord Fairfax Community College's (Lord Fairfax) current procedures for computing the allowance for doubtful accounts directs the preparer to "Estimate the percent of each aging category that will not be collectible." Lord Fairfax does not maintain documented procedures detailing the estimate calculation process. In accordance with CAPP Manual Topic No. 20505, "Management should establish an allowance for doubtful accounts to reflect the amount of an agency's receivables that management estimates will be uncollectible." Further, "the estimate should be based upon historical data or other pertinent information relative to the receivables in question."

The use of a specific percentage to establish an allowance amount, which is not based upon historical data or other pertinent information, can misstate the value of accounts receivable in the financial statements. This deficiency is a result of Lord Fairfax not having well-documented procedures for computing the allowance and a change in Budget and Finance Directors.

Lord Fairfax should improve its documented procedures for the calculation to estimate the allowance for doubtful accounts, which include significant assumptions regarding collectability of certain receivables and methodology used in the calculation. These procedures will allow for a consistent calculation of the allowance of doubtful accounts based on historical or other pertinent data when there is turnover in financial positions.

NORTHERN VIRGINIA COMMUNITY COLLEGE

Improve Documentation of Adjustments

Northern Virginia Community College (Northern Virginia) was not able to provide supporting documentation to verify that the leave balances per the Human Resource Management System (HRMS) Leave Liability Report as of fiscal year end are correct. Northern Virginia made adjustments to many employee leave balances during fiscal year 2014, but did not retain specific supporting documentation for each adjustment made.

The CAPP Manual requirements for document retention, as well as qualities of a proper leave accounting system, are listed below:

- CAPP Manual Topic 40210 provides that Northern Virginia must "retain documentation supporting entries establishing leave balances and all applicable

forms affecting employee leave at the agency for five years or until audited, whichever is later."

- CAPP Manual Topic 40305 provides that "all applicable forms affecting employee leave must be maintained at the agency for five years or until audited, whichever is later."

- CAPP Manual Topic 40105 provides that Northern Virginia's leave accounting system should:

  a) record leave balances properly through period accruals and/or period allocations;
  b) delete or manage leave balances in excess of maximum carryover limits; and
  c) provide [accurate] leave balances through online inquiry and system reports.

- Since this issue originated with a prior year finding, CAPP Manual Topic 10205 provides that "records of fiscal activity, such as audit reports, corrective action work plans, and supporting documentation, should be retained for a period of at least three years."

Northern Virginia was not able to provide specific documentation verifying appropriate adjustment of employees' leave balances following the parallel implementation of HRMS with the previous leave system, Denosys. Many employees interchangeably entered leave in the different systems, which necessitated review and correction of employee leave balances.

Based on the limited documentation available, adjustments made in HRMS could not be independently verified as appropriate and reasonable. Consequently, leave balances as of 2014 fiscal year end appear to be higher than expected and individual employee leave balances may be incorrect. Despite the unsubstantiated leave adjustments, the aggregate potential misstatement noted during audit procedures is not material to the financial statements.

Northern Virginia should retain detailed documentation to provide a clear audit trail for any corrective action plans implemented, adjustments made to records, or changes made to systems to aid in audit completion and ensure compliance with CAPP manual requirements for document retention.

Improve Controls over Outside Service Organizations

Northern Virginia management did not evaluate the need to obtain a Service Organization Control (SOC) Report covering the internal control processes performed by third-party service organizations. Northern Virginia is ultimately responsible for their internal control environment and ensuring any necessary complementary controls are in place at the college and operating effectively.

Diligent risk assessment by management with regard to the operations of third-party service organizations is necessary to ensure controls over significant business functions are suitable and operating effectively. Northern Virginia does not currently have a process in place for identifying service organizations and assessing whether ineffective controls at these service organizations could have an adverse impact on operations or financial reporting.

Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement. Failure to properly monitor the effective operation of internal controls at service organizations may reduce Northern Virginia's ability to ensure accurate submission of the schedules to the System Office, proper management of financial resources, and confidentiality of data.

Northern Virginia should obtain SOC Reports for outside service organizations performing significant processes on its behalf in order to perform a complete and accurate risk assessment over its internal control processes. Northern Virginia should then obtain appropriate assurance over the effective operation of the outside service organization's controls by reviewing the service auditor's conclusions regarding the operation of each relevant control. In addition, service organizations often require implementation of effective complementary controls, if any, by Northern Virginia, as indicated in the SOC report. Northern Virginia should implement all necessary complementary controls based on review of the applicable SOC report. For future contracts, Northern Virginia may consider including a contractual requirement that the service organization provide the appropriate SOC report as a required term and condition of the contract.

Improve Administration of X Batch Checks

Northern Virginia did not follow the CAPP Manual guidelines for controlling X batch check payments. Northern Virginia prepaid certain rent payments during fiscal year 2014 using X batch checks and held the checks in the safe until the payment due date. X batch checks are printed by the Department of Treasury and used for making payments, which require the remitted funds to include a vendor coupon or similar document. Treasury returns these checks to Northern Virginia for distribution to the vendor and does not mail the checks directly to the vendor.

CAPP Manual Topic 20310 requires agencies and institutions to work with vendors to accept the standard check stub as the remittance. If this is not feasible, the institution must control X batch checks using the following criteria:

- The individual authorizing and releasing transactions into CARS must be different than the individual mailing the X batch checks.
- A log should be kept to record the receipt of X Batch checks from Treasury and reconciled against the control document provided by Treasury and/or the ACTR1310.
- X batch checks must be handled according to prudent business practices.

- Checks and mail remittance coupons should be mailed on the day of receipt.

Improper handling of X batch checks, specifically continuing to hold X batch checks for extended periods rather than mailing to the vendor, increases the risk of misappropriation of assets and allows for unnecessary risk over the disbursement process. Northern Virginia does not have written policies and procedures covering X batch checks to allow for sufficient control over these payments.

Northern Virginia should implement policies and procedures over the prepayment of rent and any other services requiring X Batch check payments. Additionally, every effort should be made to ensure the vendor will not accept standard checks prior to using X batch check payments.

Improve myVRS Navigator Reconciliation Process

Northern Virginia did not properly perform the required reconciliation of the Virginia Retirement System's myVRS Navigator (VNAV) to its personnel records. The fiscal year 2013 audit report included a similar finding; however, due to timing, Northern Virginia was unable to completely address the previous audit finding prior to the completion of fiscal year 2014. As a result, the auditor also noted the following conditions during fiscal year 2014:

- Northern Virginia confirmed the contribution snapshot without performing a proper reconciliation to reasonably ensure the information submitted to the Virginia Retirement System is correct.
- In the three months selected for testing, automated reconciliations performed by the Department of Accounts (Accounts) found over 400 reconciling items, however, Northern Virginia did not correct many of these items prior to the certification of the following month's contribution snapshot.
- Northern Virginia staff did not document the preparation and approval of either the reconciliation performed prior to the certification of the contribution snapshot or the review of the automated reconciliations performed by Accounts.

Per the "Contribution Confirmation and Payment Scheduling" of the VRS Employer Manual, the contribution snapshot must be reviewed and reconciled prior to confirmation to ensure reporting of accurate data to the Virginia Retirement System and Accounts. Inaccurate data in VNAV may cause Northern Virginia to pay retirement contributions inaccurately, the pension liability to be reported on the System's financial statements beginning in fiscal year 2015 to be misleading, and/or employees to receive incorrect retirement benefits.

The following items contributed to the deficiencies in the reconciliation process:

- Inadequate staffing to perform procedures to ensure the accuracy of the contribution snapshot;

- Inadequate cooperation between the payroll and human resource departments in developing policies and procedures; and
- Inadequate understanding of required VNAV reconciliation processes.

Northern Virginia should continue to develop an understanding over the information contained within VNAV and the processes needed to ensure the information is accurate. In addition, human resources and payroll department staff should develop detailed policies and procedures, governing the performance of reconciliations before the certification of the contribution snapshot, as well as the review and correction of reconciling items identified after the contribution snapshot certification. While developing these policies and procedures, Northern Virginia should ensure that there is adequate and appropriate staffing to perform all necessary functions in order to guarantee a reasonable level of accuracy over the contribution snapshot and the related data contained within VNAV.

