



# VIRGINIA PENINSULA COMMUNITY COLLEGE

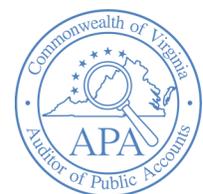
## REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2024

Auditor of Public Accounts

Staci A. Henshaw, CPA

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

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## AUDIT SUMMARY

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

- proper recording and reporting of all transactions, in all significant respects, in Virginia Peninsula’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);
- four 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

### **Improve Notification Process for Federal Direct Loan Awards to Students**

**Type:** Internal Control and Compliance

**First Reported:** Fiscal Year 2020

Virginia Peninsula Community College's (Virginia Peninsula) Financial Aid Office staff did not notify timely three of 25 (12%) federal Direct Loan borrowers sampled in accordance with federal regulations. The Financial Aid Office staff did not properly configure the automated notification system to send out timely notifications to borrowers.

Title 34 U.S. Code of Federal Regulations (CFR) § 668.165 (a)(2) notes, if a student is receiving federal Direct Loans, the institution must notify the student or parent of the anticipated date and amount of disbursement, the student's or parent's right to cancel all or a portion of that loan, loan disbursement, and the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan. Additionally, 34 CFR § 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.

Not properly notifying students in accordance with federal regulations may result in adverse actions and impact Virginia Peninsula's participation in Title IV programs. Additionally, improper notification could limit the amount of time necessary for a student or parent to make an informed decision on whether to accept or reject a loan. The Financial Aid Office should properly configure the borrower notification system to ensure each federal Direct Loan borrower receives the required notification timely.

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

**Type:** Internal Control and Compliance

**First Reported:** Fiscal Year 2020

**Prior Title:** Perform Risk Assessment as Required by the Gramm-Leach-Bliley-Act

Virginia Peninsula 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, Virginia Peninsula does not comply with the following GLBA requirements:

- Virginia Peninsula does not have a documented, approved, and implemented policy and procedure to review access controls. GLBA requires organizations to include as part of their written information security program a process to periodically review access controls, including technical and physical controls. Without a policy and procedure, Virginia Peninsula may not detect and prevent unauthorized access to customer information. Insufficient

management oversight led Virginia Peninsula to not have a documented, approved, and implemented policy and procedure (16 C.F.R. § 314.4(c)(1)).

- Virginia Peninsula does not have a documented and approved policy and procedure to conduct a periodic inventory of data. The 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, Virginia Peninsula 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. Virginia Peninsula is in the process of implementing a security platform to assist with data inventory, causing a delay in developing the required policies and procedures (16 C.F.R. § 314.4(c)(2)).
- Virginia Peninsula does not have a documented, approved, and implemented policy and procedure to conduct and document its review, revision, and approval of the college’s information security program. The GLBA requires organizations to evaluate and adjust their information security programs based on testing and monitoring results; material changes to business operations or processes; risk assessments; or any other circumstances that could materially impact the program. The absence of a formal process to consistently perform and document the review, modification, and approval of its policies and procedures could lead to inconsistent reviews, unauthorized modifications, or the policies and procedures missing key elements to support business processes. Insufficient management oversight led to Virginia Peninsula not having a documented, approved, and implemented policy and procedure (16 C.F.R. § 314.4(g)).

Virginia Peninsula should document, approve, and implement policies and procedures to review access controls, for conducting a periodic inventory of data, and to conduct and document its reviews, modifications, and approvals of its information security program. Ensuring compliance with GLBA requirements will support Virginia Peninsula in evaluating its information security practices and help maintain the confidentiality, integrity, and availability of customer information within its environment.

### **Strengthen the Schedule of Expenditures of Federal Awards Review Process**

**Type:** Internal Control and Compliance

Virginia Peninsula’s Student Accounting Office staff did not prepare an accurate Schedule of Expenditures of Federal Awards (SEFA), which details amounts of federal expenditures for fiscal year 2024. The Student Accounting Office understated the amount of federal Pell grant expenditures by \$904,549 and federal Direct Loan expenditures by \$50,236. Management indicated the underlying cause of the errors is due to staff turnover.

