



# VIRGINIA COMMUNITY COLLEGE SYSTEM

## REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2016

Auditor of Public Accounts  
Martha S. Mavredes, CPA

[www.apa.virginia.gov](http://www.apa.virginia.gov)

(804) 225-3350



## 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, 2016, and issued our report thereon, dated August 17, 2017. Our report, included in the System's basic financial statements, is available at the Auditor of Public Accounts' website at [www.apa.virginia.gov](http://www.apa.virginia.gov) and at the System's website at [www.vccs.edu](http://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 federal Student Financial Assistance performed in accordance with the U.S. Office of Management and Budget Compliance Supplement Part 5 Student Financial Assistance Programs; and found internal control findings requiring management's attention and instances of noncompliance in relation to this testing.

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## RISK ALERT

### **Virginia Community College System Access Controls**

The System currently operates under a distributed security model for its accounting and student information systems. The System Office, which provides administrative functions on behalf of the System's colleges, has established a security framework for application of access to information systems by defining user roles and default user preferences. The System Office has also provided many additional resources such as user manuals, pre-established role combinations, queries highlighting higher risk transactions, trainings, and conference calls to assist the colleges in understanding system capabilities and limitations when assigning access and designing compensating controls. Despite these efforts, security officers and business office management at the individual colleges are ultimately responsible for assigning information system roles and privileges along with any additional controls necessary to adequately reduce the risk of error or fraud.

Historically, colleges have experienced challenges assigning roles and privileges to ensure proper segregation of duties due to the small size of administrative staff. In many cases, colleges have been forced to accept some measure of increased risk along with mitigating compensating controls in order to have sufficient primary and backup staff to maintain efficient operations in critical areas. When colleges experience turnover, it further complicates segregation of duties and impedes the System Office's efforts to educate college staff on system capabilities, limitations, and resources available to adequately manage access to critical information systems.

During fiscal year 2016, the System announced its intention to open a Shared Services Center (Center) to assume many of the administrative burdens of the colleges to allow the colleges to focus on their core mission of student achievement. The Center opened in July 2016 and will eventually assume responsibilities for payroll, procurement, accounts payable, travel reimbursements, and collections. Once fully operational, the implementation of a shared services model will diminish many of the previous challenges involving assignment of certain access to critical information systems. The collective administrative staff of the Center will be sufficient to properly segregate duties without jeopardizing the efficiency of operations and will be able to retain greater levels of institutional knowledge during periods of employee turnover, which will assist the System Office in its educational efforts.

Despite the benefits of the Center previously described, it will also bring new challenges regarding assignment of information system access. While the Center is assuming many administrative responsibilities from the colleges, it is important to recognize that it will not be assuming all administrative responsibilities. For the processes retained by the colleges there will be even fewer staff available for segregating duties and greater challenges as it relates to retention and transfer of institutional knowledge during periods of turnover. Adding to this risk is the tiered approach to implementing new processes at the Center. While a tiered approach is a reasonable decision of management to ensure continuity of operations during such a significant transition, it also prolongs the transition period.

A number of processes are currently operational at the Center, but the transition is far from complete. The System has experienced increased turnover in administrative positions at the colleges throughout the transition and will continue to experience turnover until all intended processes have completed their transition to the Center. During this transition period, we believe colleges will have even greater difficulty assigning and segregating access to prevent employees from improperly using access. This may result in instances where employees have increased opportunity and rationalization to improperly use access for personal financial gain. Conversely, the colleges may also experience challenges in retaining sufficient staff to maintain efficient operations until the transition is complete. The System should consider these risks as it develops and refines its remaining timeline in completing the transition. Once the transition is complete, the System Office should not only focus on working with the Center to establish its internal controls over access to critical systems, but should also continue to focus on the resources and ongoing education colleges will need for the processes they retain.

## FINANCIAL INTERNAL CONTROL AND COMPLIANCE FINDINGS

### INFORMATION SYSTEMS

#### **Continue to Improve Oversight of Information Technology Third-Party Service Providers – Repeat**

The System Office continues to improve its oversight of information technology (IT) third-party service providers (Providers). During the prior year audit, we recommended that the System Office implement four controls to improve its review of the effectiveness of its Providers' information security programs. Since then, one control weakness remains to develop formal policies and processes to review and evaluate independent audits of the Providers' IT environments.

The International Organization for Standardization Standard 27002 (ISO Standard), section 15.2.1, requires that organizations regularly monitor, review, and audit Providers to ensure they comply with the organization's information security requirements. The System Office based the System's security standard, which also covers 23 community colleges, on the ISO Standard. However, the System security standard does not have documented policies and procedures to review and evaluate independent audits of the Providers' IT environments.

Without a formally defined process to gain assurance on a regular basis over Providers' IT environments, the System Office cannot consistently validate that those Providers have effective IT controls to protect its sensitive data.

The primary cause of delay is the loss of the Director of Procurement. This position's vacancy hindered the System Office's implementing a formal process to obtain assurance from Providers. Additionally, other competing priorities that utilize a majority of the System Office's resources caused delays in completing corrective actions. One of these priorities includes revising its System security standard to align with the current version of the ISO Standard, which the System estimates will receive final approval by January 2018 and be implemented by April 20, 2018. Also, the System is moving some processes such as procurement to the Center to provide central management of processes. The development of a formal third-party review process is dependent on the completion of these projects.

The System Office should continue to develop policies and procedures to establish a consistent and periodic review process that evaluates the independent audits of the Providers' IT environments. Additionally, the System Office should continue its efforts to hire a Director of Procurement to advance progress towards implementing the established process. Finally, the System Office should continue its progress with implementing the Center.

## SYSTEM OFFICE

### **Improve Procedures for Employee Separation**

System Office personnel did not have a formal process for off-boarding wage and salary employees. We noted the following deficiencies:

- For five employees, there was an insufficient audit trail to support timely removal of critical system access;
- For five employees, audit evidence could not be provided reflecting that cards and keys had been collected upon termination; and
- One employee was not removed from the payroll system in a timely manner.

Deficiencies were the result of the System Office not having an established and consistent off-boarding procedure for terminated employees. Delays in identifying and processing terminated employees may result in a compromise of physical and information system security, as well as unauthorized pay.

Commonwealth Accounting Policies and Procedures (CAPP) Manual Topic No. 50320 requires agencies to verify that information in the payroll system concerning terminated employees is complete, properly authorized, and entered accurately in the system. Additionally, the CAPP Manual recommends that agencies develop a termination check-off list to ensure that all information is complete and accurate before terminating the employee.

In accordance with the System security standard and ISO 27002, Section 9.2.6, “The access rights of all employees and external party users to information and information processing facilities should be removed upon termination of their employment, contract, or agreement, or adjusted upon change.”

