



# RICHARD BLAND COLLEGE

## INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS AS OF FEBRUARY 2026

Auditor of Public Accounts

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Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

March 3, 2026

The Honorable Abigail Spanberger  
Governor of Virginia

Joint Legislative Audit  
and Review Commission

Board of Visitors  
Richard Bland College

Kenneth Alexander  
Interim President, Richard Bland College

## INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS

We have reviewed the Internal Control Questionnaire for **Richard Bland College** (College). We completed the review on February 26, 2026. The purpose of this review was to evaluate if the College has developed adequate internal controls over significant organizational areas and activities and not to express an opinion on the effectiveness of internal controls. Management of the College is responsible for establishing and maintaining an effective control environment.

The Auditor of Public Accounts has established a risk-based process for reviewing certain financial cycles for agencies that are not normally subject to detailed audit procedures. The review performed at the College, a component of the College of William and Mary (William & Mary) through the fiscal year ended June 30, 2025, is intended to address additional areas of risk at the College as the College transitions to a separate governing board effective for the fiscal year beginning July 1, 2025. Our report on financial statements for the fiscal year ended June 30, 2025, which includes the financial activity of the College, is available at the Auditor of Public Accounts' website at [www.apa.virginia.gov](http://www.apa.virginia.gov) and at the William & Mary website at [www.wm.edu](http://www.wm.edu). This letter is to communicate the results of the Internal Control Questionnaire review for the College.

### Review Process

During the review, the College completed an Internal Control Questionnaire covering significant organizational areas and activities including payroll and human resources; revenues and expenses; procurement and contract management; capital assets; grants management; debt; and information technology and security. The questionnaire focuses on key controls over these areas and activities.

We review the questionnaire responses and supporting documentation to determine the nature, timing, and extent of additional procedures. The nature, timing, and extent of the procedures selected depend on our judgment in assessing the likelihood that the controls may fail to prevent and/or detect events that could prevent the achievement of the control objectives. The procedures performed target risks or business functions deemed significant and involve reviewing internal policies and procedures. Depending on the results of our initial procedures, we may perform additional procedures including reviewing evidence to ascertain that select transactions are executed in accordance with the College's policies and procedures and conducting inquiries with management. The "Review Procedures" section below details the procedures performed for the College.

### **Review Procedures**

We reviewed a selection of system and transaction reconciliations in order to gain assurance that the College's accounting system contains accurate data. The definitive source for internal control in the Commonwealth is the Agency Risk Management and Internal Control Standards (ARMICS) issued by the Department of Accounts (Accounts); therefore, we also included a review of ARMICS. The level of ARMICS review performed was based on judgment and the risk assessment for the College. Further, we evaluated the College's processes for financial reporting and preparing and providing information to William & Mary for inclusion in attachments submitted to Accounts.

We reviewed the Internal Control Questionnaire and supporting documentation detailing policies and procedures for the organizational areas noted above. As a result of our review, we performed additional procedures over the following areas: revenues; procurement and contract management; capital assets; grants management; and information technology and security. These procedures included validating the existence of certain transactions; observing controls to determine if the controls are effectively designed and implemented; reviewing transactions for compliance with internal and Commonwealth policies and procedures; and conducting further review over management's risk assessment process.

As a result of these procedures, we noted areas that require management's attention. These areas are detailed in the "Review Results" section below.

### **Review Results**

We noted the following areas requiring management's attention resulting from our review:

#### *Capital Assets*

- Repeat - The College did not properly account for subscription-based information technology arrangements (SBITA) in accordance with Governmental Accounting Standards Board (GASB) Statement No. 96. The College did not have a sufficient process for identification of SBITAs and recording SBITA-related construction in progress. Commonwealth Accounting Policies and Procedures (CAPP) Manual Topic 31300, which references GASB Statement No. 96, requires agencies to determine and record the necessary accounting information in the

Commonwealth's lease accounting system based on the contract and other supporting documentation to ensure proper classification of long-term and short-term SBITAs and variable payments, and to evaluate explicit, implicit, and incremental borrowing rates for a reasonable and accurate interest rate. Management should improve its policies and procedures related to identifying, tracking, recording, and reporting SBITAs. Further, management should communicate the policies and procedures to all departments involved in the process to ensure timely identification and accurate recording and reporting of SBITAs in accordance with GASB Statement No. 96.

