



J. SARGEANT REYNOLDS
COMMUNITY COLLEGE
STUDENT FINANCIAL ASSISTANCE
PROGRAMS CLUSTER

FOR THE YEAR ENDED
JUNE 30, 2024

Auditor of Public Accounts
Staci A. Henshaw, CPA

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AUDIT SUMMARY

We audited the Student Financial Assistance Cluster of federal programs administered by J. Sargeant Reynolds Community College (Reynolds) for the year ended June 30, 2024. We found:

- proper recording and reporting of all transactions, in all significant respects, in Reynolds' accounting and financial reporting system and U.S. Department of Education's federal student financial assistance systems and the federal attachment submitted to the Department of Accounts (Accounts);
- five matters involving internal control and its operation necessary to bring to management's attention that also represent instances of noncompliance with applicable laws and regulations or other matters that are required to be reported; and
- adequate corrective action with respect to the prior audit findings identified as complete in the [Findings Summary](#) included in the Appendix.

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

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AUDIT FINDINGS AND RECOMMENDATIONS

Implement Information Security Requirements for the Gramm-Leach-Bliley Act

Type: Internal Control and Compliance

J. Sargeant Reynolds Community College (Reynolds) does not have a documented and approved policy and procedure to conduct a periodic inventory of data in accordance with the Gramm-Leach-Bliley Act (GLBA). Public Law 106-102, known as the GLBA, classifies institutions of higher education as financial institutions due to their involvement in financial assistance programs. Related regulations, Title 16 U.S. Code Federal Regulations (CFR) §§ 314.3 and 314.4, require organizations to develop, implement, and maintain an information security program to safeguard customer information.

The GLBA requires organizations to include as part of its written information security program a requirement for identifying and managing data, personnel, devices, systems, and facilities that support an organization's business mission, in accordance with their relative importance and the organization's risk strategy (16 CFR § 314.4(c)(2)). Without a documented and approved policy and procedure to periodically conduct an inventory of data, Reynolds increases the risk that it may misplace or improperly account for data within its systems, which could result in a lack of appropriate security controls and the compromise of the college's confidential data. Reynolds does not have a documented policy and procedure due to a lack of management oversight.

Reynolds should develop and approve a policy and procedure to perform a periodic inventory of data. Compliance with GLBA requirements will assist Reynolds in evaluating its information security practices and ensuring the confidentiality, integrity, and availability of customer information within its environment.

Improve Return of Title IV Processes

Type: Internal Control and Compliance

Reynolds staff did not perform the return of Title IV calculations for fall 2023 and spring 2024 in accordance with federal requirements. For 17 out of 25 (68%) students sampled, management entered an inaccurate number of break days for the return of Title IV calculation.

In accordance with 34 CFR § 668.22, when a recipient of Title IV grant or loan assistance withdraws from an institution during the payment period or 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. The total number of calendar days in a payment period of enrollment includes all days within the period that student was scheduled to complete, except scheduled breaks of at least five consecutive days. Volume 5 of the Federal Student Financial Aid Handbook states that a break from Monday through Friday should include the weekend before and the weekend after unless the institution offered classes on the prior Saturday or Sunday.

Each semester, management should perform a thorough review of the scheduled breaks staff enter into the student information system to prevent future inaccurate calculations.

Improve Reporting to National Student Loan Data System

Type: Internal Control and Compliance

Reynolds staff did not report accurate and timely enrollment data to the National Student Loan Data System (NSLDS) for students that graduated, withdrew or changed enrollment levels. Insufficient management oversight led to staff deviations from established policies and procedures, resulting in the following instances of noncompliance within a sample of 40 students:

- Reynolds reported an inaccurate enrollment status for four students (10%);
- Reynolds reported an inaccurate effective date for eight students (20%);
- Reynolds staff did not report enrollment status changes timely for four students (10%);
- Reynolds reported inaccurate information for at least one campus or program-level field deemed critical for eight students (20%).

In accordance with 34 CFR § 685.309 an institution shall submit, in accordance with deadline dates established by the Secretary of Education (Secretary), other reports and information the Secretary requires and shall comply with the procedures the Secretary finds necessary to ensure the reports are correct. As further outlined in Education’s NSLDS Enrollment Guide, institutions are required to certify enrollment every 60 days. The accuracy of Title IV enrollment data depends heavily on information reported by institutions. Reynolds’ inaccurate and untimely enrollment data submissions to NSLDS can affect Education’s reliance on the system for monitoring purposes. Noncompliance may also impact an institution’s participation in Title IV programs.