Management should develop a process for identifying and communicating the termination of employees. Management should consider developing a checklist that would serve to enhance the process for removing terminated employees from human resource and payroll systems, collecting cards and keys, and tracking the removal of critical access.

### **Improve Leave Accounting**

System Office personnel incorrectly calculated leave liability and leave payouts for terminated employees due to improper leave processing and inaccurate leave balances in the human resources system. In a sample of 25 employees, we noted the following deficiencies:

- Two employees had leave taken applied retroactively after fiscal year-end;

- One employee was credited with an incorrect amount of excess annual leave carryover;
- One terminated employee with an unpaid leave balance at fiscal year-end was excluded from the leave liability report;
- Three terminated employees accrued annual leave beyond their termination dates; and
- Two terminated employees had leave payouts that did not agree to the leave balances on the supporting documentation from the human resources system.

Per Department of Human Resource Management (DHRM) Policy No. 4.10, the criteria for accruing and using annual leave is that “an employee must have worked or been on paid leave for the entire pay period in order to accrue annual leave.” Additionally, “employees may request and, if approved, use annual leave on their last scheduled workday before separation from state service, including retirement. Annual leave balances remaining after separation will be paid up to the maximum as provided in this policy.”

To comply with the General Provisions of DHRM Policy No. 4.30, employees are expected to “request leave of absences as far in advance of the desired leave as practicable” and “should submit requests for leaves of absence in accordance with the specific requirements set forth in the respective leave policies.” Additionally, “if an employee could not have anticipated the need for a leave of absence, the employee should request approval for the leave as soon as possible after leave begins.”

Additionally, CAPP Manual Topic No. 40105 Leave Accounting states, “agencies must establish internal cut-off dates for leave processing to ensure leave data entry can be performed during the appropriate pay period.” Moreover, “all data entry for current and past pay periods should be completed no later than the leave processing deadline established in the Department of Accounts Payroll Operations calendar.” It further requires that the agency’s leave accounting system should accurately:

- Record leave balances properly through period accruals and/or period allocations
- Delete or manage leave balances in excess of maximum carryover limits
- Provide leave balances through online inquiry and system reports
- Calculate the fiscal year-end leave liability
- Compute leave payments upon separation of an employee

The effective maintenance, reporting, and calculation of leave is essential in fairly compensating employees and supporting the System’s annual financial statements. Inaccurate leave balances due to improper accruals, late posting of leave taken, inaccurate carry-forward of excess leave, and omission of

unpaid leave balances for terminated employees may result in incorrect leave liability reporting, leave payouts, or leave usage by employees.

These leave balance errors were due to the manual process for entering excess annual leave carryover, delay in posting leave taken and employee termination dates, and lack of methodology for including terminated employees with unpaid leave balances at fiscal year-end.

The System Office should develop a leave reporting methodology to include the following (at a minimum):

- ensure appropriate terminated employees with unpaid leave balances be included in the leave liability
- ensure leave does not accrue for terminated employees after their termination date
- ensure the agency is recording leave taken in a timely manner
- ensure excess leave carryover is correctly calculated and posted

#### **Perform myVRS Navigator Pre-Reconciliations**

System Office personnel did not perform and document pre-certification reconciliations of the employee information system to the Virginia Retirement System (VRS) *myVRS Navigator* as required by the Contribution Confirmation and Payment Scheduling chapter of the VRS Employer Manual.

The VRS Employer Manual requires the organization to create a monthly snapshot in *myVRS Navigator* of the current population enrolled in the VRS provided plans and other member benefits. Before confirming, the organization must review and reconcile the snapshot to ensure it reports the most accurate data available. Verifying that the employee census data in the personnel management information system is consistent with the data in *myVRS Navigator* ensures the accuracy of contributions to the VRS, proper calculation of pension liabilities reported in the financial statements, and accuracy of retirement benefits paid out to retirees. By not documenting the reconciliation, the System Office is unable to provide an audit trail that it verified the data for its employees is correct in *myVRS Navigator*.

The System Office should perform a review of current procedures and strengthen the required pre-reconciliation of the personnel management information system to *myVRS Navigator*. Additionally, the System Office should retain sufficient documentation to demonstrate it is performing the required reconciliation and making the proper changes in each system when it results in reconciling differences.

## CENTRAL VIRGINIA COMMUNITY COLLEGE

### **Improve Fixed Asset Inventory and Tracking – Repeat**

Central Virginia Community College (Central Virginia) personnel did not complete a full fixed asset inventory as required by the CAPP Manual. We noted the following deficiencies:

- Six assets did not have the assigned tag affixed;
- Two assets did not have the proper surplus forms completed and were not removed from the fixed asset system after the assets were no longer in possession of Central Virginia; and
- One tagged asset was not recorded in the fixed asset system.

The System's Capital Assets Policies and Procedures Manual and CAPP Manual Topic No. 30505 require a physical inventory of capital assets at least once every two years in order to properly safeguard assets and maintain fiscal accountability. Discrepancies between recorded and actual inventories must be resolved in a timely manner through the submission of revised input forms and tagging, if necessary. CAPP Manual Topic No. 30705, Surplus Property Management, requires assets be reclassified to surplus when the agency has determined that the asset has served its useful purpose, is no longer functional, cannot be repaired or improved, or is not needed within the agency.

Insufficient inventory of Central Virginia's physical assets increases the risk of misappropriation of Central Virginia property and may contribute to the inclusion of inaccurate information in the fixed asset system and financial statements. The primary cause for not tagging or completing necessary surplus documentation is indeterminate; however, a proper and effective inventory should result in an accurate accounting of equipment, and indicates the reliability of the system of control for acquiring, using, and disposing of equipment.

Management should evaluate current inventory and tracking procedures and implement corrective action to monitor fixed assets in accordance with System requirements. Management should complete a full inventory and correct discrepancies. Management should also ensure, when applicable, to enhance tagging procedures and maintain sufficient documentation supporting surplus assets for review.

### **Properly Remit Unclaimed Property - Repeat**

As a result of employee turnover, the Central Virginia Business Office did not remit 23 unclaimed outstanding checks written since 2003 totaling \$5,024 to the Department of the Treasury (Treasury). Once due diligence procedures have not located the recipient of such property, the Business Office should remit the funds to the State Treasurer as required by Code of Virginia § 55-210.12.

Submitting outstanding checks to Treasury's Division of Unclaimed Property shifts the administrative burden of maintaining this information from Central Virginia to Treasury. When the Business Office does not remit outstanding checks in compliance with the Code of Virginia, it must continue to carry these outstanding checks forward on each subsequent bank reconciliation. Properly remitting checks as required by the Code of Virginia reduces the risk associated with continuing to maintain this information at the individual institution level and simplifies the bank reconciliation process.