- The College did not properly account for leases in accordance with GASB Statement No. 87. The College does not have a sufficient process for identification of leases. CAPP Manual Topic 31200, which references GASB Statement No. 87, requires agencies to determine and record the necessary accounting information in the Commonwealth's lease accounting system based on the contract and other supporting documentation to ensure proper classification of long-term and short-term leases and variable payments, and to evaluate explicit, implicit, and incremental borrowing rates for a reasonable and accurate interest rate. Management should improve its lease policies and procedures to properly record and classify leases in accordance with GASB Statement No. 87.
- The College does not have a process to properly identify, track, and report construction and other commitments related to public private partnerships (PPP), SBITA, leases, and goods or services in accordance with applicable GASB standards. Management should create, distribute, and execute a year-end reporting process to ensure applicable departments properly identify, track, and report construction and other commitments such as PPPs, SBITAs, leases, and goods and services within the financial statements.
- The College performed an analysis of potential groups of assets where individual assets were less than the College's capitalization threshold, but should be aggregated as a group and capitalized collectively; however, the College reviewed only one prior year of activity rather than the suggested five-year lookback period to ensure beginning balances for material aggregated assets were captured in accordance with GASB Implementation Guide 2021-1 Question 5.1, Accounts guidance email, and CAPP Manual Topic 30305. Management should update the process for evaluating group purchases of assets, perform an analysis to determine an appropriate beginning balance for aggregated assets, and record the capitalizable aggregated assets in the capital asset accounting system.
- The College did not properly close out multiple construction projects within the Commonwealth's Construction Tracking System in accordance with the Department of General Services' (General Services) Construction Professional Services Manual. Construction projects should be closed out no later than 12 months after the owner occupies the building or the work has been accepted as substantially complete. If the project closeout extends past 12 months, the College should communicate to General Services a summary of outstanding items and an estimated completion date. Management should develop and update its procedures to timely close out construction and state project funding accounts.

- The College does not have a process for staff to review the useful lives recorded in its capital asset system or compare the estimated useful lives to assets' actual useful lives to ensure the recorded useful life reflects the actual lives of the assets in accordance with CAPP Manual Topic 30605. Management should develop procedures to include a review of useful lives and update asset useful lives when they are different than initial estimates.
- The College conducted a physical inventory over capital assets; however, the preparer and the reviewer did not sign or date the inventory, which does not provide evidence that the College performed the inventory timely or had proper separation of duties. CAPP Manual Topic 30505 requires a physical inventory count at least once every two years. Management should ensure that the preparer and reviewer sign and date the inventory documentation to provide evidence supporting timeliness and adequate separation of duties. Appropriate documentation will help to ensure proper safeguarding of assets, fiscal accountability, and the accuracy of the capital asset system data.

### *Information Systems*

- The College has not updated or reviewed its Continuity Plan and Information Technology Disaster Recovery Plan since August 2023 and June 2023, respectively. The Commonwealth's Information Security Standard, SEC530 (Security Standard) requires agencies to annually review, reassess, test, and revise the Disaster Recovery Plan to reflect changes in mission-essential functions, services, information technology system hardware and software, and personnel. In addition, the Security Standard requires agencies to review the Continuity Plan on an annual basis or more frequently if required to address an environmental change. The College should update and test the Continuity Plan and Disaster Recovery Plan to ensure compliance with these requirements.
- The College did not have proper separation of duties within information system security responsibilities. The College's Information Security Officer is the system owner for one system. The Security Standard requires proper segregation of duties between these roles and responsibilities. The College should delegate the system owner role assignments in a manner that provides adequate separation of duties to prevent a conflict of interests.

