

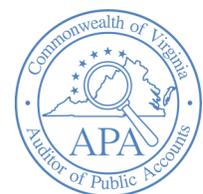


PIEDMONT VIRGINIA  
COMMUNITY COLLEGE  
STUDENT FINANCIAL ASSISTANCE  
PROGRAMS CLUSTER

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 Piedmont Virginia Community College (Piedmont Virginia) for the year ended June 30, 2024. We found:

- proper recording and reporting of all transactions, in all significant respects, in Piedmont Virginia’s 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

### **Reconcile Federal Aid Programs Timely**

**Type:** Internal Control and Compliance

**First Reported:** Fiscal Year 2018

Piedmont Virginia Community College's (Piedmont Virginia) Business Office staff did not properly perform federal reconciliations. Piedmont Virginia's management indicated they were unaware of the federal reconciliation requirements and attributed delays to prioritizing the disbursement of Title IV aid. Specifically, we noted the following instances of noncompliance:

- For two of two (100%) federal Direct Loan reconciliations sampled, the Business Office did not identify or resolve reconciling differences totaling \$22,405.
- For two of two (100%) federal bank reconciliations sampled, the Business Office staff did not complete the federal bank reconciliations timely.
- For two of eight (25%) drawdowns sampled, the Business Office staff did not record deposits in the financial accounting and reporting system for up to five weeks after receiving the electronic deposits.

In accordance with Title 34 U.S. Code of Federal Regulations (CFR) § 685.300(b)(5) institutions shall establish, maintain, and reconcile program and fiscal records at least monthly. By not reconciling federal student aid programs monthly as required, Piedmont Virginia increases its risk of not identifying issues and resolving them before they become a systemic problem. Systemic problems may lead to potential adverse actions and impact participation by the institution in Title IV programs.

Piedmont Virginia's Business Office management should ensure staff receive comprehensive and ongoing training on the federal requirements. Additionally, the Business Office should review and enhance the current reconciliation process for federal assistance programs, promptly record deposits in the financial accounting and reporting system, and complete reconciliations properly and timely, including addressing reconciling differences.

### **Implement Information Security Program Requirements for the Gramm-Leach-Bliley Act**

**Type:** Internal Control and Compliance

Piedmont Virginia does not comply with certain elements of the Gramm-Leach-Bliley Act (GLBA) related to its information security program. 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 in 16 CFR §§ 314.3 and 314.4 require organizations to develop, implement, and maintain an information security program to safeguard customer information. Specifically, Piedmont Virginia does not comply with the following GLBA requirements:

- Piedmont Virginia does not have a documented and approved policy and procedure to conduct a periodic inventory of data. GLBA requires organizations to include as part of their 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. Without a documented and approved policy and procedure, Piedmont Virginia increases the risk that it may misplace or improperly account for data within its systems, which could result in the lack of appropriate security controls and the compromise of the college's confidential data.
- Piedmont Virginia does not have a documented and approved information technology (IT) change management policy and procedure. The GLBA requires that the college's written information security program includes procedures for change management. Inconsistencies in the change management process may arise without an appropriate policy and procedure in place. As a result, exploitable vulnerabilities could be introduced into the environment, potentially compromising the confidentiality, availability, and integrity of sensitive systems and customer data.

Piedmont Virginia did not include all elements required by the GLBA due to a lack of management oversight. The college should develop and approve an IT change management policy and procedure. Furthermore, it should document and approve a policy and procedure to conduct a periodic inventory of data. Compliance with the GLBA requirements will assist Piedmont Virginia in evaluating its information security practices and ensuring the confidentiality, integrity, and availability of customer information within its environment.

### **Promptly Return Unclaimed Aid to Department of Education**

**Type:** Internal Control and Compliance

Piedmont Virginia's Business Office staff did not return unclaimed student financial aid funds to the U.S. Department of Education (Education) within the required timeframe. We reviewed all 66 students with unclaimed aid and identified Piedmont Virginia staff did not return a total of \$26,885. The Business Office experienced staff turnover which led to a lack of knowledge and understanding of the federal requirements related to unclaimed student financial aid.

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.

Piedmont Virginia should ensure staff responsible for tracking unclaimed student financial aid have a thorough understanding of the federal requirements. If the Business Office is unable to contact the federal aid recipient, and the check remains uncashed or the banking institution rejects the EFT, the Business Office should return the unclaimed funds to Education within the required timeframe. The Business Office should implement cross-training to ensure continuity of operations and compliance in the event of staff turnover.