The Business Office should promptly remit any checks that remain outstanding in excess of one year. In addition, the Business Office should develop an annual process of remitting outstanding checks to ensure it maintains compliance with the Code of Virginia.

## **DANVILLE COMMUNITY COLLEGE**

### **Improve Procedures for Employee Separation**

Danville Community College (Danville) personnel do not have a formal process for off-boarding wage and adjunct employees. We noted the following deficiencies:

- For four employees, there was insufficient documentation to agree termination dates in the human resources system to letters of resignation, emails, or other supporting documentation;
- For four employees, there was insufficient documentation to support timely removal of critical access;
- For four employees, documentation could not be provided reflecting that cards and keys had been collected upon termination; and
- Eleven employees were not removed from the payroll system in a timely manner.

Deficiencies occurred because Danville personnel had not established a formal consistent off-boarding procedure for wage and adjunct employees. Delays in identifying and processing wage and adjunct employees may result in a compromise of physical and/or information system security.

CAPP Manual Topic No. 50320 requires agencies to verify that information in the payroll system concerning terminated employees is complete, properly authorized, and entered accurately in the system. Additionally, the CAPP Manual recommends that agencies develop a termination check-off list so ensure that all information is complete and accurate before terminating the employee.

In accordance with the System security standard and ISO 27002, Section 9.2.6, "The access rights of all employees and external party users to information and information processing facilities should be removed upon termination of their employment, contract, or agreement, or adjusted upon change."

Management should develop a process for identifying and communicating the termination of wage and adjunct employees. Management should consider developing a checklist that would serve to enhance the process for removing terminated employees from HR and payroll systems, collecting cards, keys and tracking the removal of critical access. Management should retain adequate documentation for terminated wage and adjunct employees.

## **JOHN TYLER COMMUNITY COLLEGE**

### **Improve Controls over Leave Reporting**

John Tyler Community College (John Tyler) incorrectly reported leave liability to the System Office for use in the System's financial statements. In a sample of employees earning leave, three employees' annual leave balances were not reported on the human resources system generated leave liability report.

As part of the System's Financial Statement Preparation procedures, John Tyler is required to complete and submit the System's State Schedule 7 to record accrued leave liability. The accurate and complete reporting of leave is essential for supporting the System's annual financial statements.

The incorrect leave liability reporting occurred due to the leave liability report excluding the accrued leave balances of several employees. Additionally, John Tyler utilized the human resource system's leave liability report to calculate its leave liability without analyzing the contents of the report for completeness.

John Tyler should collaborate with the System Office to identify the cause of the errors in the human resource system's leave liability report. Until John Tyler can determine the cause, it should dedicate the necessary resources to ensure the completeness of the information presented in the leave liability report.

### **Deactivate User Access Promptly Upon Employee Separation**

John Tyler Community College (John Tyler) is not properly deactivating user access to its accounting system and student information system. We noted the following exceptions while performing testing:

- Three out of 18 terminated employees (17 percent) maintained active accounting system access; and
- Three out of 11 terminated employees (27 percent) maintained active student information system access;

In accordance with the System security standard and ISO 27002, Section 9.2.6, “The access rights of all employees and external party users to information and information processing facilities should be removed upon termination of their employment, contract, or agreement, or adjusted upon change.”

Untimely deletion of access to applications or sensitive systems may expose John Tyler to inappropriate activity by individuals no longer employed by the institution.

John Tyler should comply with its access removal process to remove system access immediately upon employee separation. Additionally, John Tyler should retain documentation to provide an audit trail that shows adequate action was taken for terminated employees.

## **NORTHERN VIRGINIA COMMUNITY COLLEGE**

### **Improve Procedures for Employee Separation**

Northern Virginia Community College (Northern Virginia) personnel are not completing required forms for off-boarding employees. Out of 25 terminated employees tested, 23 instances (92 percent) were noted where required forms were not completed.

Northern Virginia’s Exit Procedures provide a listing of required forms that must be completed to formally off-board or terminate an employee. Forms are submitted online, which then triggers an email to the terminated employee’s supervisor. The supervisor is required to complete his or her portion of the form for validation. The Human Resources Employee Relations staff meets with the employee and completes the Human Resources section of the Termination Checkout Sheet (after the employee and supervisor have completed their sections).

Northern Virginia has many adjunct and wage employees who do not have consistent work schedules making it difficult for managers of the employees to ensure completion of all required forms by or on behalf of the terminated employee. Not having employees complete all required forms results in delays in removing them from the payroll system and may result in a compromise of physical and/or information system security.

Management should develop a process to ensure all wage employees complete all required forms upon termination of employment. In instances when employees do not return to work without notice, managers responsible for the separated employee should be providing sufficient oversight over the employee to become aware of the employee’s separation and prepare the appropriate forms on behalf of the employee. Management may consider formalizing this expectation of managers as a job performance measure.

### **Ensure Payroll is Properly Authorized**

Northern Virginia Community College (Northern Virginia) personnel are not adequately securing signed contracts for adjunct employees in advance of work being performed. Out of 20 adjunct

employees tested, two instances were noted in which the employment contracts were not available. In one instance, the employee did not return the signed employment contract; and in the other instance, Northern Virginia did not provide the employee a contract for signature.

Section 3.04 in the System's Policy Manual establishes that faculty contracts should be created in order to specify the period of service, the rank, and the salary of the employee; and by signing the contract, faculty agree to accept the general conditions of employment set forth in Northern Virginia's policies and the System's Policy Manual.

In instances where pay authorization documents were unavailable, Northern Virginia personnel were unable to obtain authorized documentation from adjunct employees due to one employee being unavailable and the other not returning the contract. Not obtaining a contract in advance of the first day of work exposes Northern Virginia to unnecessary employment disputes and may increase the risk of inaccurate adjunct pay.

Northern Virginia should adhere to the established policy on faculty contracts to ensure they are created and signed in advance of faculty beginning work. When faculty are unresponsive or unwilling to sign a contract, Northern Virginia may consider finding alternative faculty or withholding pay until the signed contract is returned.

## **VIRGINIA WESTERN COMMUNITY COLLEGE**

### **Improve Fixed Asset Inventory Oversight**

Virginia Western Community College (Virginia Western) personnel did not perform an adequate fixed asset inventory as required by the CAPP Manual. Virginia Western performed a physical inventory during fiscal year 2016, within the required two-year timeframe. However, inconsistencies were identified that remained uncorrected. The following deficiencies were noted:

- One-hundred ninety-six assets were tagged as controllable assets, but were not recorded in the fixed asset system. The majority of these assets were originally purchased with funds that did not require inclusion in the fixed asset system, but those funds were later reclassified, and the assets were tagged, but not keyed into the fixed asset system.
- Seventy-one assets recorded in the fixed asset system could not be physically located. Subsequently, Virginia Western indicated that it found the majority of these assets through its updated inventory process, thus compromising the reliability of the original inventory.