### *General Internal Controls*

- The College has formal, documented policies and procedures over many of its significant business processes. However, during our review, we identified several critical business areas where management should develop or improve policies and procedures to maintain an effective control environment. Business areas needing development or updates include:
  - Third-Party Service Provider Organization Control
  - Financial Reporting
  - Payroll
  - Human Resources

- Revenue
- Investments
- Accounts Payable
- Contract Procurement and Management
- Small Purchase Charge Card
- Capital Assets
- Grants Management and Monitoring
- Information System Security

CAPP Manual Topic 20905 and other sections require each agency to “publish its own policies and procedures documents, approved in writing by agency management.” Management should continue working to ensure detailed policies and procedures exist for all critical business areas. In addition, management should continue to develop a process to review and approve all policies and procedures either annually or as needed and maintain documentation of the process.

- The College does not have a process to ensure all state appropriations, including amended Acts of Assembly, are properly reported within the financial statements and applicable disclosures in accordance with GASB Statement No. 34. Management should ensure all state appropriations are reported properly within the financial statements.
- The College did not obtain the System and Organization Controls (SOC) report for three providers that process sensitive information. As such, the College did not document an evaluation of the SOC report and the complementary user entity controls described within the report. CAPP Manual Topic 10305 requires agencies to have an adequate level of interaction with third-party providers to understand the providers’ internal control environments and any complementary controls the agency needs to implement. Colleges must also maintain oversight of the provider to gain assurance over outsourced operations. The College should develop policies and procedures over the review of SOC reports and obtain and comprehensively evaluate SOC reports timely.
- The College outsources multiple controls to other entities such as the Virginia Information Technologies Agency, Payroll Service Bureau, Richard Bland College Foundation (Foundation), and other third-party consulting firms. The College did not provide a memorandum of understanding (MOU) with the Foundation; however, it did provide MOUs for the other entities. Even though the College outsources some significant controls, it remains responsible for ensuring information provided or produced by other entities is accurate and reasonable. The College should maintain an up-to-date MOU for all service providers that clearly defines responsibilities for both parties and includes all necessary areas. Furthermore, to comply with CAPP Manual Topic 10305, the College should ensure staff have a proper understanding of the outsourced areas, develop adequate controls to address the College’s responsibilities in the memorandum of understanding with third party providers, and document the tasks staff perform in oversight of the outsourced services.

- The College did not ensure individuals in positions of trust properly filed the required disclosure forms. We identified 17 individuals in a position of trust who either did not submit the required form or did not submit the required form timely. Per § 2.2-3114 of the Code of Virginia, persons occupying positions of trust within state government or non-salaried citizen members of policy and supervisory boards shall file a disclosure statement with the Commonwealth’s Ethics Advisory Council, as a condition to assuming office or employment, and thereafter, shall file such a statement annually on or before February 1. Management should ensure that all individuals identified as employees in positions of trust and board members file the appropriate disclosures upon hire or promotion, and subsequently prior to each annual filing deadline.
- The College does not have documentation over contract management processes to monitor contractor performance or perform a periodic review of contracting activities as required by General Services’ Agency Procurement and Surplus Property Manual. The College uses statewide contracts as well as some agency procured contracts with vendors. Management should properly develop and implement contract management policies and procedures and retain documentation supporting all contracts used by the College.
- The College did not meet the minimum requirements set by Accounts’ ARMICS standards and CAPP Manual Topic 10305. Specifically, the College did not assess specific agency-level control activities applicable to all significant processes. The College did not document and assess significant transaction-level control activities applicable to all significant processes or the agency’s process for gathering, using, and disseminating information. Furthermore, the College did not document consideration of the risk of fraud at the agency-level or transaction-level. Management should comply with all minimum requirements of ARMICS.

We discussed these matters with management on February 26, 2026. Management’s response to the findings identified in our review is included in the section titled “College Response.” We did not validate management’s response and, accordingly, cannot take a position on whether it adequately addresses the issues in this report.

This report is intended for the information and use of the Governor and General Assembly, the College’s Board of Visitors, management, and the citizens of the Commonwealth of Virginia and is a public record.