PIEDMONT VIRGINIA COMMUNITY COLLEGE

Improve Preparation and Review Process for Accrued Payroll Schedule

Piedmont Virginia Community College's (Piedmont Virginia) preparation and review process for the accrued payroll expense calculation reported in Schedule 5 is inadequate. The System Office provides instructions to the individual community colleges to complete and submit the schedules to the System Office for consolidation in the annual System Financial Report. The primary cause of the misstatement was improper accrual of nine-month faculty contracts paid over twelve months, in accordance with System guidelines. This error resulted in the understatement of accrued payroll by approximately $45,000.

Per the instructions provided by the System Office for Schedule 5, colleges should accrue payroll for periods worked in June 2014 or earlier, but not paid until July 2014 or later. Since nine-month employees complete their contracts before fiscal year end, Piedmont Virginia should accrue all unpaid payroll for nine-month faculty paid over twelve months.

Piedmont Virginia should improve the preparation and review process for determining accrued payroll expenses for use in Schedule 5. This includes gaining a full understanding and reviewing the instructions for the schedule, ensuring completeness based on supporting data, and reviewing the calculations for accuracy.

Improve Procedures for Employee Separation

Piedmont Virginia could not provide sufficient detail confirming date of separation for terminated employees. Piedmont Virginia also did not ensure that terminated staff and faculty had their systems and network access privileges removed in a timely manner.

For 24 out of 25 employees tested (96 percent), the effective termination dates recorded in HRMS could not be agreed to letters of resignation, emails, or other sufficient supporting documentation. Twenty of these employees had effective termination dates recorded months after the date found in the supporting documentation provided.

CAPP Manual Topic 50320 requires agencies to verify that information in the Commonwealth Integrated Personnel and Payroll System (CIPPS) is complete, properly authorized, and entered accurately in the system. As data from HRMS interfaces to the state's Personnel Management Information System (PMIS) and then to CIPPS, it is imperative that Piedmont Virginia staff follow a standard protocol in order to record proper information in HRMS. Delays in entering termination dates increase the risk of separated employees accruing unearned leave and receiving further payments in error.

Since the period under audit, Piedmont Virginia has updated their policies and procedures with regard to employee separations to improve recordation of terminations. It has also followed the CAPP Manual recommendation to develop a termination check-off list for completion on the effective termination date of an exiting employee.

In addition to the changes already put in place, Piedmont Virginia should consider updating their policies and procedures to ensure college staff follow a standard protocol for deactivating employees who are not under contract for an extended period after receiving their last paycheck.

Improve Controls over AJE Approvals

Piedmont Virginia does not document approval for local fund AJEs. According to best practices, approval controls are necessary to ensure accurate and consistent performance of AJEs. Lack of approval can lead to misstatements or errors in financial reporting. For a selection of two local fund AJEs, neither AJE included documented approval.

Local fund AJEs do not require a batch header; therefore, Piedmont Virginia did not have a documented approval process. The Business Office should implement electronic approvals when possible, as this can prevent posting of journal entries prior to proper approval. If electronic approvals are not possible, Piedmont Virginia should implement a documented approval process outside of the system.

THOMAS NELSON COMMUNITY COLLEGE

Improve myVRS Navigator Reconciliation and Snapshot Confirmation Process

Thomas Nelson Community College (Thomas Nelson) did not perform and document pre-certification reconciliations between VNAV and CIPPS during fiscal year 2014. Thomas Nelson does not have formal written VNAV reconciliations or a review of Cancelled Record Reports and Snapshot confirmation policies and procedures. Thomas Nelson's current informal procedures do not include pre-certification requirements or a requirement for monthly review of Cancelled Records report

prior to Snapshot certification. Additionally, staff confirmed five contribution snapshots after the deadline.

CAPP Manual Topic 50410 details required tasks and roles of agencies in the reconciliation process. The process requires the agencies to play a more significant role in identifying and correcting errors prior to certifying payroll data monthly in VNAV. Failure to properly reconcile VNAV data with CIPPS data prior to certifying increases the risk that Thomas Nelson's retirement contributions will be inaccurate, affecting both financial reporting and sustainability of the retirement system. Cancelled Records reports must be reviewed to ensure all items have been corrected prior to certifying the Snapshot. Thomas Nelson must certify the Snapshot by the 10th of the following month, in accordance with Virginia Retirement System guidelines. The Snapshot becomes the official basis for the VRS billing amount once Thomas Nelson certifies the Snapshot.

The individuals responsible for certifying payroll data in VNAV were previously unaware of the pre-certification reconciliation requirement. Thomas Nelson should establish a formalized procedure for performing the VNAV reconciliation, including proper completion of pre-reconciliation activities, review of Cancelled Records reports, and timely confirmation of the snapshot.

FEDERAL INTERNAL CONTROL AND COMPLIANCE FINDINGS

Student Financial Aid

Properly Perform Return to Title IV Calculations

Applicable to: Blue Ridge Community College
Eastern Shore Community College
Southwest Virginia Community College

Student Financial Aid offices at these institutions did not properly identify or calculate returns of Title IV funds for students who officially or unofficially withdrew from courses and no longer qualified for federal financial aid.

Blue Ridge Community College (Blue Ridge) overlooked one student requiring a Return to Title IV calculation during the Fall 2013 semester and improperly included the date of commencement in the period of enrollment for the Spring 2014 semester. As a result of overlooking the student during Fall 2013, the Financial Aid Office returned $878.33 less than required to the U. S. Department of Education. In addition, in recalculating the return to be processed, the withdrawing student should have returned $2,510.86 to the U. S. Department of Education. Lastly, as a result of including commencement in the period of enrollment, Blue Ridge returned $53.57 more than required to the U. S. Department of Education for the Spring 2014 sample selected. This error in calculation applies to 100 percent of Return to Title IV calculations for the Spring 2014 semester.

Eastern Shore Community College did not identify all individuals requiring a Return to Title IV calculation during the fiscal year due to improper entry of the fall and spring holiday schedule into the PeopleSoft financial aid module. As a result of the audit, the Financial Aid Coordinator performed calculations for four additional students requiring returns and returned an additional $2,423.27 to the U. S. Department of Education. The primary cause of this condition was improper communication regarding the responsibility for updating the semester holiday schedule between Student Records and Human Resources.

Southwest Virginia Community College (Southwest Virginia) excluded the period adjustment of seven days for some returns performed in March and April for the Spring 2014 semester. For the sample selected, the error resulted in the return of $89.32 more than required to the U. S. Department of Education. Additionally, a subsequent selection of returns from March 2014 indicated the college returned $143.42 less than the amount required.

Code of Federal Regulations, 34 CFR 668.22 states when a recipient of Title IV grant or loan assistance withdraws from an institution during a period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date, and return the money within a reasonable timeframe. The total number of calendar days in a payment period or period of enrollment includes

all days within the period that the student was scheduled to complete, except that scheduled breaks of at least five consecutive days are excluded from the total number of calendar days.

Improperly identifying, calculating, and returning unearned Title IV funds may jeopardize continued participation in Title IV programs. The institutions should review policies, procedures, and processes to ensure students requiring calculations have been properly identified and calculations have been properly performed.

Promptly Return Title IV Funds

Applicable to: Blue Ridge Community College
J. Sargeant Reynolds Community College
New River Community College

Student Financial Aid offices at these institutions did not promptly return Title IV funds within 45 days of the institution's determination that the student withdrew.

Staff at Blue Ridge did not identify unofficial student withdrawals in a timely manner, resulting in the late return of funds to the U. S. Department of Education. For seven of 29 student withdrawals tested (24 percent), Blue Ridge processed refunds to the U. S. Department of Education outside of the timeframe required by 34 CFR 668.22. Six of these withdrawals occurred during the Fall 2013 semester and processing coincided with the institution's winter holiday and Spring semester workload priorities, which led to the delay in returning the funds.

For 13 out of 40 student withdrawals tested (32 percent), J. Sargeant Reynolds staff returned funds between 52 and 105 days following its determination the student withdrew from the college. College staff indicated that staff workload during the Spring 2014 semester led to the delay in returning the funds.

In addition, staff at New River Community College (New River) exceeded the 45-day timeframe for returning Title IV funds for nine students with an institutional determination date of December 20, 2013. New River indicated that the institution's holiday schedule and inclement weather likely contributed to the delay in processing the returns.