Reynolds’ management should strengthen supervision and monitoring to ensure staff consistently adhere to the federal reporting requirements by reporting accurate and timely student enrollment status changes to NSLDS. Management should also consider implementing a quality control review process to monitor the accuracy of campus and program-level batch submissions.

Improve Direct Loan Reconciliations

Type: Internal Control and Compliance

First Reported: Fiscal Year 2018

Reynolds’ staff did not perform monthly federal reconciliations nor address reconciling items timely. While Reynolds does complete a reconciliation of its federal bank account, the reconciliation did not include the School Account Statement (SAS) for three (100%) months sampled and Reynolds’ staff did not identify and resolve reconciling items totaling \$18,281. Management attributed the noncompliance to staff turnover which resulted in insufficient continuity of operations and a lack of oversight.

In accordance with 34 CFR § 685.300(b)(5), institutions must reconcile institutional records with Direct Loan funds from Education and Direct Loan disbursement records submitted to and accepted by Education. Each month, the federal Common Origination and Disbursement system (COD) provides institutions with a SAS data file which consists of a cash summary, cash detail, and loan detail records to aid in this reconciliation process. By not completing a monthly reconciliation of federal Direct Loans, Reynolds increases the risk of not identifying issues and resolving them before they become a systemic problem. Systemic problems may lead to potential adverse actions that impact the institution's participation in Title IV programs.

Management should implement procedures to ensure the monthly federal Direct Loan reconciliations are complete and include all necessary documentation, such as the SAS, and reconciling items are promptly identified and resolved. Additionally, management should implement cross-training to ensure continuity of operations and compliance in the event of staff turnover.

Promptly Return Unclaimed Aid to Department of Education

Type: Internal Control and Compliance

Reynolds' Business Office staff did not return unclaimed student financial aid funds to Education within the required timeframe. We reviewed all 53 students with unclaimed aid and found Reynolds' personnel did not return a total of \$2,081. Management did not provide adequate oversight or review of unclaimed student financial aid, resulting in untimely return of funds to Education.

In accordance with 34 CFR § 668.164(l), if an institution attempts to disburse the funds by check and the recipient does not cash the check, the institution must return the funds no later than 240 days after the date it issued that check or no later than 45 days after the rejection of an electronic funds transfer (EFT). By not returning funds timely, the institution is subject to potential adverse actions that may affect its participation in Title IV aid programs.

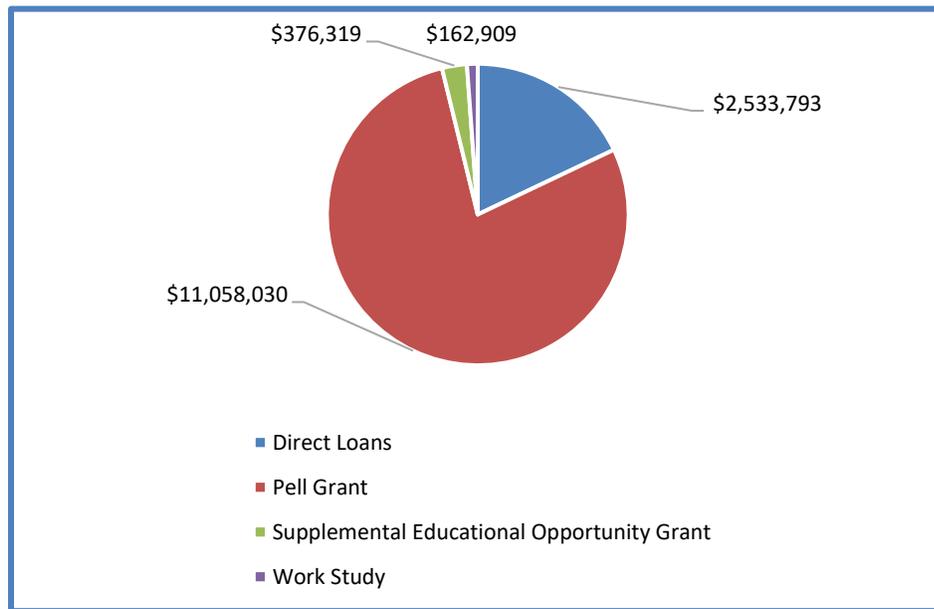
Management should enhance the current unclaimed aid process by implementing a formal review to ensure all funds are accurately tracked and returned to Education within the required timeframe.

AUDIT SCOPE OVERVIEW

Reynolds is part of the Virginia Community College System and serves the counties of Goochland, Hanover, Henrico, Louisa, Powhatan and the City of Richmond. Reynolds provides federal financial assistance through Direct Loans, Pell Grants, Supplemental Educational Opportunity Grants, and Work-Study programs. Chart 1 below shows the amounts comprising the Student Financial Assistance Cluster of federal programs at Reynolds.