In accordance with 2 CFR § 200.510(b), “the auditee must prepare a schedule of expenditures of federal awards for the period covered by the auditee’s financial statements which must include the total

federal awards expended as determined in accordance with § 200.502.” The Department of Accounts (Accounts) Comptroller’s Directive 2-24 provides specific directions for compiling the SEFA and supporting schedules, and providing inaccurate schedules to Accounts could result in a misstatement in the Commonwealth’s SEFA and related disclosures.

Virginia Peninsula management should implement a cross-training program to ensure continuity of operations and ongoing compliance in the event of staff turnover.

### **Improve Return of Title IV Calculation Processes**

**Type:** Internal Control and Compliance

Virginia Peninsula’s Financial Aid and Registrar’s Office staff did not perform the return of Title IV calculations for spring 2024 in accordance with federal guidelines. For ten out of 25 (40%) students sampled, the Registrar’s Office entered an inaccurate number of break days for the return of Title IV calculation.

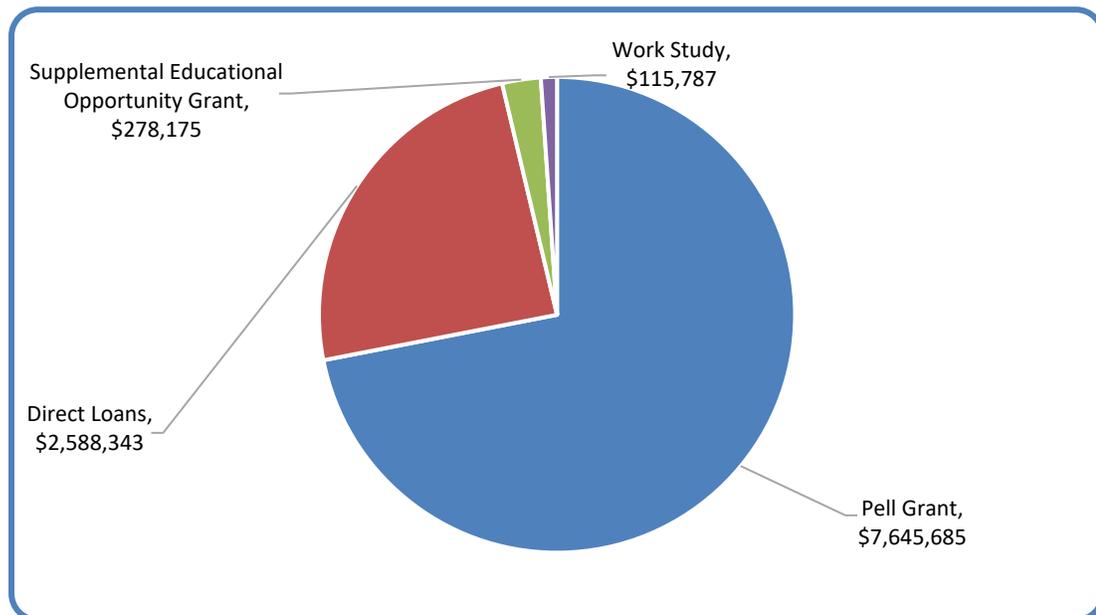
In accordance with 34 CFR § 668.22, when a recipient of Title IV grant or loan assistance withdraws from an institution during the payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student’s withdrawal date. The total number of calendar days in a payment period or period of enrollment includes all days within the period that the student was scheduled to complete, except scheduled breaks of at least five consecutive days. Volume 5 of the Federal Student Financial Aid Handbook states that a break from Monday through Friday should include the weekend before and the weekend after unless the institution offered classes on the prior Saturday or Sunday. Management should perform a thorough review of the scheduled breaks staff enter into the student information system to prevent future inaccurate calculations.

## AUDIT SCOPE OVERVIEW

Virginia Peninsula is part of the Virginia Community College System and serves the cities of Hampton, Newport News, Poquoson, Williamsburg and the counties of James City and York. Virginia Peninsula 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 Virginia Peninsula.

**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 SEFA submitted to Accounts.



# Commonwealth of Virginia

*Auditor of Public Accounts*

Staci A. Henshaw, CPA  
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

Porter Brannon  
President, Virginia Peninsula Community College

We have audited **Virginia Peninsula Community College's** (Virginia Peninsula) 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 Virginia Peninsula'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 Virginia Peninsula'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**

Virginia Peninsula’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 Virginia Peninsula’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 Virginia Peninsula’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 Virginia Peninsula 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.”