Code of Federal Regulations, 34 CFR 668.22 states when a recipient of Title IV grant or loan assistance withdraws from an institution during a period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date and return the money within a reasonable timeframe. All funds are required to be returned within 45 days after the date that the institution determines the student has withdrawn. In addition, for an institution that is not required to take attendance, an institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the - (i) payment period or period of enrollment; (ii) academic year in which the student withdrew; or (iii) educational program from which the student withdrew.

Financial aid offices at these institutions should ensure current processes enable timely identification of withdrawals and prompt return of Title IV funds to the U. S. Department of Education within the prescribed 45-day timeframe.

Perform and Document Monthly Reconciliations of Direct Loans

Applicable to: Blue Ridge Community College
J. Sargeant Reynolds Community College
Virginia Western Community College

These colleges were unable to provide sufficient documentation showing reconciliation of Direct Loans upon receipt of the School Account Statements (SAS) from the Common Origination and Disbursement (COD) system.

In accordance with 34 CFR 685.300(b) and 34 CFR 685.102(b), colleges must reconcile institutional records with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the Secretary. Each month, COD provides colleges with a SAS data file which consists of a Cash Summary, Cash Detail, and Loan Detail Records to aid in this reconciliation process.

We recommend the colleges perform and retain sufficient documentation of their monthly reconciliations and resolve reconciling items between their financial systems and SAS records in a timely manner to ensure compliance with federal regulations. In addition, the colleges should implement a review process to ensure reconciling items are resolved appropriately.

Improve Compliance over Enrollment Reporting

Applicable to: Blue Ridge Community College
Southwest Virginia Community College
Thomas Nelson Community College

These colleges did not properly report enrollment changes to the U. S. Department of Education using the National Student Loan Data System (NSLDS).

Blue Ridge did not report enrollment changes to NSLDS accurately or timely during fiscal year 2014. For 19 of 35 students selected (54 percent), the NSLDS enrollment status and/or effective data did not match Blue Ridge's internal records. Additionally, 33 of 35 enrollment changes (94 percent) were not reported within the prescribed timeframe.

Southwest Virginia only reported graduate information to NSLDS once per year, until revising its submission process for fiscal year 2015. The previous process led to untimely submission of graduate data, particularly for those students graduating in the summer or fall semesters of the respective school year.

Additionally, in a sample of 25 students at Thomas Nelson, we noted improper information in NSLDS for 16 individuals. Fourteen of the 25 students selected (56 percent) did not have a withdrawal date in NSLDS that agreed to the institution's student financial aid records, and two of the 25 students (8 percent) had an enrollment status of graduated in the institution's records, but did not have the same status in NSLDS.

In accordance with Code of Federal Regulations, Title 34 CFR 685.309(b)(2), 34 CFR 690.83(b)(2), and as detailed in Dear Colleague Letter (DCL) GEN 12-06, unless the institution expects to submit its next student status confirmation report within 60 days, the institution must notify the U. S. Department of Education within 30 days of an enrollment change. Additionally, the NSLDS Enrollment Reporting Guide, published by the U. S. Department of Education, identifies specific parameters, which must be met to achieve compliance with these reporting regulations.

Not properly and accurately reporting a student's enrollment status may interfere with establishing a student's loan status, deferment privileges, and grace periods. In addition, the accuracy of the data the college reports plays a large part in keeping Direct Loan records and other federal student records accurate and up to date.

We recommend each institution evaluate its existing policies and procedures for performing enrollment updates to NSLDS to ensure that they agree with the federal requirements.

Improve Reporting to the Common Origination and Disbursements System (COD)

Applicable to: Blue Ridge Community College
J. Sargeant Reynolds Community College
New River Community College
Southwest Virginia Community College

These institutions did not submit timely, and in some cases accurate, information to COD during fiscal year 2014.

During the audit of Blue Ridge, we selected a sample of thirty-five students receiving Pell disbursements. For one student, staff did not submit origination information timely. For 34 students, although submitted timely, the COD disbursement date did not match the actual Blue Ridge disbursement date. The order of the PELL files was modified, causing the anticipated disbursement date field to be used rather than the actual disbursement date field.

In three of the 40 accounts reviewed (7.5 percent), J. Sargeant Reynolds sent disbursement updates to COD before the actual disbursement had been made due to a default setting in PeopleSoft that should have been manually changed. In addition, in one instance, J. Sargeant Reynolds sent disbursement updates to COD well past the required timeframe because updates were not run in a timely fashion.

For 1,324 students in Spring 2014, New River sent disbursement files to COD early to ensure accuracy before running the disbursement process with the Business Office. The subsequent run date of the disbursement process in the Student Information System resulted in noncompliance with the COD disbursement provisions.

Additionally, Southwest Virginia did not pull in response files from COD timely, which resulted in failed transmission of student disbursement information to COD and untimely submission of disbursement data to COD. Manual adjustments were made outside of the system, which is a practice not advised by the System Office. Additionally, the Financial Aid Office did not update the disbursement dates in COD when disbursing federal aid to students. Southwest Virginia used pre-set disbursement dates in COD for 23 of 41 students sampled (56 percent) over summer, fall, and spring semesters.

In accordance with 78 Federal Register 40733, institutions cannot report disbursements to COD seven days or more before actual disbursement. Additionally, 78 FR 40734 requires institutions to submit student payment data to the U. S. Department of Education via COD no later than 15 calendar days after making the disbursement or becoming aware of the need to adjust a student's previously reported disbursement. Failure to comply may result in an audit or program review finding or the initiation of an adverse action, such as a fine or other penalty for such failure, in accordance with subpart G of the General Provisions regulations in 34 CFR part 668.

The institutions should adjust existing procedures to ensure timely and accurate reporting to COD in accordance with federal regulations.

Improve Notification of Awards to Students

Applicable to: Dabney S. Lancaster Community College
J. Sargeant Reynolds Community College
New River Community College
Thomas Nelson Community College

These colleges are not properly notifying students of Title IV awards. Colleges are required to provide written notification to students including important details on timing and method of disbursement and for Direct Loans, the rights, options, and requirements of the student loan.

Dabney S. Lancaster Community College does not include the date and amount of disbursement when providing notification to students receiving Direct Loans. The Financial Aid Office was not aware that this information should be included in the loan notifications to the students.

For a sample of 40 students receiving Title IV aid at J. Sargeant Reynolds, nine students included in the audit sample (22.5 percent) did not receive an award notification letter. While J. Sargeant Reynolds generates a notification letter from the U. S. Department of Education that includes these requirements, J. Sargeant Reynolds must provide a separate letter, notifying students of the disbursement.

Additionally, for six students tested at New River, loan notifications were sent more than seven days after disbursement of funds to the student. Direct loan notification dates posted on PeopleSoft were outside of the compliance date range for Fall 2013 because the Financial Aid Office wanted to ensure disbursements had been processed by the Business Office before sending them. The Business Office did not disburse Direct Loan funds until the seventh day of the compliance range, so notifications were sent one day after. Loan notifications were delayed for the Spring 2014 semester because New River was closed for inclement weather on March 3rd and was on a delayed opening on March 4th.

Lastly, for 26 of 96 awards reviewed (27 percent), Thomas Nelson sent the notice of Financial Aid after the required timeframe. Staff workload was the primary cause for the delay in sending the notifications.

Code of Federal Regulations, Title 34 CFR 668.165(a), requires institutions, prior to disbursing Title IV, HEA Funds for any award year, to notify a student of the amount of funds that the student or his or her parent can expect to receive under each title IV, HEA program, and how and when those funds will be disbursed. If those funds include Direct Loans or FFEL Program funds, the notice must indicate which funds are from subsidized loans and which are from unsubsidized loans. Additionally, 34 CFR Section 668.165 (3) (i – ii) indicates that for direct loans the institution must provide the notice in writing no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution if the institution obtains affirmative confirmation, and no later than seven days if the institution does not obtain an affirmative confirmation.

Not properly notifying students in accordance with Federal Regulations may result in fines, withholding of Title IV funds, or suspension or termination of participation in Title IV programs. Additionally, improper notification could limit the amount of time a student or parent has to make an informed decision on whether to accept or reject a loan. The institutions should review their current processes to ensure compliance with notification requirements for Title IV awards.