**Student Financial Assistance Cluster Federal Program Awards
Fiscal Year 2024**

Chart 1



For our audit covering the fiscal year ended June 30, 2024, we performed procedures over the Student Financial Assistance Cluster of federal programs in accordance with the U.S. Office of Management and Budget Compliance Supplement Part 5 Student Financial Assistance Programs. In addition, we reviewed the accuracy of the Schedule of Expenditures of Federal Awards attachment information submitted to Accounts.



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

September 16, 2025

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

State Board for Community Colleges
Virginia Community College System

David Doré
Chancellor, Virginia Community College System

Paula Pando
President, J. Sargeant Reynolds Community College

We have audited **J. Sargeant Reynolds Community College's** (Reynolds) compliance over the Student Financial Assistance Cluster of federal programs for the year ended June 30, 2024. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objective was to audit the Student Financial Assistance Cluster of federal programs. In support of this objective, we evaluated the accuracy of recorded transactions in Reynolds' accounting and financial reporting system, U.S. Department of Education's federal student financial assistance systems, and the federal attachment submitted to the Department of Accounts (Accounts); reviewed the adequacy of Reynolds' internal controls; tested compliance with applicable laws, regulations, contracts, and grant agreements; and reviewed the adequacy of corrective action with respect to audit findings from prior year reports. See the [Findings Summary](#) included in the Appendix for a listing of prior findings and the status of follow-up on management's corrective action.

Audit Scope and Methodology

Reynolds' management has responsibility for establishing and maintaining internal control and complying with applicable laws, regulations, contracts, and grant agreements. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following applicable Student Financial Assistance Cluster of federal programs compliance requirements:

- Cash management
- Enrollment reporting
- Title IV disbursements
- Financial reporting
- Gramm-Leach-Bliley Act
- Institutional eligibility
- Return of Title IV funds
- Student eligibility
- System access
- Verification

We performed audit tests to determine whether Reynolds' controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws, regulations, contracts, and grant agreements. Our audit procedures included inquiries of appropriate personnel, inspection of documents and records, and observation of Reynolds' operations. We performed analytical procedures and tested details of transactions to achieve our objectives.

A nonstatistical sampling approach was used. Our samples were designed to support conclusions about our audit objectives. An appropriate sampling methodology was used to ensure the samples selected were representative of the population and provided sufficient, appropriate evidence. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

Conclusions

We found that Reynolds has properly stated, in all material respects, the amounts recorded and reported in its financial system and the U.S. Department of Education's federal student financial assistance systems for the Student Financial Assistance Cluster of federal programs.

We noted certain matters involving internal control and its operation and compliance with applicable laws, regulations, contracts, and grant agreements that require management's attention and

corrective action. These matters are described in the section titled “Audit Findings and Recommendations.”

Reynolds has taken adequate corrective action with respect to audit findings identified as complete in the [Findings Summary](#) included in the Appendix.

Exit Conference and Report Distribution

We discussed this report with management on September 4, 2025. Management’s response to the findings identified in our audit is included in the section titled “College Response.” We did not audit management’s response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Governor and General Assembly, J. Sargeant Reynolds Community College management, the Virginia Community College System Chancellor, the State Board for Community Colleges, and the citizens of the Commonwealth of Virginia and is a public record.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

DLR/clj

FINDINGS SUMMARY

Finding Title	Status of Corrective Action*	First Reported for Fiscal Year
Resolve Federal Department of Education Findings	Complete	2018
Implement Information Security Requirements for the Gramm-Leach-Bliley Act	Ongoing	2024
Improve Return of Title IV Processes	Ongoing	2024
Improve Reporting to National Student Loan Data System	Ongoing	2024
Improve Direct Loan Reconciliations	Ongoing	2018
Promptly Return Unclaimed Aid to Department of Education	Ongoing	2024

* A status of **Complete** indicates management has taken adequate corrective action. A status of **Ongoing** indicates existing findings that require management's corrective action as of fiscal year end.



September 16, 2025

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

Dear Ms. Henshaw:

We have reviewed the audit findings and recommendations resulting from the Student Financial Assistance Cluster of federal programs for the fiscal year ended June 30, 2024, by the Auditor of Public Accounts (APA). J. Sargeant Reynolds Community College (Reynolds) agrees, in principle, with the findings.

The following contain APA's findings and management's responses to the concerns and issues raised.

