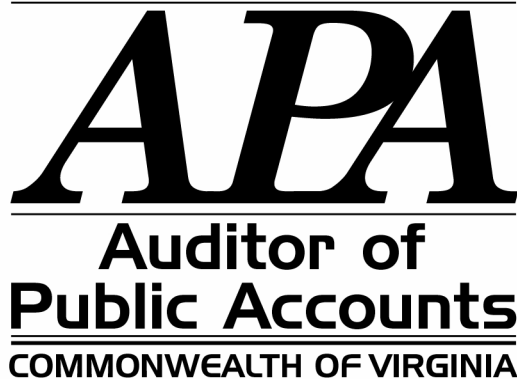


**VIRGINIA COLLEGE SAVINGS PLAN
RICHMOND, VIRGINIA**

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2003**



AUDIT SUMMARY

Our audit of the Virginia College Savings Plan for the year ended June 30, 2003, found:

- the financial statements are presented fairly, in all material respects;
- no internal control matters that we consider material weaknesses; and
- no instances of noncompliance that are required to be reported.

STATUS OF PRIOR FINDINGS

Last year's audit contained the following three findings:

Transitioning Board Governance
Improve Timeliness of Financial Reporting
Develop Operating Policies and Procedures Manual

During the past year, the Plan has made substantial progress towards addressing these issues. Although minor issues remain, we are not reissuing these findings. We would like to commend the management and staff of the Plan for their efforts, and we are especially pleased with the progress made by the Board of Directors and encourage them to complete the work on developing and implementing their governance documents.

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December 5, 2003

The Honorable Mark R. Warner
Governor of Virginia

The Honorable Kevin G. Miller
Chairman, Joint Legislative Audit
and Review Commission

Board Members
Virginia College Savings Plan

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING

We have audited the financial statements of the **Virginia College Savings Plan** as of and for the year ended June 30, 2003, and have issued our report thereon dated December 5, 2003. Our report on the financial statements is included in the Annual Report issued by the Virginia College Savings Plan. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Plan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Plan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Status of Prior Findings

Last year's audit contained the following three findings:

Transitioning Board Governance
Improve Timeliness of Financial Reporting
Develop Operating Policies and Procedures Manual

During the past year, the Plan has made substantial progress towards addressing these issues. Although minor issues remain, we are not reissuing these findings. We would like to commend the management and staff of the Plan for their efforts, and we are especially pleased with the progress made by the Board of Directors and encourage them to complete the work on developing and implementing their governance documents.

The "Independent Auditor's Report on Compliance and Internal Control Over Financial Reporting" is intended solely for the information and use of the Governor and General Assembly of Virginia, the Board members and management, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public record and its distribution is not limited.

EXIT CONFERENCE

We discussed this report with management at an exit conference held on December 15, 2003.

AUDITOR OF PUBLIC ACCOUNTS

SAH:aom
aom:30

VIRGINIA COLLEGE SAVINGS PLAN
Richmond, Virginia

BOARD MEMBERS
As of June 30, 2003

Lee B. Krumbein, Chairman

Julie Cox, Vice-Chairman

Jody M. Wagner, Secretary/Treasurer

Dr. Glenn DuBois

Robert P. Hanrahan

Phyllis A. Palmiero

Cindy M. Roberts

David A. Von Moll

EXECUTIVE DIRECTOR

Diana F. Cantor