Improve Internal Control Environment

Applicable to: Southwest Virginia Community College
Virginia Western Community College

Southwest Virginia and Virginia Western Community College (Virginia Western) did not adequately cross-train financial aid employees and lacked an adequate contingency plan in the event key financial aid employees took a leave of absence or were no longer able to perform their required duties. Additionally, Virginia Western does not have written policies and procedures for updating the COD nor procedures for identifying withdrawals or determining if a Title IV recipient began attendance, completed the period, or should be treated as a withdrawal.

Code of Federal Regulations, Title 34 CFR 685.309 (a)(1) requires participating institutions to establish and maintain proper administrative fiscal procedures. The A-102 Common Rule and OMB

Circular A-110 require that non-federal entities receiving federal awards establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. Additionally, in accordance with 34 CFR §668.16, institutions are required to use "an adequate number of qualified persons to administer the Title IV, HEA Programs in which the institution participates" and the institution will administer "Title IV, HEA programs with adequate checks and balances in its system of internal controls."

The acting Southwest Virginia Financial Aid Officer attempted to cross-train employees but this was not sufficiently performed for the fiscal year under audit. During the fiscal year, the financial aid staff included only one trained employee with the working knowledge of critical functions of financial aid. Remaining financial aid employees lacked sufficient knowledge of the complete financial aid process and how to perform daily activities.

The Virginia Western Financial Aid Office follows desktop procedures, published by the System Office, for updating COD. These procedures are general to the System and may not capture the specific processes applicable to the individual college. Without sufficiently documented procedures, staff may be unaware of federal requirements for reporting to COD. Additionally, there is currently only one employee trained to complete Return of Title IV calculations.

Insufficient cross-training results in financial aid employees, who are unable to the perform duties outside the scope of their daily roles and unable to perform key financial aid processes in the event of the responsible employee taking a leave of absence.

We recommend the Virginia Western Financial Aid Office develop written procedures for updating COD and enhance existing procedures for Return of Title IV. We recommend that the Financial Aid Office designate a backup for Return of Title IV calculations and cross-train this employee to ensure continuity in operations in the event of an unexpected or prolonged leave of absence.

Following an extended absence of the Financial Aid officer, Southwest Virginia formed a Shared Services Agreement with Virginia Highlands Community College (Virginia Highlands), thereby filling the Financial Aid Officer position as of July 1, 2014. Staff at Virginia Highlands have been working to cross-train employees at Southwest Virginia to ensure proper understanding of how to perform critical duties in the absence of key financial aid employees. Management is working to develop employee work profiles that are reflective of respective financial aid staff duties and creating training plans. We recommend management at Southwest Virginia continue to devote resources to ensure an adequate control environment, by enhancing procedures and training to ensure continuity in operations in the event of an absence of key employees.

Reconcile Federal Funds Accounts

Applicable to: New River Community College
Southside Virginia Community College

New River and Southside Virginia Community College did not adequately document reconciliations of the federal G5 system drawdowns to the colleges' accounting records. Additionally, New River did not record multiple deposits, totaling $308,410, in its accounting system. New River used the wrong program code when initially drawing these funds and returned the funds to the U. S. Department of Education under the correct program code.

Code of Federal Regulations Title 34 CFR 676.16(c) indicates that an institution must administer its Title IV programs with adequate checks and balances in its system of internal controls. This includes, as defined in 34 CFR 676.19 a requirement to establish and maintain program and fiscal records that are reconciled at least monthly. In addition, 34 CFR 668.24 requires that an institution shall establish and maintain on a current basis, 1) financial records that reflect each HEA, title IV program transaction, and 2) general ledger control accounts and related subsidiary accounts that identify each title IV, HEA program transaction and separate those transactions from all other institutional financial activity.

Without consistent, proper reconciliation of the systems involved with the Student Financial Aid function, there is an increased risk of undiscovered and unresolved errors, fraudulent behavior, and misuse of federal funds. The colleges should dedicate the necessary resources to properly complete and document the reconciliation of G5 Activity Reports to the accounting records. New River should record all transactions promptly in the accounting system to aid in the reconciliation of Title IV funds and help prevent overdrawing, deposit corrections, and refunds of federal funds.

Improve Procedures over Cost of Attendance Calculations

Applicable to: J. Sargeant Reynolds Community College

J. Sargeant Reynolds did not update the cost of attendance calculations for a number of students who dropped credit hours before the end of its official add/drop date. In some cases, these miscalculations caused overpayment of federal financial aid.

Code of Federal Regulations, 34 CFR 690.80 defines and gives guidance on the methodology for calculating the cost of attendance that an institution should apply to student accounts if the student has a change in enrollment status. J. Sargeant Reynolds has updated policies and procedures on assigning the correct cost of attendance to each student account.

Assigning the correct cost of attendance to each student account ensures that the actual total award amount disbursed to a student does not exceed the student's financial need and/or federal maximum loan limits.

Assigning cost of attendance is an automated process in PeopleSoft. The Financial Aid term field drives the process of assigning the budgeted amount to students and this function was not updating correctly. J. Sargeant Reynolds should ensure that there are automated or manual checks in place to ensure that these functions are being properly updated.

Promptly Disburse Title IV Funds

Applicable to: New River Community College

New River did not disburse timely Title IV funds totaling $2,609,045 to students or parents after receiving the funds from the U. S. Department of Education. Instead, New River disbursed the funds four business days after receiving the funds.

Code of Federal Regulations Title 34 CFR 668.162(b) requires institutions to disburse Title IV funds to students or parents by the end of the third business day following the date the institution received the funds from the U. S. Department of Education. If the funds are not disbursed within three business days, the institution is considered to be holding excess cash and is subject to excess cash tolerance rules defined in 34 CFR 668.166.

The Business Office should promptly disburse Title IV funds upon receiving them from the U. S. Department of Education to help prevent noncompliance with excess cash requirements. The consequences of maintaining excess cash include, but are not limited to, the U. S. Department of Education providing funds to New River using the reimbursement payment method or cash monitoring payment method rather than advancing funds to New River for distribution to students.

Properly Perform Drawdowns of Federal Student Aid Funds

Applicable To: Thomas Nelson Community College

Thomas Nelson improperly requested $3,422,115 in excess funds from the U. S. Department of Education during its standard drawdown process. Thomas Nelson follows a reimbursement method for financial aid drawdowns in which the college first disburses financial aid to students and then requests a drawdown amount equal to the awarded financial aid.

In accordance with Code of Federal Regulations, 34 CFR §668.162(d), under the reimbursement payment method, an institution seeks reimbursement by submitting to the Secretary a request for funds that does not exceed the amount of the actual disbursements the institution has made to students and parents included in that request.

The auditor reviewed seven drawdowns and noted that one drawdown exceeded the required drawdown amount by $3,422,115. An error in the calculation used to determine the amount of funds to drawdown caused the drawdown of excess funds. Thomas Nelson staff discovered this error during the subsequent month's reconciliation process and returned the excess funds to the U. S. Department of Education.

Thomas Nelson's Business Office has taken corrective measures to address this issue by analyzing workload of Financial Services staff and adjusting roles and responsibilities to reduce the risk of human error. We recommend management continue this process to ensure proper management of federal funds.

Commonwealth of Virginia

Auditor of Public Accounts

Martha S. Mavredes, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

October 13, 2015

The Honorable Terence R. McAuliffe
Governor of Virginia

The Honorable John C. Watkins
Chairman, Joint Legislative Audit
and Review Commission

State Board for Community Colleges
Virginia Community College System

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 **Virginia Community College System** as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the System's basic financial statements and have issued our report thereon dated October 13, 2015. 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 System, 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 System's 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 System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the System'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 certain deficiencies in internal control over financial reporting, which are described in the sections titled "Financial Internal Control and Compliance Findings" and "Federal Internal Control and Compliance Findings," that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System'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 and which are described in the section titled "Financial Internal Control and Compliance Findings" in the finding titled "Improve Database Security" and in the section titled "Federal Internal Control and Compliance Findings."