Implement Information Security Requirements for the Gramm-Leach-Bliley Act

Type: Internal Control and Compliance

J. Sargeant Reynolds Community College (Reynolds) does not have a documented and approved policy and procedure to conduct a periodic inventory of data in accordance with the Gramm-Leach-Bliley Act (GLBA). Institutions of higher education, due to their financial assistance programs, are considered financial institutions and must comply with Public Law 106-102, known as the GLBA. Related regulations, Title 16 U.S. Code Federal Regulations (CFR) §§ 314.3 and 314.4, require organizations to develop, implement, and maintain an information security program to safeguard customer information.

The GLBA requires organizations to include as part of its written information security program a requirement for identifying and managing data, personnel, devices, systems, and facilities that support an organization's business mission, in accordance with their relative importance and the organization's risk strategy (16 CFR § 314.4(c)(2)).

Without a documented and approved policy and procedure to periodically conduct an inventory of data, Reynolds increases the risk that it may misplace or improperly account for data within its systems, which could result in a lack of appropriate security controls and the compromise of the college's confidential data. Reynolds does not have a documented policy and procedure due to a lack of management oversight.

Reynolds should develop and approve a policy and procedure to perform a periodic inventory of data. Compliance with GLBA requirements will assist Reynolds in evaluating its information security practices and ensuring the confidentiality, integrity, and availability of customer information within its environment.

Management's Response:

While Reynolds does not have a policy that clearly states we shall conduct a periodic inventory of data in accordance with GLBA, we do conduct a periodic inventory of data through the Business Impact Analysis (BIA) process. Reynolds uses the VCCS BIA to maintain an up-to-date data inventory by collecting information on data types, sources, destinations, and sensitivity for each system. Systems with sensitive data undergo regular Risk Assessments (RA) to address potential threats or vulnerabilities, with both BIA and RA conducted at least annually.

While there is no standalone "Data Inventory" policy, compliance with the VCCS Information Security Program and Reynolds' IT Security Plan ensures systematic data collection, risk assessment, and ongoing monitoring of sensitive data. This approach meets documentation, approval, and compliance requirements for managing sensitive information across all systems. However, in response to this audit finding, we will develop a policy and procedure highlighting the need for such a policy for GLBA compliance and will refer to our BIA practices in our procedure.

Improve Return of Title IV Processes

Type: Internal Control and Compliance

Reynolds staff did not perform the return of Title IV calculations for **fall 2023 and spring 2024** in accordance with federal requirements. For 17 out of 25 (68%) students sampled, management entered an inaccurate number of break days for the return of Title IV calculation.

In accordance with 34 CFR § 668.22, when a recipient of Title IV grant or loan assistance withdraws from an institution during payment period or 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. **The total number of calendar days in a payment period of enrollment includes all days within the period that student was scheduled to complete, except that scheduled breaks of at least five consecutive days. Volume 5 of the Federal Student Financial Aid Handbook states that a break from Monday through Friday should include the weekend before and the weekend after unless the institution offered classes on the prior Saturday or Sunday.**

Each semester, management should perform a thorough review of the scheduled breaks staff enter into the student information system to prevent future inaccurate calculations.

Management's Response:

Reynolds acknowledges and concurs with the audit findings for the fiscal year ended June 30, 2024. The Return of Title IV funds policy is designed to ensure that federal financial aid is allocated fairly based on student attendance. As an institution, we are required to calculate the amount of Title IV aid that must be returned within a specified time. The Office of Financial Aid will provide training on the return of Title IV funds calculation. We will also look more thoroughly at: the total number of calendar days in a payment period of enrollment to include all days within the period that the student was scheduled to complete, net amount that the student is eligible, the amount disbursed, and we will review the amount of breaks that were entered into the Student Information System to have accuracy in the R2T4 process.

Improve Reporting to National Student Loan Data System

Type: Internal Control and Compliance

Reynolds staff did not report accurate and timely enrollment data to the National Student Loan Data System (NSLDS) for students that graduated, withdrew or had an enrollment level change. Insufficient management oversight led to staff deviations from established policies and procedures, resulting in the following instances of noncompliance among a sample of 40 students

- The enrollment status was inaccurate for four students (10%);
- The effective date was inaccurate for eight students (20%);
- Reynolds staff did not report enrollment status changes timely for four students (10%);
- At least one campus or program level field deemed critical was inaccurate for eight students (20%).