### **Properly Complete Federal Verification Prior to Disbursing Title IV Aid**

**Type:** Internal Control and Compliance

Piedmont Virginia's Financial Aid Office staff did not properly complete federal verification prior to disbursing Title IV aid. In two of 15 (13%) students tested for verification, and one of 25 (4%) students tested for eligibility, Piedmont Virginia's staff did not retain adequate student aid application documentation; therefore, we were unable to determine if staff reviewed the information prior to awarding Title IV aid. Piedmont Virginia's management indicated staff did not follow written verification policies and procedures.

In accordance with 34 CFR § 668.54 through 34 CFR § 668.57, an institution must require an applicant, whose Free Application for Federal Student Aid (FAFSA) information has been selected for verification, to verify the information selected by Education. Federal Register 87 F.R. 40826 outlines the 2023 - 2024 Award Year FAFSA information Education requires to be verified and the acceptable documentation by Verification Tracking Flag and Verification Tracking Group. By not performing or improperly performing the necessary verification, an institution may provide financial aid disbursements to students based upon inaccurate information and may be subject to potential adverse actions affecting the institution's participation in Title IV programs.

Piedmont Virginia's management should provide financial aid staff training and monitor compliance with written policies and procedures. Management should consider implementing a quality control review to ensure that staff obtain, review, and retain acceptable documentation for audit purposes.

### **Improve Reporting to the Common Origination and Disbursement System**

**Type:** Internal Control and Compliance

Piedmont Virginia's Financial Aid Office staff did not report disbursements to the Common Origination and Disbursement System (COD) timely for nine of 40 (23%) students sampled. The Financial Aid Office indicated the causes of the delay in reporting were due to staff turnover and reassigning job duties in the Financial Aid Office.

In accordance with 88 F.R. 41092, an institution must submit federal Pell Grant and Direct Loan disbursement records no later than 15 days after making the disbursement and no earlier than seven days prior to the disbursement date or becoming aware of the need to adjust a student's previously reported disbursement. In accordance with 34 CFR §668.164(a), Title IV funds are disbursed on the date that the institution (a) credits those funds to the student's account in the institution's general ledger or any subledger of the general ledger, or (b) pays those funds to the student directly. Title IV funds are considered disbursed even if the institution uses its own funds in advance of receiving program funds from Education.

If an institution does not submit disbursement records within the required timeframe, it may result in Education rejecting all or part of the reported disbursement. Improper reporting may result in an audit or program review finding or the initiation of an adverse action, such as a fine or other penalty.

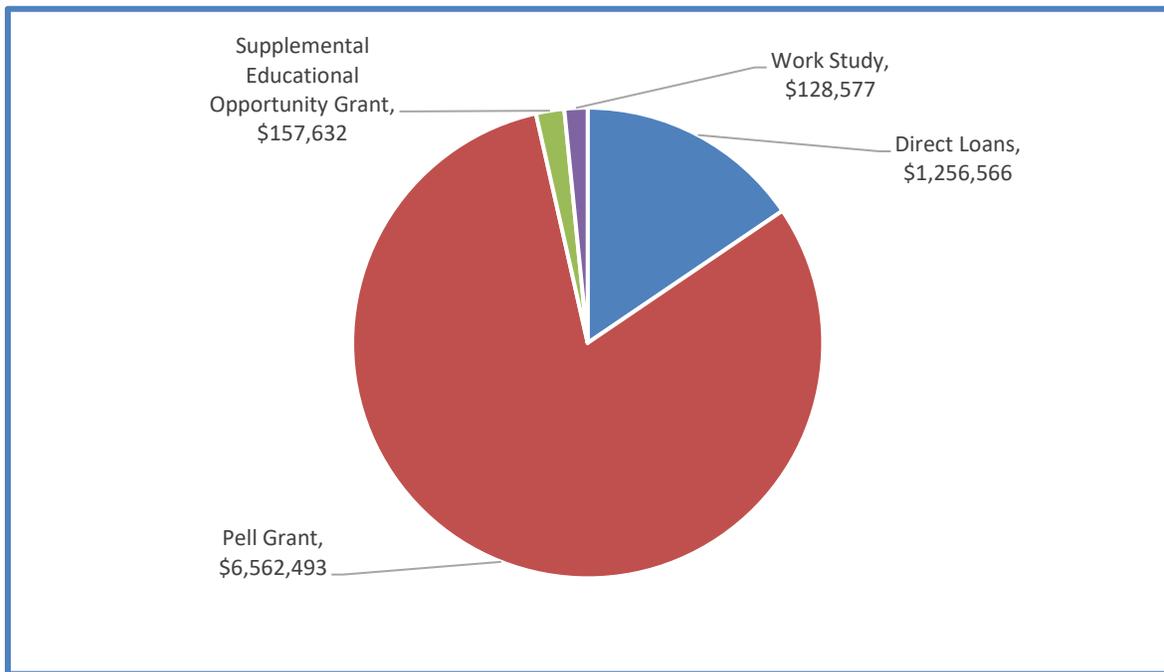
Piedmont Virginia should properly train staff on submitting disbursement records timely and implement corrective action to ensure future compliance. In addition, Piedmont Virginia should implement cross-training to ensure continuity of operations and compliance in the event of staff turnover.