The System's Response to Findings

We discussed this report with management at an exit conference held on November 2, 2015. The System's response to the findings identified in our audit is described in the accompanying section titled "Virginia Community College System – Responses to Audit Findings." The System'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

We did not audit the implementation of corrective actions for all findings in the prior year audit. Due to timing of the findings issued in the previous year's report, the colleges may not have implemented corrective action prior to the end of the fiscal year under audit. Review of the corrective action plans for these findings will occur during subsequent audits of the System. With respect to prior audit findings that we followed up on this year, Northern Virginia Community College has not completed adequate corrective action for the previously reported findings "Deactivate User Access Promptly upon Employee Separation" and "Assign System Access Based on Least Privilege." Accordingly, we included these findings in the section entitled "Financial Internal Control and Compliance Findings."

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

EMS/alh

Systems Access

Assign System Access Based on Least Privilege

Applicable to: Germanna Community College (GCC)
Lord Fairfax Community College (LFCC)
Northern Virginia Community College (NVCC) (repeat finding)
Rappahannock Community College (RCC)

Management Plan for Corrective Action for Germanna Community College

Accounts Payable Update of Vendor Information

The vendor maintenance role has been removed from the Disbursements Accountant effective June 1, 2015

Procurement Access to Accounts Payable

AP_ENTRY_USER, AP_ENTRY_MANAGER and AP_ENTRY_SUPERVISOR roles have been removed from Procurement and non-accounting personnel. AIS security for these Accounts Payable roles has been reviewed for all users. All changes were complete as of June 1, 2015

Policies and Procedures to Identify AIS and SIS Roles that allow entry and approval of transactions

The College is constructing a grid that contains Roles on the left and Business Office Positions across the top. Roles that are deemed segregation of duties issues will contain conditional formatting to alert the supervisor/approver. For example, if an "X" is placed in AP Entry, the Vendor Role will turn Red for that user indicating this is a potential segregation of duties issue. Separation of duties will follow the descriptions and recommendations laid out in the Cardinal Security Handbook.

This grid will be helpful to Business Office manager/supervisors when completing the annual AIS / SIS security review. If potential segregation issues are identified, the role will either be removed or the authorizing supervisor will be required to document the compensating controls. The security grid will also be helpful for identifying potential roles where we have no backup.

Responsible Party: Director of Finance

Implementation Date: No later than the next Annual Security Review December 2016

Management Plan for Corrective Action for Lord Fairfax Community College

LFCC will review roles and granted access rights for employees in the business office that have access to both the AIS and SIS systems. Employee access will be based upon the principle of least privilege. If it is necessary for the employees to have more than the prescribed "least privileges" or separation of duties is not reasonable due to the lack of employees, then compensating controls will be implemented to ensure compliance with internal controls.

The finance director will perform a review of access rights annually in conjunction with the annual review of employee work profiles. Additional reviews will be conducted on an as needed basis to assure that the least privileges practice is being followed.

Responsible Party: Finance Director

Implementation Date: January 1, 2016

Management Plan for Corrective Action for Northern Virginia Community College

The College (Information Technology) has a carefully designed process to approve system access consistent with the policy of least access. This process provides for review and approval of access requests by both a subject matter expert in the specific system as well as the data owner. College policy is that all system access should be based on the principle of least privilege. In addition, all faculty and staff members complete a web based IT security awareness course on an annual basis.

For NVCC, AIS and eVA were the primary areas of concern. The College Controller will review roles and current access rights to the AIS system with appropriate managers and staff to determine if changes are necessary. Based on that review, the Controller will complete the IT Accounts Request Form to make necessary changes. Roles and AIS access rights will be reviewed annually or on an as needed basis to ensure that the system access changes and compensating controls are working as intended to reinforce the least privileges practice.

Accounting procedure manuals will be reviewed and updated to discuss compensating controls if a conflicting role is necessary for normal business operations.

For eVA access, the college responded to the 2013 audit finding by implementing corrective measures. The individuals identified as out-of-compliance in the current audit are from an earlier timeframe during which the new corrective measures were not fully implemented. There were approximately 85 employees whose access was removed based on a review of all users and level of inactivity. We believe that the measures already implemented adequately address the eVA access issue.

Responsible Party: College Controller

Implementation Date: November 2015

Management Plan for Corrective Action for Rappahannock Community College

The College was specifically cited in the above APA finding for Business Office Staff having access to both enter and approve journal entries in AIS General Ledger. In addition certain individuals had unnecessary AIS access based on job functions. All business staff AIS access has been reviewed and adjusted to ensure only necessary access is allowed. To accommodate the journal entry issue, access will be modified to ensure that staff with access to enter cannot approve journal entries and vice versa. Additionally, journal entries are included in batches which are reviewed on a daily basis.

AIS access rights will be reviewed annually or on an as needed basis to ensure that the system access changes and compensating controls are working as intended to reinforce the least privileges practice.

Responsible Party: Business Manager

Implementation Date:
Business Office staff review of AIS access: Completed prior to June 30, 2015
General Ledger Journal Entry access: all security changes will be made by September 30, 2015

Deactivate User Access Promptly Upon Employee Separation

Applicable to: Germanna Community College (GCC)
J. Sargeant Reynolds Community College (JSRCC)
Lord Fairfax Community College (LFCC)
Northern Virginia Community College (NVCC) (repeat finding)
Piedmont Community College (PVCC)
Thomas Nelson Community College (TNCC)

Management Plan for Corrective Action for Germanna Community College

A formal process has been defined and will be adopted immediately to ensure user access is removed promptly upon employee separation.

1) When Human Resources (HR) is notified of a termination, an electronic notice of separation will be sent to Application Security within 3 days providing notification that the former employee's access is to be removed.

2) Application Security will provide electronic confirmation of the removal of access to HR.
3) HR will match up the request with the confirmation and retain these copies on file.

Additionally, the College has chosen to participate in the "Red Carpet" (Silk Road) implementation which is a software that is being installed system-wide and enhances the "on-boarding" (new employees) and "off-boarding" (employee exit) processes. These processes will assist in the communication and timely separation/access issues. Implementation is planned during FY 2016.

Responsible Party: Executive Director of Human Resources

Implementation Date: The electronic notification process is effective for all terminations on or after September 25, 2015.

Management Plan for Corrective Action for J. Sargeant Reynolds Community College

The Office of Human Resources has submitted Reynolds Policy 3-16, Employee Separation from College Service, for review by the Reynolds Leadership Council. The policy addresses voluntary separation, involuntary separation, and work-study student separation.

Upon receipt of the notification of resignation, the Office of Human Resources will notify the following (via email) of the employee's intended departure date.

a. Budget Office
b. Payroll Office
c. Department of Police
d. Department of Technology
e. Manager of Training and Development
f. Director of Facilities Management and Planning
g. Parking Services Manager

The email notification from the Office of Human Resources serves to advise the departments that they must contact the employee and their respective supervisor in order to arrange the collection of college issued items, reconcile accounts, inactivate accesses, and/or remove the separated employee's name from stored databases on the employee's last day of work.

Procedures involving the departure of work-study students are handled differently than college employees and those procedures are also documented in Reynolds Policy 3-16.

Responsible Party: Associate Vice President of Human Resources, JSRCC

Implementation Date: November 1, 2015

Management Plan for Corrective Action for Lord Fairfax Community College

LFCC will implement the RedCarpet Human Resource System for Onboarding of which Offboarding is utilized for terminating employees. When HR terminates an employee, an email will be sent automatically by the system to that employee's supervisor and the eVA security officer; noting that access to all systems must be deactivated. The RedCarpet system then requires that the supervisor to log in and verify that all access has been successfully deactivated. Until this task is completed, the system will continually generate reminder emails to deactivate the access. In addition, the security officer will conduct scheduled quarterly reviews of the eVA system to ensure that the controls are working and that access is deactivated in a timely manner.

Responsible Parties: HR Onboarding Technician and eVA Security Officer

Implementation Date: October 1, 2015

Management Plan for Corrective Action for Northern Virginia Community College

The College recognizes that access termination has been an ongoing process gap for some time. The audit report received in August 2014 prompted the College to implement numerous corrective measures to ensure timely access termination. The FY14 audit sampled the period prior to our corrective measures being implemented.