In accordance with 34 CFR § 690.83(b)(2) an institution shall submit, in accordance with deadline dates established by the Secretary of Education (Secretary), other reports and information the Secretary requires and shall comply with the procedures the Secretary finds necessary to ensure the reports are correct. As further outlined in the U.S. Department of Education's (Education) NSLDS Enrollment Guide, institutions are required to certify enrollment every 60 days. The accuracy of Title IV enrollment data depends heavily on information reported by institutions. Reynold's inaccurate and untimely enrollment data submissions to NSLDS can affect Education's reliance on the system for monitoring purposes. Noncompliance may also impact an institution's participation in Title IV programs.

Reynold's management should strengthen management supervision and monitoring to ensure staff consistently adhere to the federal reporting requirements and ensure that the college is reporting accurate and timely student enrollment status changes to NSLDS. Management should also consider implementing a quality control review process to monitor the accuracy of campus and program level batch submissions.

Management's Response:

Reynolds acknowledges and concurs with the audit finding for the fiscal year ended June 30, 2024. Reynolds management will strengthen their monitoring to ensure staff consistently adhere to the federal reporting requirements and ensure that the college is reporting accurately and timely to keep updating Colleague system processing, including designating staff members to process review, resolve reporting issues, and verify reports transmitted to NSLDS from the National Student Clearinghouse.

Improve Direct Loan Reconciliations

Type: Internal Control and Compliance

First Reported: Fiscal Year 2018

Reynolds staff did not perform monthly federal reconciliations nor address reconciling items timely. While Reynolds does complete a reconciliation of the federal bank account, the School Account Statement (SAS) was not included for three (100%) months sampled. Additionally for September 2023 and April 2024 combined, Reynolds staff did not identify and resolve reconciling items totaling \$18,281. Management attributed the noncompliance to staff turnover which resulted in insufficient continuity of operations and a lack of oversight.

In accordance with 34 CFR §685.300 (b)(5), institutions must reconcile institutional records with Direct Loan funds from Education and Direct Loan disbursement records submitted to and accepted by Education. Each month, the federal Common Origination and Disbursement system (COD) provides institutions with a SAS data file which consists of a cash summary, cash detail, and loan detail records to aid in this reconciliation process. By not completing a monthly reconciliation of federal Direct Loans, Reynolds places itself at more risk of not identifying issues and resolving them before they become a systemic problem. Systemic problems could result in federal non-compliance and may lead to potential adverse actions that impact the institution's participation in Title IV programs.

Management should implement procedures to ensure the monthly federal Direct Loan reconciliations are complete and include all necessary documentation, such as the SAS, and reconciling items are promptly identified and resolved. Additionally, management should implement cross-training to ensure continuity of operations and compliance in the event of staff turnover.

Management's Response:

Reynolds acknowledges and concurs with the audit finding for the fiscal year ended June 30, 2024. Reynolds management has hired more staff to ensure the monthly federal Direct Loan reconciliations are complete and include all necessary documentation, such as the SAS, and reconciling items are promptly identified and resolved. Additionally, management will cross-train to ensure continuity of operations and compliances in the event of staff turnover.

Promptly Return Unclaimed Aid to the Department of Education

Type: Internal Control and Compliance

Reynolds Business Office staff did not return unclaimed student financial aid funds to Education within the required timeframe. We reviewed all 53 students with unclaimed aid and found Reynolds personnel did not return a total of \$2,081. Management did not provide adequate oversight or review of unclaimed student financial aid, resulting in untimely return of funds to Education.

In accordance with 34 CFR § 668.164(l), if an institution attempts to disburse the funds by check and the recipient does not cash the check, the institution must return the funds no later than 240 days after the date it issued that check or no later than 45 days after the rejection of an electronic funds transfer (EFT). By not returning funds timely, the institution is subject to federal non-compliance and potential adverse actions that may affect Reynolds's participation in Title IV aid programs.

Management should enhance the current unclaimed aid process by implementing a formal review to ensure all funds are accurately tracked and returned to Education within the required timeframe.

Management's Response:

Reynolds acknowledges and concurs with the audit finding for the fiscal year ended June 30, 2024. The Reynolds Financial Operations department agrees with the audit finding regarding the delayed return of unclaimed student financial aid funds to the U.S. Department of Education. The unclaimed financial aid process will be reviewed and revised to incorporate more stringent internal controls and monitoring procedures. Reynolds staff will have refresher training on federal financial aid disbursement and return requirements. A quarterly reconciliation and review process will be established to ensure that any unclaimed financial aid is promptly flagged and processed for return within the required timeframe. We are committed to strengthening our processes to prevent the recurrence of this issue.

Sincerely,



Dr. Paula Pando
President



Leroy Mason
Director of Financial Operations

Carmen Irizarry

Carmen M. Irizarry
Financial Aid Director

Khizer Hayat

Khizer Hayat
Accounting Manager