Inconsistencies noted were a result of ineffective communication channels and a lack of adequate oversight and training. An unreliable and/or inaccurate fixed asset physical inventory may increase the risk of misappropriation of Virginia Western's property and may contribute to inaccurate

reporting of information in the fixed asset system and financial statements. To minimize these risks, Virginia Western expanded its processes to perform a more thorough in-house physical inventory, including assignment of equipment liaisons. Virginia Western has also increased its threshold for all assets not purchased through the Equipment Trust Fund (ETF) to \$5,000 to reduce the amount of assets it must record and track in the fixed asset system.

We support Virginia Western's recognition of the deficiencies in the inventory process and the steps it has already taken to implement corrective action. In order to further realize improvements in this area, management should evaluate and enhance procedures for purchasing new equipment to ensure proper recording in the fixed asset system upon receipt. Management should reinforce its policy to establish an appropriate responsible equipment liaison for each asset within the fixed asset and should train individuals performing the inventory to contact responsible persons to assist in locating missing assets.

## **FEDERAL INTERNAL CONTROL AND COMPLIANCE FINDINGS**

### **STUDENT FINANCIAL AID PRIOR YEAR FINDINGS**

During fiscal year 2016, we did not audit Title IV Student Financial Aid federal programs as a major program to support the Commonwealth's Single Audit. However, we conducted follow-up audits on findings issued within the prior Single Audit. We identified the following findings as having an "on-going" status in the 2016 Single Audit report and will perform additional follow-up during the subsequent Single Audit.

#### **Improve Compliance over Enrollment Reporting**

*Applicable to: Blue Ridge Community College  
Central Virginia Community College  
Germanna Community College  
John Tyler Community College  
Mountain Empire Community College  
Paul D. Camp Community College  
Southwest Virginia Community College  
Virginia Highlands Community College*

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

Blue Ridge Community College (Blue Ridge) did not report timely enrollment changes for eight out of 30 students (27 percent). Students that had graduated from Blue Ridge were initially reported as withdrawn. The errors were identified outside of the 60 day compliance timeframe. The NSLDS enrollment status effective date did not match for two students (seven percent). The cause for the error was indeterminate. Blue Ridge corrected the errors, although the timeframe did not meet federal compliance guidelines.

Central Virginia Community College (Central Virginia) did not report the change in the student's unofficial withdrawal status timely to NSLDS for four of 25 students (16 percent). The oversight is a result of Central Virginia's need to refine its monitoring process to ensure that unofficial withdrawals are reported accurately and timely.

Germanna Community College (Germanna) did not report timely information for 12 out of 25 students (48 percent). In addition, enrollment information in NSLDS was inaccurate for 10 out of 25 students (40 percent). The untimely and inaccurate information transmissions are due to a lack of detailed policies and procedures and batching concerns that require additional research.

John Tyler Community College (John Tyler) personnel did not report enrollment changes timely for seven of 25 students tested (20 percent). Enrollment information in NSLDS was inaccurate for seven of 35 students (20 percent). The untimely and inaccurate transmissions to NSLDS were due to the need for additional dialogue between John Tyler and the third-party contractor with regard to summer term reporting.

Mountain Empire Community College (Mountain Empire) personnel did not report enrollment changes timely for three out of 22 students (14 percent) and the enrollment status in NSLDS did not match Mountain Empire's records for two out of 22 students (nine percent). The inaccurate and untimely enrollment submissions were a result of not identifying and reporting retroactive withdrawals within the required timeframe.

Paul D. Camp Community College (Paul D. Camp) did not report enrollment changes timely for 25 out of 26 students (96 percent) and did not accurately report enrollment changes for 11 of 26 students (42 percent). The untimely and insufficient reporting was a result of employee turnover, changes in reporting mechanisms, and incorrect information technology setups.

Southwest Virginia Community College (Southwest Virginia) did not report enrollment changes timely or accurately for seven out of 25 students (28 percent). The error for one student was the result of an oversight on a retroactive administrative withdrawal. The cause for the remaining six students is indeterminate and will require additional internal research and dialogue with Southwest Virginia's third-party contractor.

Virginia Highlands Community College (Virginia Highlands) did not report enrollment changes timely for eight of 19 students tested (42 percent), and did not accurately report enrollment information for seven of 19 students tested (37 percent). The error resulted from the timing of the batch processing of the graduate file and the enrolled file. Additional dialogue will need to occur between the Virginia Highlands and its third-party contractor to remedy the reporting issues.

In accordance with U.S. Code of Federal Regulations, 34 C.F.R. §685.309(b)(2), 34 C.F.R. §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 institutions must meet 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 colleges report helps to keep Federal Direct Loan records and other federal student records accurate and up to date.

These institutions should evaluate their existing policies and procedures for scheduling and completing enrollment updates to NSLDS, so that they ensure future compliance with federal requirements. Where applicable, institutions should ensure that staff are informed of the federal requirements and training is identified for staff involved in the enrollment reporting process.

### **Improve Notification of Awards to Students**

*Applicable to: Germanna Community College*

Germanna personnel did not properly notify students of Title IV awards. Institutions are required to provide written notification to students including important details on timing and method of disbursement and for loans, the rights, options, and requirements of the student loan.

Germanna did not have documentation of award notification, date and amount of disbursement, or the student's right or parent's right to cancel for 12 out of 25 loan recipients reviewed (48 percent), and did not notify the student or parent about the award within the required time for notification. The Financial Aid Office staff had issues with the Award Notification Letter, and had to individually email students the letters.

Code of Federal Regulations, 34 C.F.R. §668.165(a), requires institutions, prior to disbursing Title IV, Higher Education Act 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, Higher Education Act 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 C.F.R. §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 adverse actions from the U.S. Department of Education and impact the institution's 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.

Germanna should review its current policies and procedures for providing notification to federal aid recipients. Corrective measures should be implemented to ensure that students are provided timely

notifications, which include required elements. Where applicable, Germanna should ensure that staff are informed of the federal requirements and/or identify training opportunities for staff involved in the federal aid process.

### **Perform and Document Monthly Reconciliations of Direct Loans**

*Applicable to: Central Virginia Community College  
Germanna Community College*

These institutions were unable to provide sufficient documentation showing reconciliation of their internal records to the Direct Loan Servicing System (DLSS) upon receipt of the School Account Statements (SAS) from the Common Origination and Disbursement System (COD).

Central Virginia personnel did not perform a reconciliation between internal accounting records and the DLSS for two of the four reconciliations tested (50 percent), and in one of the two (50 percent) reconciliations that were performed, did not adequately address reconciling differences. This was a result of turnover in the Financial Aid Office.

Germanna personnel were unable to provide sufficient documentation of reconciliations between internal records and the DLSS.