Sincerely,

Staci A. Henshaw  
AUDITOR OF PUBLIC ACCOUNTS

DLR/clj



# Richard Bland College

Office of the Chief Business Officer

Staci Henshaw  
Auditor of Public Accounts  
101 N 14<sup>th</sup> Street  
8<sup>th</sup> Floor  
Richmond, VA 23219

Dear Ms. Henshaw:

Thank you for your review of Richard Bland College's Internal Control Questionnaire. We share your commitment to maintaining a strong internal control environment and ensuring transparency, accountability, and compliance with applicable Commonwealth requirements. We concur with the findings and appreciate the recommendations provided. The College has already implemented corrective actions in several areas and continues to strengthen policies, procedures, and oversight processes to address the observations noted in the report. Below is a summary of the actions taken and planned to further improve our internal control environment.

- **Capital Assets:** Richard Bland College (RBC) appreciates the Auditor of Public Accounts' review and recommendations regarding capital asset processes. The College believes it has resolved the repeat finding related to the identification and accounting of Subscription-Based Information Technology Arrangements (SBITAs) and has implemented enhanced procedures to identify, evaluate, record, and report SBITAs in accordance with GASB Statement No. 96 and applicable CAPP requirements. In addition, the College is strengthening its processes related to lease identification and accounting under GASB Statement No. 87, commitment reporting, aggregated asset evaluations, construction project closeout procedures, useful life reviews, and capital asset inventory documentation. RBC has already begun reviewing and updating relevant policies and procedures, enhancing communication with departments involved in the capital asset process, and implementing additional controls to support accurate reporting and compliance with Commonwealth requirements. Management will continue to evaluate and refine these processes to ensure capital asset activities are consistently identified, documented, and reported in accordance with applicable accounting standards and state guidance.
- **Information Systems:** Richard Bland College (RBC) acknowledges the results of the internal control questionnaire review related to information technology and security controls. The College has already addressed the issues identified regarding the annual review and documentation of the Continuity Plan and Information Technology Disaster Recovery Plan. While the Continuity Plan had been reviewed, the associated revision history was not updated to

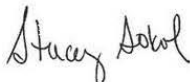
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reflect the review. In addition, the IT Disaster Recovery Plan has since undergone a formal review and the revision history has been updated to document compliance with SEC530 requirements. To strengthen ongoing compliance, RBC is implementing a formalized process to ensure all required annual reviews, testing activities, and documentation updates are completed and appropriately retained. The College also acknowledges the finding regarding segregation of duties within information system security responsibilities. The delegation of system ownership assignments has been reviewed, and corrective actions have been implemented to ensure appropriate separation of duties and eliminate potential conflicts of interest. Moving forward, RBC will continue to monitor security role assignments, evaluate compliance with Commonwealth security standards, and strengthen internal controls to support the security and integrity of its information technology environment.

- **General Internal Controls:** Richard Bland College (RBC) acknowledges the observations regarding the development and documentation of policies, procedures, oversight activities, and internal control processes across several significant business functions. As part of the College's transition to independent governance and continued organizational growth, RBC has undertaken a comprehensive review of its financial, operational, and compliance-related processes. The College is actively updating and formalizing policies and procedures across critical business areas, including financial reporting, procurement, contract management, payroll, human resources, capital assets, grants management, information technology security, third-party provider oversight, and ARMICS compliance. Additionally, management is enhancing processes to support timely policy review and approval, strengthen contract and vendor oversight, improve documentation of internal controls, and ensure compliance with applicable Commonwealth requirements, including CAPP Manual guidance, GASB standards and statements, ARMICS requirements, and other state regulations. RBC remains committed to continuous improvement and will continue refining its internal control environment through additional training, enhanced monitoring activities, periodic risk assessments, and ongoing evaluation of business processes to support effective governance, accountability, and compliance.

Richard Bland College values the insights provided through this review and views the recommendations as opportunities to further strengthen operations and internal controls. The College remains committed to continuous improvement and to maintaining a culture of accountability, transparency, and compliance in support of its mission and stewardship responsibilities.

Sincerely,



Stacey Sokol  
Chief Business Officer