NVCC has implemented multiple measures to ensure access is terminated in a timely manner as mentioned in the audit findings above. The college intends to continue to utilize the 105-021 e-form Letter of Resignation/Retirement and subsequent internal audits as the core process to ensure parties are notified of the need for access termination; IT and procurement are both included in the notification process. Additionally, to address the issue of inappropriate access in changing positions, HR will update the PAR 105-094 Personnel Action Request form to include a section addressing the need for eVA and HRMS access. This information will then be utilized to notify the necessary parties of the need for a change of access.

Responsible Parties:
HR Directors - Updating form, notifying IT and procurement
Termination from eVA – Director of Procurement
Termination from IT Systems – IT Security Officer

Implementation Date: November 2015

Management Plan for Corrective Action for Piedmont Virginia Community College

Piedmont Virginia Community College uses an exit process, checklist and the KACE tracking system to ensure that all terminated (and separated) employees are deactivated within 5 days of the termination date. HR has updated Policy VII-13.0 to ensure that supporting processes adhere to compliance with the necessary exit process, checklist and entry in the KACE system. The HR and IT units at Piedmont Virginia Community College work closely together to maintain compliance for employee separation and deactivation of accounts and system access, as appropriate. As an additional task, HR will run an internal audit report at least twice annually or on an as needed basis to ensure all separated employees access changes have been correctly applied.

Responsible Party: Human Resources Manager

Implementation Date: July 2015

Management Plan for Corrective Action for Thomas Nelson Community College

The Thomas Nelson eVA Security Officer has worked in collaboration with the Human Resources and Finance offices to enhance the process for employee termination and employees transferred to other departments within the college. For both processes, eVA Security has been added to the Employee Clearance Form as of June 16, 2015. Upon checkout, those employees leaving Thomas Nelson or reassigned to other departments within the college that no longer require eVA access will have eVA access removed at that time per eVA Electronic Procurement System Security Standards, Section 2.8.

Responsible Parties: Director of Human Resources & Director of Information Technology

Implementation Date: June 16, 2015

Improve Database Security

Applicable to: System Office

Management Plan for Corrective Action for the System Office

The System Office will evaluate, define, document, and implement specific procedures to ensure that essential controls are in place to meet the requirements as defined in International Organization for Standardization Information Security Management Standard 27001, the information security best practice standard adhered to by the System Office.

Responsible Party: Chief Information Security Officer

Implementation Date: June 30, 2016

Business Processes

GERMANNA COMMUNITY COLLEGE (GCC)

Continue to Improve Documentation of Policies and Procedures

Management Plan for Corrective Action for Germanna Community College

The lack of insufficient detailed procedures for Business Office processes has been identified as a critical need for the Business Office. A project to develop a comprehensive library of procedures and work instructions was initiated in January of 2015.

Seventy-five processes within eight functional areas for which the Business Office is responsible have been identified. For each of these processes, the documentation will include detailed work instructions and a high level overview of why the function is performed with links to resources and references.

The Processes and Procedures will be saved on a Private Site for the Business Office on Germanna Central. This ensures that the documentation is in a secure location with version control, as well as the dates of last revision.

Responsible Party: Director of Finance

Implementation Date: Documentation of these processes will be complete by June 30, 2016

Establish Allowance for Doubtful Accounts Procedures

Management Plan for Corrective Action for Germanna Community College

For Fiscal Year 2015 and future years, the calculation of the estimated percentage of receivables that will potentially be uncollectable will be updated to reflect the actual annual write-offs (less recoveries) as compared to the average receivable balance for the year, based on the Quarterly Accounts Receivable Report. The calculation of the allowance for Fiscal Year 2015 was based upon this method and the reserve was updated accordingly. The calculation process has been documented for inclusion in the Quarterly Accounts Receivable Report procedures.

Responsible Party: Director of Finance

Implementation Date: Complete as of July 31, 2015

Improve Controls Related to Approvals

Management Plan for Corrective Action for Germanna Community College

As noted, vacancies in major financial positions resulted in period of time where the approvals of Adjusting Journal Entries (AJEs) and SIS/AIS Reconciliations were not documented.

A written policy for approvals of entries has been created and reviewed with appropriate personnel. The document is saved in the Germanna Central repository of Business Office Policies and Procedures. Verification of adherence to policy is performed with a review of daily work / daily diagnostics by the Director of Finance.

Responsible Party: Director of Finance

Implementation Date: Complete as of April 6, 2015.

J. SARGEANT REYNOLDS COMMUNITY COLLEGE (JSRCC)

Improper Review over Accrued Payroll Schedule

Management Plan for Corrective Action for J. Sargeant Reynolds Community College

A Fiscal Year-end Financial Operations Planning work group was formed in May 2015 to review all year-end schedules and supporting documentation used in the financial report preparation process. Every schedule was assigned to a primary preparer and a reviewer. The Payroll Supervisor and Director of Financial Operations independently prepare the Payroll Accrual Schedule and compare their calculations to determine the appropriate amount for the payroll accrual. Variance analysis is also performed to compare the current year accrual with the prior two years' accrual to ensure accuracy.

Responsible Party: Director of Financial Operations

Implementation Date: July 31, 2015

LORD FAIRFAX COMMUNITY COLLEGE (LFCC)

Improve Allowance for Doubtful Accounts Procedures

Management Plan for Corrective Action for Lord Fairfax Community College

LFCC will better define and document the process of computing the allowance for doubtful accounts. The College will review historical data by comparing the actual amount of write-offs to the total charges for the year based upon the "aging of receivables" allowance method. This analysis will be performed for each receivable category and the calculation for the Allowance for Doubtful accounts will be updated with the applicable percentages. This process will be reviewed on an annual basis at June 30 to assure the percentages are still within an acceptable range.

Responsible Party: Finance Director

Implementation Date: January 1, 2016

NORTHERN VIRGINIA COMMUNITY COLLEGE (NVCC)

Improve Documentation of Adjustments

Management Plan for Corrective Action for Northern Virginia Community College

Screenshots are being archived of leave balances before and after any adjustments and/or corrections are made. Additionally, leave audit reports, corrective action plans, notes regarding calendar adjustments, email documentation and any other supporting documentation are being maintained in the archived location on a secured shared drive. This information is readily accessible should there be any question or concern regarding an individual's leave balances.

Responsible Parties: Time and Leave Analyst, Data Management Analyst

Implementation Date: June 2015

Improve Controls over Outside Service Organizations

Management Plan for Corrective Action for Northern Virginia Community College

NVCC makes every effort to comply with ARMICS requirements and standards by annually documenting, evaluating and testing its internal controls and applying our standards to significant vendor relationships. We agree that implementing a process, performing a risk assessment or requesting a SOC-1 Type 2 or similar report from third parties will enhance our current internal controls.

NVCC will request an SOC-1 Type 2 or similar report from vendors deemed significant to accounting operations. Reports received will be reviewed to ensure that there are necessary complimentary controls.

The finance team will work with our procurement department to include a contractual requirement requesting a SOC-1 Type 2 or similar report for significant services organizations dealing with financial information. This will be limited to contracts, which the college enters directly into, not those which are negotiated by another institution and utilized by NVCC.

Responsible Parties:
Associate Controller, Financial & Administrative Services
College Controller

Implementation Dates:
October 2015 – Finance team to request and review SOC reports
February 2016 – Finance and Procurement - Update future contract requirement for those third party vendors dealing with financial information

Improve Administration of X Batch Checks

Management Plan for Corrective Action for Northern Virginia Community College

NVCC is generally in compliance with CAPP Manual Topic 20310 and follows the criteria noted below:

- The individual authorizing and releasing transactions into CARS must be different than the individual mailing the X batch checks
- A log should be kept to record the receipt of X Batch checks from Treasury and reconciled against the control document provided by Treasury and/or the ACTR1310
- X batch checks must be handled according to prudent business practices

The criteria not met involved the process of mailing checks and remittance coupons on the day of receipt. The only checks held by NVCC were vendor rent payments. These checks were held in a safe until the rent due date in order to manage cash flows. The College has since ended the practice of prepaying rent vendors. With regard to remittance coupons, the College uses X Batch processing when a coupon or remittance must accompany the check or for certain Department of State grant payments to students.

NVCC will enhance policies and procedures covering X batch processing and the process changes will be included in the Accounts Payable procedures manual.