In accordance with Code of Federal Regulations 34 C.F.R. §685.300(b) and 34 C.F.R. §685.102(b), institutions 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 Cash Summary, Cash Detail, and Loan Detail Records reports to aid in this reconciliation process. The Student Financial Aid Handbook, maintained by the U.S. Department of Education, further details that the institution should identify any discrepancies and take necessary corrective action to ensure they will not recur in the following month.

By not reconciling federal student aid programs monthly as required, the institution increases the 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 and impact participation by the institution in Title IV programs.

The institutions should perform and retain sufficient documentation of their monthly reconciliations and resolve reconciling items between their financial systems and DLSS records in a timely manner to ensure compliance with federal regulations. In addition, the institutions should implement a review process to ensure complete documentation of reconciliation efforts and appropriate resolution of reconciling items.

## **Properly Process Return of Title IV Calculations**

*Applicable to: Germanna Community College*

Germanna's Financial Aid Office personnel did not accurately perform Title IV (R2T4) calculations for 10 out of 19 students tested (52 percent) that officially or unofficially withdrew from courses and no longer qualified for federal financial aid. The calculation errors were a result of entering the incorrect spring term end date.

Code of Federal Regulations, 34 C.F.R. §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. Institutions not required to take attendance 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. Institutions must return unearned financial aid funds to the U.S. Department of Education no later than 45 days from the date that the institution had determined that the student had withdrawn.

Improperly identifying, calculating, and not returning unearned Title IV funds timely to the U.S. Department of Education may result in adverse actions and impact the institution's participation in Title IV programs. Germanna should review current R2T4 policies, procedures, and implement corrective action to include a second level of review to ensure that students requiring calculations have been properly identified, calculations are accurate, and unearned funds have been returned to the U.S. Department of Education within the required timeframe.

## **Reconcile Federal Fund Accounts**

*Applicable to: Central Virginia Community College  
John Tyler Community College*

These institutions could not provide sufficient documentation that they performed an adequate reconciliation between federal systems and their internal accounting records.

Central Virginia personnel did not reconcile the federal G5 drawdown system to its internal accounting records in two of the four reconciliations tested (50 percent). The lack of reconciliations was a result of employee turnover.

John Tyler personnel did not complete the reconciliation between the federal G5 drawdown system and internal accounting records for one of the four reconciliations tested (25 percent). The lack of reconciliation was a result of employee turnover, and a lack of staff available to perform the reconciliation.

In accordance with federal regulations for applicable programs, institutions are required to

complete a minimum of a monthly reconciliation of federal aid programs and a year-end closeout final reconciliation of Direct Loan accounts. Reconciliation requirements are detailed in chapters 5 (Reconciliation in the Pell Grant and Campus-Based Programs) and 6 (Reconciliation in the Direct Loan Program) of the Federal Student Financial Aid Handbook.

By not reconciling federal student aid programs monthly as required, the institution increases the 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 and impact participation by the institution in Title IV programs.

The institutions should review policies and procedures for completing federal aid program reconciliations, perform reconciliations monthly, and retain supporting documentation for audit purposes.

## **STUDENT FINANCIAL AID FEDERAL ACCREDITATION**

### **Improve Compliance over Enrollment Reporting**

*Applicable to: Lord Fairfax Community College  
New River Community College  
Patrick Henry Community College  
Southern Virginia Community College*

The following institutions did not report enrollment changes accurately and/or timely to the U.S. Department of Education using the National Student Loan Database System (NSLDS). The following deficiencies were noted:

- Lord Fairfax Community College (Lord Fairfax) personnel did not report the correct effective status change for 13 graduates (52 percent). Instead of reporting the conferral date, Lord Fairfax personnel reported the term end date. For two students (eight percent) withdrawing from courses, NSLDS did not reflect a reported enrollment status change. The inconsistencies were not identified because no formal process was in place to review enrollment information transmitted to NSLDS.
- New River Community College (New River) personnel did not report the student status change timely for eight students (19 percent) that had withdrawn from the institution. New River personnel did not report the students timely because the employees were unaware of the need to report the students manually and thus included the students within the next scheduled batch outside of the required enrollment certification timeframe guidelines.
- Patrick Henry Community College (Patrick Henry) personnel did not report student status changes accurately for eight students (18 percent) that had graduated or withdrawn. For 27 students (71 percent), the graduation or withdrawal status change

was not reported timely. In some circumstances, Patrick Henry personnel were unaware of the need to report students manually. The cause for other exceptions is indeterminate and will require further investigation.

- Southside Virginia Community College (Southside Virginia) personnel did not report an accurate enrollment effective date for four students (seven percent). Effective dates were reported incorrectly because of an issue with Southside Virginia's query used to prepare the data file for transmission to NSLDS. Instead of the effective date of the change, the query appears to have pulled the date the entry was keyed into the student information system. Southside Virginia personnel did not report the student's enrollment status correctly for three students (12 percent). Two students had withdrawn and one had graduated from the institution. Southside Virginia personnel did not submit subsequent updates to NSLDS for the withdrawals and the graduated status had no reporting reflected in NSLDS.

In accordance with U.S. Code of Federal Regulations, 34 C.F.R. §685.309(b)(2), 34 C.F.R. §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 institutions must meet 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 colleges report helps to keep Federal Direct Loan records and other federal student records accurate and up to date.

Management at each institution should evaluate their existing policies and procedures for scheduling and completing enrollment updates to NSLDS. Management should implement a formal quality control review process and other corrective measures as deemed necessary to ensure future compliance with federal requirements. Where applicable, management should ensure that staff are informed of the federal requirements and/or training is identified for staff involved in the enrollment reporting process.

### **Properly Process Return of Title IV Calculations**

*Applicable to: Lord Fairfax Community College*

Lord Fairfax personnel did not properly perform the return of Title IV calculations during the fall 2015 and spring 2016 semesters. The following deficiencies were noted:

- For the fall 2015 semester, the scheduled break should have been 6 days. However, only five days were subtracted from the period of enrollment;

- For the spring 2016 semester, the scheduled break should have been 8 days. No scheduled break was subtracted from the period of enrollment; and
- Lord Fairfax did not pay each student the full amount that he or she had earned and estimated that it over returned \$3,444 to the U.S. Department of Education.

Code of Federal Regulations, 34 C.F.R. §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. Institutions not required to take attendance 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. Institutions must return unearned financial aid funds to the U.S. Department of Education no later than 45 days from the date that the institution had determined that the student had withdrawn.

Improperly identifying, calculating, and not returning unearned Title IV funds timely to the U.S. Department of Education may result in adverse actions and impact the institution's participation in Title IV programs.

Management should evaluate existing policies and procedures for completing Title IV calculations, including a review of adjustments made to the period of enrollment. Management should implement a second level of review and other corrective measures to ensure future compliance with federal requirements.