Virginia Peninsula has taken adequate corrective action with respect to audit findings reported in the prior year that are not repeated in this letter.

**Exit Conference and Report Distribution**

We discussed this report with management on June 9, 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, Virginia Peninsula 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
Ensure an Accurate FISAP is Submitted to Department of Education	Complete	2020
Ensure Student Information System Roles are Assigned Properly	Complete	2020
Improve Direct Loan Quality Assurance Program	Complete	2020
Promptly Return Unclaimed Aid to Department of Education	Complete	2020
Properly Complete Exit Counseling for Direct Loan Borrowers	Complete	2020
Reconcile Federal Aid Programs Timely	Complete	2020
Report Student Status Changes Accurately and Timely to National Student Loan Data System	Complete	2020
Improve Notification Process for Federal Direct Loan Awards to Students	Ongoing	2020
Implement Information Security Program Requirements for the Gramm-Leach-Bliley Act**	Ongoing	2020
Strengthen the Schedule of Expenditures of Federal Awards Review Process	Ongoing	2024
Improve Return of Title IV Calculation Processes	Ongoing	2024

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

\*\*Prior finding title was Perform Risk Assessment as Required by the Gramm-Leach-Bliley-Act.

July 24, 2025

Ms. Staci Henshaw  
Auditor of Public Accounts  
P.O. Box 1295  
Richmond, VA 23218

Dear Ms. Henshaw:

In response to the 2024 APA Student Financial Aid audit findings, Virginia Peninsula Community College (VPCC) accepts and agrees with all findings. The following outlines the APA findings and management's response to concerns and issues raised, along with the appropriate corrective actions to address and resolve each finding.

**MP #1: Improve Return of Title IV Processes (Holiday Schedule Resolution)**

Effective July 2025, the college implemented a revised Return of Title IV process to ensure the accurate integration of the academic calendar and holiday schedule in the Student Information System (SIS), thereby supporting compliance with Title IV regulations. Improved procedures include:

- Annual review of the SIS holiday schedule by the Financial Aid Office.
- Inclusion of all non-instructional days, including weekends surrounding extended breaks (e.g., Spring Break, Thanksgiving).
- Coordination with the Registrar's Office for SIS coding and updates.
- Notification to the Registrar and Financial Aid Director regarding any changes.
- SIS Navigation: *Set Up Common Objects > Foundation Tables > Organization > Holiday Schedule.*

**MP #2: Improve Notification Process for Federal Direct Loan Awards to Students**

Effective July 2025, the college implemented a bi-weekly notification process, rather than monthly, for students of Federal Direct Loan disbursements and their right to cancel, thereby supporting compliance with federal regulations. Improved procedures include:

- Disbursement activity is tracked bi-weekly.
- Notifications are sent via SIS Message Center within 3 weeks of disbursement.
- Message Content: Includes disbursement details, refund procedures, cancellation rights, and financial wellness resources (ECMC).
- Communications are logged in to SIS; spot checks by financial aid operations are conducted for accuracy.

**MP #3: Strengthen the Schedule of Expenditures of Federal Awards (SEFA) Review Process**

Effective July 2025, the college implemented a revised disbursement, refund, and reconciliation process for student financial aid funds, thereby strengthening its SEFA review process to include a comparison of the Federal expenditures reported on the SEFA to the amount of completed payments/drawdowns during the fiscal year as reported on the Federal G5 website.

**MP #4: Implement Information Security Program Requirements for the Gramm-Leach-Bliley Act (GLBA)**

The college will dedicate the necessary resources to develop the policies and procedures required to support its information security program, ensuring that it encompasses all elements mandated by the GLBA.

Virginia Peninsula Community College remains committed to continuous improvement and to strengthening the integrity of our reporting processes. We want to thank the APA and your staff for the valuable services you provide.

Sincerely,

**Steven Ray  
Carpenter**

 Digitally signed by Steven Ray  
Carpenter  
Date: 2025.08.29 14:46:26 -04'00'

Steven Ray Carpenter

Vice President for Finance and Administration and Chief Financial Officer

Cc: Dr. Porter Brannon, President  
Mr. Marc Vernon, Director of Financial Aid  
Mr. Tim Crittenden, General Accounting Manager  
Mrs. Paula Maguire-Tremo, Bursar  
Mrs. Mary Kanani, Dean of Enrollment Services and Registrar