## AUDIT SCOPE OVERVIEW

Piedmont Virginia is part of the Virginia Community College System and serves the city of Charlottesville and the counties of Albemarle, Buckingham, Fluvanna, Greene, Louisa and Nelson. Piedmont Virginia 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 Piedmont Virginia.

**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 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

July 24, 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

Jean Runyon  
President, Piedmont Virginia Community College

We have audited **Piedmont Virginia Community College's** (Piedmont Virginia) 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 Piedmont Virginia's 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 Piedmont Virginia's 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 year findings and the status of follow-up on management's corrective action.

## **Audit Scope and Methodology**

Piedmont Virginia’s 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 Piedmont Virginia’s 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 Piedmont Virginia’s 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 Piedmont Virginia 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.”

Piedmont Virginia 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 May 22, 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, Piedmont Virginia 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/cj

## FINDINGS SUMMARY

Finding Title	Status of Corrective Action*	First Reported for Fiscal Year
Improve Reporting to National Student Loan Data System	Complete	2018
Perform Accurate Return of Title IV Calculations	Complete	2018
Return Unearned Title IV Funds Timely	Complete	2018
Reconcile Federal Aid Programs Timely	Ongoing	2018
Implement Information Security Program Requirements for the Gramm-Leach-Bliley Act	Ongoing	2024
Promptly Return Unclaimed Aid to Department of Education	Ongoing	2024
Properly Complete Federal Verification Prior to Disbursing Title IV Aid	Ongoing	2024
Improve Reporting to the Common Origination and Disbursement System	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.



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September 29, 2025

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

Dear Ms. Henshaw,

The college has reviewed the audit findings and recommendations resulting from the Student Financial Assistance Programs Cluster audit, for the fiscal year ended June 30, 2024, by the Auditor of Public Accounts (APA).

The college acknowledges and concurs with the findings. The following contains APA's findings and management's responses to the concerns and issues raised.

**Promptly Return Unclaimed Aid to Department of Education**

The Business Office has established a formal process to monitor unclaimed checks and ensure the timely return of funds to the federal government within the required 240-day period. A new interactive spreadsheet has been developed to document all outreach efforts to return funds to students, including email, text, and phone communications. Expiration dates for outstanding checks are now established and reviewed monthly to guarantee compliance with the federal return timeline.

As part of our commitment to continuous improvement, we engaged NACUBO in Fall 2024 to assess Business Office staffing and operational procedures. This review has already led to several improvements, including the hiring of an Assistant Director and the implementation of regularly scheduled meetings between the Business Office and Financial Aid. To strengthen oversight and reconciliation processes, the Director of Financial Services now meets monthly with the Federal Funds Accountant to complete required reconciliations.

Additionally, joint meetings with Financial Aid are held by the 25th of each month to review reconciliations and address any emerging issues. Previous delays in returning funds were partially due to staffing challenges in the Cashier's Office. We have since hired a permanent replacement for the cashier position and implemented a formal process specifically designed to monitor and address this issue.

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### **Reconcile Federal Aid Programs Timely**

The Business Office has implemented an improved process to monitor and manage reconciliations more effectively. The Director of Financial Services and the Federal Funds Accountant meet monthly to complete all required reconciliations. The Federal Funds Accountant received renewed guidance on the proper recording of federal fund entries from the Director of Financial Services to ensure they are accurately completed at the time of disbursement or drawdown. The control sheet used for tracking drawdowns and disbursements has also been updated to include clearly defined data entry fields.

As part of our ongoing commitment to continuous improvement, we partnered with NACUBO in Fall 2024 to conduct a comprehensive review of Business Office staffing and procedures. This review has already resulted in several enhancements, including the hiring of an Assistant Director and the establishment of regularly scheduled meetings between the Business Office and Financial Aid.

The Director of Financial Services will continue to meet monthly with the Federal Funds Accountant to complete reconciliation tasks. Additionally, joint meetings with Financial Aid will be held by the 25th of each month to review reconciliations and address any issues that may have arisen during the reporting period.