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

August 17, 2017

The Honorable Terence R. McAuliffe  
Governor of Virginia

The Honorable Robert D. Orrock, Sr.  
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, 2016, and the related notes to the financial statements, which collectively comprise the System's basic financial statements and have issued our report thereon dated August 17, 2017. 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 Governmental Auditing Standards and which are described in the section titled "Financial Internal Control and Compliance Findings" in the findings titled "Continue to Improve Oversight of Information Technology Third-Party Service Providers", "Improve Procedures for Employee Separation", and "Deactivate User Access Promptly Upon Employee Separation" and in the section titled "Federal Internal Control and Compliance Findings, subsection Student Financial Aid Federal Accreditation."

### **The System's Response to Findings**

We discussed this report with management at an exit conference held on August 15, 2017. The System's response to the findings identified in our audit are described in the accompanying section titled "Virginia Community College System – Responses to Audit Findings." The 2016 Single Audit report includes the responses to the prior federal student financial aid 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 the 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 nonfederal audit findings that we followed up on this year, the System has not taken adequate corrective action to resolve findings entitled "Continue to Improve Oversight of Information Technology Third-Party Service Providers," "Improve Fixed Asset Inventory and Tracking" and "Properly Remit Unclaimed Property." Accordingly, we designated these findings with a "repeat" label in the section titled "Financial Internal Control and Compliance Findings."

With respect to prior federal student financial aid audit findings that we followed up on this year, individual community colleges have not taken adequate corrective action to resolve findings entitled "Improve Compliance over Enrollment Reporting," "Improve Notification of Awards to Students," "Perform and Document Monthly Reconciliations of Direct Loans," "Properly Process Return of Title IV Calculations" and "Reconcile Federal Fund Accounts." These findings are outlined in the section titled "Federal Internal Control and Compliance Findings" subsection "Student Financial Aid Prior Year 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

ZLB/alh



August 21, 2017

Ms. Martha Mavredes  
Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218-1295

Dear Ms. Mavredes:

We are providing this letter in response to your report on the audit of the financial records of the Virginia Community College System for the fiscal year ended June 30, 2016.

We confirm that we have received the findings and recommendations and have prepared the attached response and corrective action plan.

If you have any questions, please contact Donna VanCleave, VCCS Vice Chancellor, Administrative Services, at (804) 819-4695.

Sincerely,

A handwritten signature in black ink, appearing to read "Glenn DuBois", is written over the printed name and title.

Glenn DuBois  
Chancellor

GD/dv

Enclosure

cc: Ms. Donna VanCleave

## VIRGINIA COMMUNITY COLLEGE SYSTEM – RESPONSES TO AUDIT FINDINGS

### INFORMATION SYSTEMS

#### **Continue to Improve Oversight of Information Technology Third-Party Service Providers – Repeat**

##### **Management Plan for Corrective Action for the System Office:**

The System Office is revising its entire VCCS Information Security Program to align with current International Organization for Standardization Standard 27002:2013, and is estimated to be completed by April 20, 2018. The final standards have a final approval from VCCS Governance in January 2018 as you described, but the colleges are provided a few months to implement the changes. This project plan was presented and approved by VCCS Governance.

Position Responsible: VCCS Information Security Officer

Completion Date: Aligning security program to current ISO version: April 20, 2018

### SYSTEM OFFICE

#### **Improve Procedures for Employee Separation**

##### **Management Plan for Corrective Action for the System Office:**

- The new Director and HR Analyst have evaluated and refined the off-boarding process. This, coupled with procedures to ensure that departments provide adequate notification of an employee's departure, should address the past lapses in timeliness and accuracy.
- The prior off-boarding checklist with duties and responsibilities for the HR department, the departing employee and their supervisor has been revamped and re-instituted to ensure all equipment, access cards, keys, charge cards, or other State or VCCS property is returned on or before the last day of employment.
- Training and process documentation will be created to communicate to managers and employees the requirements with regards to the separation process.
- The off boarding processes have been refined, and a checklist and clearance form has is currently being vetted and tested with departments. They will be refined based on feedback. Once finalized, the additional communications will be shared with supervisors at all levels.

Position Responsible: Director, Human Resources

Completion Date: September 1, 2017

## **Improve Leave Accounting**

### **Management Plan for Corrective Action for the System Office:**

- The new HR Director has implemented the following changes to enhance the current processes in place. Instead of several individuals handling different parts of this function, one person, the new HR Analyst, will now be responsible for all aspects of the leave process, to include initial leave set up and payout of final leave balances, the execution of processing excess leave requests and managing maximum carryover limits, creation and reconciliation of the leave liability report, and ensuring final leave is validated and approved for final leave payout upon separation. This transition will include conducting training sessions, documenting the processes, and establishing cross-check points to ensure the methodology is clear and consistent. A second position will also serve as a back-up. In the long-term, this process will be transitioning to the VCCS Shared Services Center.
- In addition, the HR department is evaluating and refining its off-boarding processes to ensure notices of pending separations are reported to HR timely to ensure that all leave is entered and approved prior to the last day of employment.
- Training and process documentation will be created to communicate to managers and employees the requirements with regards to leave entry and approval.
- These processes have various due dates throughout the year. The HR Analyst has already assumed responsibility for the leave processing for onboarding and off boarding, creating the leave liability report, documenting the processes and ensuring excess leave carryover for the end of the fiscal year is zeroed. She will engage in transferring the carryover leave process in January 2018 as that occurs, and will provide cross training in the months to come.

Position Responsible: Director, Human Resources

Completion Date: The majority of the plan has been complete.

For entire corrective plan – February 1, 2018

## **Perform myVRS Navigator Pre-Reconciliations**

### **Management Plan for Corrective Action for the System Office:**

- The HR department's responsibility, with regard to myVRS Navigator, is to ensure that employee information is entered into the State's Personnel Management Information System (PMIS) timely and accurately and to ensure that information interfaced to the myVRS Navigator system. Previously, certain information was transmitted via an automated interface with PMIS; however, that is no longer operational due to

malfunctions resulting from the PMIS system upgrade. If the information does not transfer over via interface, HR is required to manually enter the employee information directly into the system.

- The HR department has a new full-time HR Analyst who is knowledgeable and has experience working with the myVRS Navigator system and with retirement benefits overall. In addition, the System Office HR Director has now created an added level of control involving oversight for this process.
- The actual snapshot and reconciliation process in myVRS Navigator is handled by the Payroll department. The HR department is committed to continuing to partner with and assist the Payroll department as requested to fulfill the VCCS' compliance obligations.
- HR and Payroll have already communicated on the necessary coordination of the processes and have been working closely to ensure the reporting is accurate and correct. These issues should be resolved at this point with the exception of documenting the process and responsible parties for training purposes.