Responsible Parties: Associate Director of Accounts Payable and College Controller

Implementation Date: March 2016 for procedure update

Improve myVRS Navigator Reconciliation Process

Management Plan for Corrective Action for Northern Virginia Community College

Due to turnover, the VRS Reconciliation had not been completed for two years prior to 2014. In 2014, Human Resources spent a significant amount of time learning the process, training and executing to catch up on lapsed periods. Due to the effort put forth by the team, there are no longer an excess of reconciling items as HR has become current. Based upon the audit findings, the benefits team has reassessed their process to ensure the confirmation of the snapshot is accurate. Various reports will be examined and necessary corrective actions will be taken prior to confirming the snapshot. Additionally, HR is maintaining all reports utilized in the review of the snapshot as well as documentation pertaining to any adjustments that are made. HR is also retaining documentation related to reconciling the VRS U170 reports.

Responsible Parties: HR Benefits Analyst and Payroll Manager

Implementation Date: June 2015

PIEDMONT VIRGINIA COMMUNITY COLLEGE (PVCC)

Improve Preparation and Review Process for Accrued Payroll Schedule

Management Plan for Corrective Action for Piedmont Virginia Community College

There was an interpretation issue with regard to the financial statement instructions that outlined the process for the accrued payroll calculation. The College has acquired a full understanding of the instructions and will make sure the calculations are accurate in the future. In addition, a review will be performed to ensure that the accrued payroll calculations are appropriate.

Responsible Party: Business Manager

Implementation Date: July 2015

Improve Procedures for Employee Separation

Management Plan for Corrective Action for Piedmont Virginia Community College

The employees selected for audit testing were for fiscal years 2013 and 2014. New procedures had been implemented after that time frame as noted in the finding. Policies and procedures have been updated with regard to employee terminations that clarify deactivating employees not under contract and no longer receiving pay from the college.

Responsible Party: Human Resource Manager

Implementation Date: January 2015

Improve Controls over AJE Approvals

Management Plan for Corrective Action for Piedmont Virginia Community College

The College updated the security roles in AIS and SIS in January 2015 to allow for segregation of duties. The Fiscal Technician and Accountant have access to enter journal entries. The Business Manager approves the transactions. In the event that the Business Manager is out of the office, the Accountant has the ability to post journal entries that were entered by the Fiscal Technician.

Responsible Party: Business Manager

Implementation Date: January 2015

THOMAS NELSON COMMUNITY COLLEGE (TNCC)

Improve myVRS Navigator Reconciliation and Snapshot Confirmation Process

Management Plan for Corrective Action for Thomas Nelson Community College

Human Resources is developing a step-by step process to perform the pre-certification reconciliation between MyVRSNavigator (VNAV) and CIPPS. A formal standard operating procedure will be developed to document the process. Human Resources is also working to create formal written procedures for the VNAV reconciliation, the review of Cancelled Record Reports and Snapshot procedures. Snapshots will be confirmed by the tenth of each month.

Responsible Party: Director of Human Resources

Estimated completion date: November 1, 2015

Student Financial Aid

Properly Perform Return to Title IV Calculations

Applicable to: Blue Ridge Community College (BRCC)
Eastern Shore Community College (ESCC)
Southwest Virginia Community College (SWVCC)

Management Plan for Corrective Action for Blue Ridge Community College

Semester dates are established by the BRCC Information Technology department. The dates established for the remainder of 2013-14 and 2014-15 are correct. Spring 2014 semester calculations will be reexamined and any necessary revisions will be made. In the future, Financial Aid Office personnel will confirm the accuracy of all semester dates before calculations are performed.

Responsible Party: Vice President for Finance and Administration

Implementation Date: Complete

Management Plan for Corrective Action for Eastern Shore Community College

The Financial Aid Coordinator processed the four returns, which included completing the R2T4 worksheet for each student, adjusting the original disbursement in the PeopleSoft Student Information System and Common Origination and Disbursement System, and returning $2,423.27 to the Department of Education. The Financial Aid Coordinator will meet with the Human Resource Officer during every financial aid set-up period to ensure that the holiday schedule is properly populated into the PeopleSoft financial aid module.

Responsible Parties: Business Manager/Human Resource Officer and Financial Aid Coordinator

Implementation Date: Complete

Management Plan for Corrective Action for Southwest Virginia Community College

In July 2014, Southwest Virginia Community College changed their process. The Information Technology Specialist will now enter the academic calendar and the holiday schedule including break days for Financial Aid.

Responsible Party: Information Technology Specialist

Implementation Date: Complete

Promptly Return Title IV Funds

Applicable to: Blue Ridge Community College (BRCC)
J. Sargeant Reynolds Community College (JSRCC)
New River Community College (NRCC)

Management Plan for Corrective Action for Blue Ridge Community College

Management concurs that fall 2013 calculations were processed late. At the time, the College was using an unwieldy query that required a great deal of manual manipulation. Blue Ridge Community College has implemented a process that uses a much simpler report that will prevent future delays.

Responsible Party: Vice President for Finance and Administration

Implementation Date: Complete

Management Plan for Corrective Action for J. Sargeant Reynolds Community College

In order to ensure that all components of the R2T4 process are performed timely, the College hired and trained an R2T4 specialist, who is responsible for the R2T4 process in April 2014. In addition to performing the calculations and making necessary adjustments to aid, the position is responsible for the reconciliation of the Common Origination and Disbursement (COD) system files that are sent for R2T4 students.

Responsible Party: Director of Financial Aid

Implementation Date: Complete

Management Plan for Corrective Action for New River Community College

The College concurred with the finding and will ensure that future returns are processed within 45 days of the institution's determination of student withdrawal. A newly created Return to Title IV Workflow Checklist is now used to track each step in the process to ensure return of funds within 45 days. The checklist is dated upon completion of each step and a copy of the checklist is kept with each completed batch. The Human Resources and Business Operations Manager along with the Student Accounts Specialist monitor steps in the process by entering due dates in their Outlook Calendar to ensure the prompt return of Title IV funds.

Responsible Party: Human Resources and Business Operations Manager

Implementation Date: Complete

Perform and Document Monthly Reconciliations of Direct Loans

Applicable to: Blue Ridge Community College (BRCC)
J. Sargeant Reynolds Community College (JSRCC)
Virginia Western Community College (VWCC)

Management Plan for Corrective Action for Blue Ridge Community College

An unexpected leave of absence of key personnel caused a gap in the timing of the completion of the reconciliations. The Financial Aid unit has now implemented a program of personnel cross training for added continuity in the event of employee absence. Upon hiring of the Assistant Director, all reconciliations were completed. The current practice is to perform the required reconciliations no less than once per month.

Responsible Party: Vice President for Finance and Administration

Implementation Date: Complete

Management Plan for Corrective Action for J. Sargeant Reynolds Community College

As of October 2014, the Office of Financial Aid has begun retaining copies of the SAS Direct Loan reconciliation reports and instituted a signature process to ensure that the reconciliations have been completed and that the appropriate documentation is maintained.
Responsible Party: Director of Financial Aid

Implementation Date: Complete

Management Plan for Corrective Action for Virginia Western Community College

The Virginia Western Financial Aid Office is fully staffed, and implemented a new procedure for COD reconciliation on October 1, 2014, which calls for reconciliation following each disbursement and at minimum once per month. The Financial Aid Coordinator will sign off electronically on the reconciliation monthly.

Responsible Party: Financial Aid Coordinator

Implementation Date: Complete

Improve Compliance over Enrollment Reporting

Applicable to: Blue Ridge Community College (BRCC)

Southwest Virginia Community College (SWVCC)
Thomas Nelson Community College (TNCC)

Management Plan for Corrective Action for Blue Ridge Community College

Data reported to NSLDS is provided to colleges via a VCCS generated report. This report has found to be providing inaccurate data. The VCCS Director of Financial Aid has agreed to work with VCCS Information Technology personnel to correct the report data.

Responsible Party: Vice President for Finance and Administration

Implementation Date: Complete

Management Plan for Corrective Action for Southwest Virginia Community College

Southwest implemented a policy for submitting timely graduate data to NSLDS as of April 18, 2014. This policy was created to ensure timely reporting to NSLDS and ensure compliance with respective federal reporting guidelines.

