



# VIRGINIA COLLEGE SAVINGS PLAN

## REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2023

Auditor of Public Accounts  
Staci A. Henshaw, CPA

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

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## AUDIT SUMMARY

We have audited the basic financial statements of the Virginia College Savings Plan (Virginia529) as of and for the year ended June 30, 2023, and issued our report thereon, dated November 14, 2023. Our report, included in Virginia529's Annual Report, is available at the Auditor of Public Accounts' website at [www.apa.virginia.gov](http://www.apa.virginia.gov) and at Virginia529's website at [www.virginia529.com](http://www.virginia529.com). Our audit found:

- the financial statements are presented fairly, in all material respects; and
- an internal control finding requiring management's attention; that also represents an instance of noncompliance or other matter required to be reported under Government Auditing Standards; however, we do not consider it to be a material weakness.

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## INTERNAL CONTROL AND COMPLIANCE FINDING AND RECOMMENDATION

### **Improve IT Risk Management Program and Contingency Planning**

**Type:** Internal Control and Compliance

**Severity:** Significant Deficiency

Virginia529 does not maintain consistent and complete documentation to support implementation of information technology (IT) risk management and contingency planning in accordance with the Commonwealth's Information Security Standard, SEC 501 (Security Standard). The Security Standard requires the documentation and implementation of certain security controls to safeguard mission critical systems that contain or process sensitive data.

We identified and communicated the specific control weaknesses to management in a separate document marked Freedom of Information Act Exempt (FOIAE) under Section 2.2-3705.2 of the Code of Virginia due to it containing descriptions of security mechanisms.

Virginia529 should dedicate the necessary resources to mitigate the specific risks communicated in the FOIAE document. Furthermore, Virginia529 should continue its process to update its documentation to support implementation of IT risk management and contingency planning and comply with the Security Standard. Performing these actions will help to ensure Virginia529 secures its network to protect its systems and data.



# Commonwealth of Virginia

## Auditor of Public Accounts

Staci A. Henshaw, CPA  
Auditor of Public Accounts

P.O. Box 1295  
Richmond, Virginia 23218

November 14, 2023

The Honorable Glenn Youngkin  
Governor of Virginia

Joint Legislative Audit  
and Review Commission

Members of the Board  
Virginia College Savings Plan

Mary Morris  
Chief Executive Officer

### **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 (the Enterprise Fund) and the fiduciary activities (the Private Purpose Trust Fund) of the **Virginia College Savings Plan** (Virginia529) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Virginia529's basic financial statements, and have issued our report thereon dated November 14, 2023.

#### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Virginia529's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Virginia529's internal control. Accordingly, we do not express an opinion on the effectiveness of Virginia529's internal control.

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 that we consider to be material weaknesses. We did identify a deficiency in internal control titled “Improve IT Risk Management Program and Contingency Planning,” which is described in the section titled “Internal Control and Compliance Finding and Recommendation,” that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Virginia529’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 financial statements. 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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the section titled “Internal Control and Compliance Finding and Recommendation” in the finding titled “Improve IT Risk Management Program and Contingency Planning.”

### **Virginia529’s Response to Finding**

We discussed this report with management at an exit conference held on December 5, 2023. Government Auditing Standards require the auditor to perform limited procedures on Virginia529’s response to the finding identified in our audit, which is included in the accompanying section titled “Agency Response.” Virginia529’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Staci A. Henshaw  
AUDITOR OF PUBLIC ACCOUNTS

ZLB/clj



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Mary G. Morris  
Chief Executive Officer  
Direct: 804-786-0832

December 6, 2023

Ms. Staci Henshaw  
Auditor of Public Accounts  
101 N. 14<sup>th</sup> Street  
Richmond, Virginia 23236

Dear Ms. Henshaw,

We appreciate the time and effort you and your staff dedicated to our operations in this first year transitioning back to auditing Virginia529. We acknowledge the importance of the audit function and its elemental role in continuous improvement. Virginia529 understands the importance that documentation of business processes has in ensuring consistent performance and accountability. By fostering a culture that values continuous improvement, including with respect to documentation, Virginia529 strives to promote transparency, accuracy, and consistency in all our processes.

In response to the finding in the audit report for the fiscal year ending June 30, 2023, we commit to continue our on-going work to update documentation with respect to information technology risk management and contingency planning.

Sincerely,

Mary G. Morris

cc: Carolyn Bishop, COO  
Vivian Shields, CFO  
Mike Henry, CTO  
Rosario Igharas, ISO  
Sherri Wyatt, CCO

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