Position Responsible: Director, Human Resources

Completion Date: August 1, 2017

## **CENTRAL VIRGINIA COMMUNITY COLLEGE**

### **Improve Fixed Asset Inventory and Tracking – Repeat**

#### **Management Plan for Corrective Action for Central Virginia Community College:**

- The Business Manager coordinated an inventory count in February 2017 and updated the asset records.
- The deficiencies noted regarding six assets that did not have the assigned tag affixed and two assets that did not have the proper surplus forms will be corrected by December 2017.
- CVCC will take a risk based approach to identifying and addressing specific areas of the college that have high dollar items and/or items susceptible of being moved and will test those areas on an ongoing basis.
- The College plans to create a position to assist with equipment inventory.
- Until such time that a position is created and filled, the business office will continue to test the acquisition, use, and disposal of inventory to improve record keeping. The

additional monitoring of assets will be beneficial to the process of performing a full inventory count every two years.

Position Responsible: Business Manager

Completion Date: December 2017

**Properly Remit Unclaimed Property – Repeat**

**Management Plan for Corrective Action for Central Virginia Community College:**

The Business Manager will notify recipients of outstanding checks in August 2017. Any remaining checks will be reported to the Department of Treasury for the annual report due November 1, 2017. Any remaining unclaimed funds will be remitted in November 2017.

Existing internal controls will be enhanced to provide a more thorough examination of outstanding checks. The Business Manager is responsible for reviewing and approving the monthly bank reconciliations. As part of this process, the Business Manager will review checks that have been outstanding more than 120 days. In maintaining compliance with the Code of Virginia, the Business Manager will notify recipients of outstanding checks and will promptly remit remaining checks that have been outstanding in excess of one year to the Division of Unclaimed Property.

Position Responsible: Business Manager

Completion Date: November 30, 2017

**DANVILLE COMMUNITY COLLEGE**

**Improve Procedures for Employee Separation**

**Management Plan for Corrective Action for Danville Community College:**

A Part-time employee separation check-list has been developed to enhance process of removing terminated part time employees from HR and payroll systems, collecting small purchase charge cards, keys, and tracking the removal of critical system access.

Position Responsible: Human Resource Analyst I

Completion Dates: June 1, 2017

## JOHN TYLER COMMUNITY COLLEGE

### **Improve Controls over Leave Reporting**

#### **Management Plan for Corrective Action for John Tyler Community College:**

John Tyler will implement the following procedures improve controls over Leave Liability reporting:

- John Tyler will ensure that all appropriate employees are included on the Leave Liability report received from the System Office, and will verify the accuracy of the leave reported for every person listed on the Leave Liability report.
- If needed, manual adjustments will be made to the leave liability report and those changes will be reflected on the VCCS State Schedule 7 to record Accrued Leave Liability.

Position Responsible: Payroll Manager

Completion Date: July 26, 2017

### **Deactivate User Access Promptly Upon Employee Separation**

#### **Management Plan for Corrective Action for John Tyler Community College:**

- John Tyler will conduct quarterly audits of the AIS and SIS systems, in addition to the Annual Access Audit it currently conducts. Each quarter, John Tyler's ASA will run internal reports for each system to determine who has access. The ASA will then compare those reports with reports run in PeopleSoft (the system of record). The ASA will then take action on any discrepancies found between the two sources of reports.
- John Tyler will screen new employees' from other state agencies to determine if they currently have access to AIS and/or SIS. During the on-boarding process of a new hire from another state agency, HR will provide the ASA the new employee's emplid. The ASA will run the new employee's emplid through PeopleSoft to determine the employee's current access. The ASA will then take appropriate action based upon his findings.
- John Tyler's ASA will more closely monitor the procedure for deactivating employees in AIS and SIS. The ASA will review the log files of recently deactivated employees every two weeks to make sure their access has actually been revoked in PeopleSoft.

Position Responsible: Application Security Administrator (ASA)

Completion Date: August 4, 2017

## NORTHERN VIRGINIA COMMUNITY COLLEGE

### **Improve Procedures for Employee Separation**

#### **Management Plan for Corrective Action for Northern Virginia Community College:**

Northern Virginia Community College will review and update exit procedures as outlined on the 105-022 form as necessary.

Given the business need to use adjunct faculty and wage employees at various times during the academic year, the college will create a policy to determine the length of time adjunct faculty and wage employees will remain active employees for NOVA. The policy will be approved by the Administrative Council and implemented college wide by October 2017.

The manager is the first person to become aware of employees who are leaving the college and are responsible for notifying HR. Currently, managers do not have access to complete the 105-021 on behalf of the employee; only certain HR staff have this capability. Therefore, in an effort to mitigate the problem of delayed terminations, HR will work with our IT department and make the programming needed to change the electronic 105-021 to allow managers access to complete the form on behalf of his/her employees. Managers must complete the form or notify HR immediately after becoming aware of the last day of work for any given employee or ensure the employee completes the form prior to his/her departure.

HR will conduct more frequent audits (monthly) to determine if there are adjunct and wage employees in the payroll system who have not been paid. If it is determined that the employee is no longer an active employee, HR will initiate the termination procedure. The manager and their supervisor will be made aware of the actions taken by HR because the manager failed to carry out their supervisory responsibilities in an effort to hold supervisors accountable.

**Position Responsible:** Director of Human Resources

**Completion Date:** Supervisor ability to complete Form 105-021 Letter of Resignation/Retirement implemented effective July 27, 2017. Audit report reviews are now being performed. October 2017 for updating policy to determine length of time an employee will remain active.

### **Ensure Payroll is Properly Authorized**

#### **Management Plan for Corrective Action for Northern Virginia Community College:**

In an effort to ensure payroll is properly authorized, one week before classes are scheduled to begin each semester, HR will distribute a list of adjuncts and ask the academic dean to verify contracts were given to adjuncts and signed copies returned. All contracts must be signed by the adjunct prior to the start of teaching and when there is a change in his or her

schedule. The Division must scan the signed contract into the adjunct's personnel file in Image Now. HR will conduct audits each semester to determine if there are contracts missing by reviewing payroll reports to identify adjuncts who were paid on the first adjunct pay date. In addition, sanctions will be imposed for academic deans who permit adjuncts to teach without a completed contract.