Responsible Party: Financial Aid Officer

Implementation Date: Complete

Management Plan for Corrective Action for Thomas Nelson Community College

The College Financial Aid Office will work with the staff that is responsible for uploading the Clearinghouse file to ensure that all Financial Aid graduates are reported. The NSLDS enrollment report screen in NSLDS will be reviewed to make sure that all of the graduates are reported.

The College will begin updating the NSLDS enrollment file with the students who have unofficial withdrawals and making sure that those dates are the same as the institutional determination date listed in the Return of Title Four report. This will be a manual process as confirmed by the VCCS Financial Aid Coordinator at the System Office.

Responsible Party: Director of Financial Aid/Veteran's Affairs and Scholarships

Implementation Date: Complete

Improve Reporting to the Common Origination and Disbursements System (COD)

Applicable to: Blue Ridge Community College

J. Sargeant Reynolds Community College (JSRCC)
New River Community College (NRCC)
Southwest Virginia Community College (SWVCC)

Management Plan for Corrective Action for Blue Ridge Community College

Some spring 2014 Pell disbursement dates were reported as the anticipated disbursement date to be used and not subsequently overwritten with the actual disbursement date. The reporting process has been changed to report the actual disbursement date to COD.

Responsible Party: Vice President for Finance and Administration

Implementation Date: Complete

Management Plan for Corrective Action for J. Sargeant Reynolds Community College

The College made a change in the Pell Payment setup for Financial Aid Year 2015. As of July 2014, all disbursement records for 2014-15 now report actual disbursement dates, which is now being transmitted to COD.

Responsible Party: Director of Financial Aid

Implementation Date: Complete

Management Plan for Corrective Action for New River Community College

The College's Financial Aid Office has made a change to the disbursement process so that PeopleSoft disbursement records report actual disbursement dates which are then transmitted to COD.

Responsible Party: Financial Aid Director

Implementation Date: Complete

Management Plan for Corrective Action for Southwest Virginia Community College

On July 1, 2014, the College formed a Shared Services Agreement with Virginia Highlands Community College to share the financial aid officer position. Management and the Financial Aid Office have made great progress in reporting procedures. Information reported to COD is both timely and accurate. Response files are also pulled and transmitted in a timely manner. No manual adjustments are now being made. Disbursement dates are verified with the dates in the Student Information System and College calendar. Student payment data is reported to the Department

of Education via COD within the 15 calendar days and the College remains in compliance. Cross training has occurred with COD reporting and there are two individuals in the office with expertise to perform the required tasks.

Responsible Party: Financial Aid Coordinator

Implementation Date: Complete

Improve Notification of Awards to Students

Applicable to: Dabney S. Lancaster Community College (DSLCC)
J. Sargeant Reynolds Community College (JSRCC)
New River Community College (NRCC)
Thomas Nelson Community College (TNCC)

Management Plan for Corrective Action for Dabney S. Lancaster Community College

Effective Summer 2014, the College added detailed Student Information System navigation instructions to the Direct Loan Disbursement Announcement emails so that students are able to login and verify their loan amounts. The date of the loan disbursement is also included in the email. The emails are sent out prior to disbursing the loans.

Responsible Party: Financial Aid Coordinator

Implementation Date: Complete

Management Plan for Corrective Action for J. Sargeant Reynolds Community College

The College has now established an automated process to run award notices weekly. In addition to this action, the Financial Aid Office will run reports to both verify and ensure that all students have received an award notice.

Responsible Party: Director of Financial Aid

Implementation Date: Complete

Management Plan for Corrective Action for New River Community College

The Financial Aid Office now sends Loan Notifications to students once approval has been received from Common Origination and Disbursement (COD) to ensure compliance with the required timeframe instead of waiting until the Business Office finalizes disbursement. This also ensures delays for inclement weather will be significantly shortened.

Responsible Party: Financial Aid Director

Implementation Date: Complete

Management Plan for Corrective Action for Thomas Nelson Community College

The College has implemented a weekly financial aid notification to all students receiving financial aid. The College will be developing a mail merge process to notify student loan borrowers of their pending disbursements within the federally prescribed time period.

Responsible Party: Director of Financial Aid/Veteran's Affairs and Scholarships

Implementation Date: Complete

Improve Internal Control Environment

Applicable to: Southwest Virginia Community College (SWVCC)
Virginia Western Community College (VWCC)

Management Plan for Corrective Action for Southwest Virginia Community College

As noted in the recommendation, SWCC filled the Financial Aid Officer position in July 2014, and is working to cross-train employees to ensure proper understanding of critical duties in the absence of key employees.

Cross-training has been conducted and will continue on an ongoing basis.

Responsible Party: Financial Aid Officer

Implementation Date: Complete

Management Plan for Corrective Action for Virginia Western Community College

The Virginia Western Financial Aid Office will update the Policy and Procedure Manual to include more detailed procedures for Return to Title IV and updating COD. As of January 2015, the Office has begun training a staff member on Return to Title IV policies and procedures, so that back up is available for Return to Title IV calculations.

Responsible Party: Financial Aid Coordinator

Implementation Date: Complete

Reconcile Federal Funds Accounts

Applicable to: New River Community College (NRCC)
Southside Virginia Community College (SSVCC)

Management Plan for Corrective Action for New River Community College

Procedures have been implemented to improve the documentation and reconciliation processes and to ensure that all transactions are promptly recorded in the College's accounting system to prevent deposit corrections and incorrect program codes. The Financial Aid Assistant provides a report on the COD and Student Information System balances to the Human Resources and Business Operations Manager on a monthly basis. These balances are then reconciled to AIS, the College's accounting system, and to the Department of Education G5 system. The Student Account Specialist ensures all drawdowns and returns are adequately recorded in the College's accounting system. Procedures for these transactions have been documented. Once reconciliations are complete, copies are sent to Financial Aid for their records.

Responsible Party: Human Resources and Business Operations Manager

Implementation Date: Complete

Management Plan for Corrective Action for Southside Virginia Community College

Procedures have been implemented to improve the documentation process. The Financial Specialist will maintain all necessary documentation supporting the reconciliation of the federal G5 system to AIS, the College's accounting system. The Business Manager will sign off on the reconciliation as part of the review process.

Responsible Parties: Business Manager and Financial Aid Director

Implementation Date: Complete

Improve Procedures over Cost of Attendance Calculations

Applicable to: J. Sargeant Reynolds Community College (JSRCC)

Management Plan for Corrective Action for J. Sargeant Reynolds Community College

As of May 2014, the College has resolved this issue by correcting the inaccurate FA Term field resulting in a reliable FA Term report. In addition to using a corrected report, the College now utilizes a report that provides the actual number of credits for which a student is registered and compares this to the award amount in our student information system. Finally, these reports are tested throughout the academic year to ensure proper function.

Responsible Party: Director of Financial Aid

Implementation Date: Complete

Promptly Disburse Title IV Funds

Applicable to: New River Community College

Management Plan for Corrective Action for New River Community College

The Human Resources and Business Operations Manager draws down funds as requested by the Student Accounts Specialist. At that point, the Student Accounts Specialist is notified that the funds are available for disbursement through a newly created checklist. This checklist is part of a packet that will be hand-delivered to the Student Accounts Specialist with the date of drawdown noted. The Human Resources and Business Operations Manager will also, at that point, enter a tickler into both outlook calendars to ensure the checklist is completed (funds disbursed and posted) within 3 days of date of drawdown. The Student Accounts Specialist must return the checklist with all information completed by the three day deadline to the Human Resources and Business Operations Manager for final verification of completion.

Responsible Party: Human Resources & Business Operations Manager

Implementation Date: Complete

Properly Perform Drawdowns of Federal Student Aid Funds

Applicable To: Thomas Nelson Community College (TNCC)

Management Plan for Corrective Action for Thomas Nelson Community College

A plan was developed and implemented in March 2014 with the creation and subsequent hiring of a full-time financial aid accountant. This position is responsible for completing reconciliations of the various financial aid programs. After a thorough analysis, Thomas Nelson Community College examined workload/workflow and management determined some enhancements were needed in the student accounting area. Financial services staff discovered the need, due to an increased workload, to create a position directly related to financial aid and veteran affairs disbursements.

Responsible Party: Associate Vice President of Financial Services

Implementation Date: Complete

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