### **Improve Reporting to the Common Origination and Disbursement System (COD)**

Previously, the Financial Aid Office prioritized disbursing as much aid as possible upfront, returning later to address files that failed to process correctly. While this approach ensured that most of the aid was disbursed quickly, it often resulted in delays and additional manual work to correct errors retroactively.

Moving forward, a new process was implemented in which aid files are reviewed and corrected daily as disbursements occur. This proactive approach is designed to catch and resolve errors in real-time, significantly improving accuracy and efficiency in aid processing while minimizing the need for post disbursement corrections.

To further enhance the disbursement process, the institution is a member of a Virginia Community College System (VCCS) cohort preparing to launch the Student Financial Planning (SFP) Pilot this December, in preparation for the 2026–2027 award year. The SFP module is anticipated to streamline aid disbursement, automate key functions, and reduce the reliance on manual data entry and correction. By leveraging this new technology, the Financial Aid Office aims to improve compliance, reduce processing time, and deliver a more seamless experience for students.

### **Properly Complete Federal Verification Prior to Disbursing Title IV Aid**

To ensure the proper completion of federal verification prior to the disbursement of Title IV aid, a secondary review process was implemented on September 15. All V1, V4, V5, and C-code verification documents received by the office will be given to the Verification Specialist for initial review. If a correction is necessary, a secondary review and FAFSA Partner Portal submission/correction will be completed by a financial aid advisor, serving as a secondary Verification Specialist. Once the student document is filed, a secondary review will be conducted by a financial aid advisor, serving as a secondary Verification Specialist, weekly. This additional layer of oversight will support internal auditing efforts and provide backup assistance to the Verification Specialist, enhancing both accuracy and compliance with federal regulations.

As part of this initiative, both internal and external training opportunities will be implemented to strengthen financial aid staff expertise in federal verification requirements. External training will be provided on November 12, 2025, through NASFAA University, a nationally recognized resource for financial aid professionals, while internal training sessions will focus on institutional procedures and quality assurance standards. The institution will also complete a self-study guide training in February 2026.

This comprehensive approach is intended to reinforce the integrity of the verification process, reduce the risk of errors, and ensure that aid is disbursed only after all verification requirements have been properly fulfilled.

### **Implement Information Security Program Requirements for the Gramm-Leach-Bliley Act**

#### ***Periodic Inventory of Data – Policy and Procedure***

At the time of the FY24 audit window, PVCC did not have a formally approved, standalone policy that fully addressed the GLBA requirement for periodic data inventory. While operational practices such as annual data classification reviews, monitoring and flagging of anomalous activity, and both audit logging and periodic review of access including data owners and supervisors, were in place and aligned with VCCS IT Security Policies 8.1–8.3, the absence of a college-level policy was noted.

Since the FY24 audit period, PVCC has developed a revised draft policy that expands both the Data Classification and Governance, and Asset Management Policies to explicitly address data identification, classification, and inventory procedures in alignment with GLBA requirements. While this version was not in place in FY24, an early draft of the Asset Management Policy aspect was provided to the audit team during the final steps of the process. In addition to addressing core requirements such as defining the framework for identifying and classifying data assets, assigning ownership and stewardship roles, and documenting data flows, approved storage locations, and access, the finalized version will also include version control, and formally document both revision and review history.

Formal approval of this policy is anticipated in Fall 2025, following the college's established policy approval process as outlined in II-15.0 Management College Policies. Once adopted, the formal policy will ensure that data inventory is conducted periodically and documented in accordance with both VCCS IT Security Policies and 16 C.F.R. § 314.4(c)(2).

#### ***IT Change Management – Policy and Procedure***

During FY24, PVCC lacked a formal college-level IT change management policy. However, a structured change management workflow was implemented in our ticketing system in June 2025. While this process was reviewed and accepted by our VCCS Internal Auditors, the evidence of adoption falls outside the scope of the FY24 audit period. We are now leveraging an established IT change management process informed by NIST and ITIL frameworks, in alignment with established VCCS IT Policy 14.2.2 (Change Control Procedures).

To address the college-level policy gap, PVCC is finalizing a formal IT change management policy that establishes clear procedures for change documentation, approval, and rollback in alignment with 16 C.F.R. § 314.4(c)(7) and the established VCCS IT Policy 14.2.2 for which we are also bound.

The change management policy is also planned for submission with formal college approval in Fall 2025 and will ensure there is a local formal policy in place to guide our operational processes, ensuring consistent documentation, review, and approval of all IT changes.

Sincerely,



Scott L. Jefferies, Ed.D.  
Vice President, Finance and Administrative Services  
Piedmont Virginia Community College  
501 College Drive,  
Charlottesville, VA 22902