**Position Responsible:** Director of Human Resources

**Completion Date:** Fall 2017 semester

## **VIRGINIA WESTERN COMMUNITY COLLEGE**

### **Improve Fixed Asset Inventory Oversight**

#### **Management Plan for Corrective Action for Virginia Western Community College:**

- Virginia Western Community College developed an Equipment Liaison Handbook in Fall 2016 utilizing guidance from the CAPP Manual requirements and the VCCS Fixed Asset Policies.
- The College has assigned a full-time employee to perform the role of "Fixed Asset Coordinator." As outlined in the Equipment Liaison Handbook, this new role will ensure that new purchases are recorded in the AIS Fixed Assets Module in a timely manner and that routine fiscal inventories are performed on cycle. A field was also identified in the AIS Fixed Assets Module to designate the respective Equipment Liaison unit responsible for the asset.
- The Fixed Asset Coordinator held end user training for all identified Equipment Liaisons during Spring 2017 and provided each with a handbook.
- Each Equipment Liaison along with the Fixed Assets Coordinator performed a subsequent physical inventory in Spring 2017 so that VWCC could further refine the procedures in place.

Position Responsible: Fixed Assets Coordinator

Completion Date: May 31, 2017

## STUDENT FINANCIAL AID PRIOR YEAR FINDINGS

### STUDENT FINANCIAL AID FEDERAL ACCREDITATION

#### **Improve Compliance over Enrollment Reporting-**

*Applicable to: Lord Fairfax Community College,  
New River Community College  
Patrick Henry Community College  
Southside Virginia Community College*

#### **Management Plan for Corrective Action for Lord Fairfax Community College:**

LFCC concurs with the finding pertaining to 34 CFR 690.83 and the NSLDS' Enrollment Reporting Guide. LFCC works with the National Student Clearinghouse (NSC) to conduct its enrollment reporting. A formal process was established in which LFCC will now evaluate each file submission to the NSC, and then check the transmission of requested data from NSC to NSLDS. LFCC will use the conferred degree date and not the term end date. By reviewing the process monthly and after each submission, LFCC will ensure the correct confer date has been used, and can make any necessary updates through NSC.

Position Responsible: Director of Financial Aid & Student Resources & Registrar

Completion Dates: August 1, 2017

#### **Management Plan for Corrective Action for New River Community College:**

- New River Community College personnel did not report the student status change timely for eight students (19 percent) that had withdrawn from the institution.
- The Coordinator of Admissions and Records contacted the VCCS Admissions and Records Functional Specialist. Modifications and testing is currently underway with the VCCS so that unofficial withdrawals are included in the automatic submissions to the National Student Clearinghouse (NSC). The target date for the automatic submissions to include the unofficial withdrawals being correctly reported to NSC is the beginning of the Fall 2017 semester.
- Spring 2017 unofficial withdrawals were manually entered to the NSC. NRCC will continue to manually enter current and future semester unofficial withdrawals to the NSC until the modification is complete for the VCCS automatic submission process.

Position Responsible: Coordinator of Admissions and Records

Completion Date: May 4, 2017

Management Plan for Corrective Action for Patrick Henry Community College:

- Patrick Henry Community College staff did not report student status changes accurately for 8 students (18 percent) that had graduated or withdrawn from PHCC. In addition, 27 students (71 percent), did not have a timely reporting of graduation or withdrawal status changes.
- College staff has had several round table discussions and are better informed about the processes and needs for reporting manually as well as reviewing and correcting the errors/changes within NSC.
- Spring 2017 review of errors and changes/corrections have been manually entered into NSC. This is an ongoing process and will continue until an automated process is available.

Position Responsible: Coordinator of Records and Registrar

Completion Date: May 1, 2017

Management Plan for Corrective Action for Southside Virginia Community College:

Southside Virginia Community College's plan to strengthen our processing governing the reporting to NSLDS includes, the following: beginning August 2017, the Dean of Enrollment Management will perform a random sampling on a monthly basis to confirm accurate reporting and will review the NSC reporting calendars to ensure adequate timing; the Application Support team reported the issue to VCCS in May 2017 and will continue to work with VCCS ITS staff to modify the NSC Extract to calculate the appropriate status dates; and effective fall 2017, Faculty will be more proactive in notifying Admissions and Records of student status changes.

Positions Responsible: Dean of Enrollment Management  
Application Systems Support Administrator

Completion Date: August 21, 2017

**Properly Process Return of Title IV Calculations**

*Applicable to: Lord Fairfax Community College*

Management Plan for Corrective Action for Lord Fairfax Community College:

LFCC concurs with the finding as outlined pertaining to the review conducted in relation to 34 CFR 668.22(f)(2)(i). LFCC did not properly build in the mandated break periods as outlined. For the 2016-17 Academic Year, LFCC has correctly built in the required break period for both the Thanksgiving Holiday period and the spring semester break period as required. An internal review of these two periods confirmed that LFCC is

now in compliance with this standard, and the days in each period are calculated correctly per 34 CFR 668.22(f)(2)(i). Moving forward, the Financial Aid Office will confirm the break periods are assigned correctly by checking internally with the Business Office at LFCC as well as with the VCCS Director of Financial Aid for confirmation.

Positions Responsible: Director of Financial Aid & Student Resources  
Business Office Manager  
VCCS Director of Financial Aid

Completion Dates: August 1, 2017

## STATE BOARD FOR COMMUNITY COLLEGES

As of June 30, 2016

James Cuthbertson, Chair

Eleanor Saslaw, Vice Chair

Carolyn Berkowitz	Douglas Garcia
Nathaniel Bishop	Susan Gooden
Thomas Brewster	William Hall, Jr.
David Broder	Joseph Smiddy
Darren Conner	Walter Stosch
Idalia Fernandez	Robin Sullenberger
Benita Thompson-Byas	

## COMMUNITY COLLEGE PRESIDENTS

As of June 30, 2016

Blue Ridge Community College	Dr. John A. Downey
Central Virginia Community College	Dr. John Capps
Dabney S. Lancaster Community College	Dr. John J. Rainone
Danville Community College	Dr. Bruce R. Scism
Eastern Shore Community College	Dr. Linda Thomas-Glover
Germanna Community College	Dr. David A. Sam
J. Sargeant Reynolds Community College	Dr. Gary L. Rhodes
John Tyler Community College	Dr. Edward Raspiller
Lord Fairfax Community College	Dr. Cheryl Thompson-Stacy
Mountain Empire Community College	Dr. Scott Hamilton
New River Community College (Interim President)	Dr. Charlie White
Northern Virginia Community College	Dr. Scott Ralls
Patrick Henry Community College	Dr. Angeline D. Godwin
Paul D. Camp Community College	Dr. Daniel Lufkin
Piedmont Virginia Community College	Dr. Frank Friedman
Rappahannock Community College	Dr. Elizabeth H. Crowther
Southside Virginia Community College	Dr. Alfred A. Roberts
Southwest Virginia Community College	Dr. J. Mark Esteppe
Thomas Nelson Community College	Dr. John T. Dever
Tidewater Community College	Dr. Edna Baehre-Kolovani
Virginia Highlands Community College	Dr. Gene C. Couch, Jr.
Virginia Western Community College	Dr. Robert H. Sandel
Wytheville Community College	Dr. Dean Sprinkle