



JAMES MADISON UNIVERSITY

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2024

Auditor of Public Accounts
Staci A. Henshaw, CPA

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AUDIT SUMMARY

We have audited the basic financial statements of James Madison University (University) as of and for the year ended June 30, 2024, and issued our report thereon, dated March 25, 2025. Our report, included in the University's basic financial statements, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov and at the University's website at www.jmu.edu. Our audit found:

- the financial statements are presented fairly, in all material respects;
- one matter involving internal control and its operation requiring management's attention, that also represents an instance of noncompliance with applicable laws and regulations that is required to be reported under Government Auditing Standards; however, we do not consider the matter to be a material weakness; and
- adequate corrective action with respect to prior audit findings and recommendations identified as complete in the Findings Summary included in the Appendix.

Our audit also included testing over the major federal program of the Student Financial Assistance Programs Cluster for the Commonwealth's Single Audit as described in the U.S. Office of Management and Budget Compliance Supplement; and found one internal control finding requiring management's attention and an instance of noncompliance in relation to this testing.

In the section titled "Internal Control and Compliance Finding and Recommendation" we have included our assessment of the conditions and causes resulting in the internal control and compliance finding identified through our audit as well as recommendations for addressing that finding. Our assessment does not remove management's responsibility to perform a thorough assessment of the conditions and causes of the finding and develop and appropriately implement adequate corrective actions to resolve the finding as required by the Department of 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 recommendation.

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INTERNAL CONTROL AND COMPLIANCE FINDING AND RECOMMENDATION

Improve Reporting to the Common Origination and Disbursement System

Type: Internal Control and Compliance

Severity: Significant Deficiency

James Madison University's (University) Office of Financial Aid and Scholarships staff did not report accurate and/or timely disbursements to the federal Common Origination and Disbursement System (COD). University management indicated that the improper reporting was due to a combination of factors, including staff selecting an incorrect disbursement date in the student information system when sending disbursement information to COD for one batch in January 2024 and the staff delaying the reporting of disbursement information to COD for another batch in January 2024. The University indicated the new Free Application for Federal Student Aid (FAFSA) form resulted in additional pressure on financial aid staff during this time. We noted the following instances of noncompliance:

- For three of 40 (8%) students, staff did not report the correct disbursement dates in COD.
- For one of 40 (3%) students, staff did not report the disbursement timely.

In accordance with 88 F.R. 41092, published on June 23, 2023, an institution must submit federal Pell Grant and Direct Loan disbursement records accurately and no later than 15 days after making the disbursement and no earlier than seven days prior to the disbursement date or becoming aware of the need to adjust a student's previously reported disbursement. In accordance with Title 34 U.S. Code of Federal Regulations (CFR) § 668.164(a), Title IV funds are disbursed on the date that the institution (a) credits those funds to the student's account in the institution's general ledger or any subledger of the general ledger, or (b) pays those funds to the student directly. The U.S. Department of Education (ED) considers Title IV funds disbursed even if the institution uses its own funds in advance of receiving program funds from ED.

If an institution does not submit accurate disbursement records within the required timeframe, it may result in ED rejecting all or part of the reported disbursement. Improper reporting may result in an audit or program review finding or the initiation of an adverse action, such as a fine or other penalty. The University should review its current policies and procedures for submitting disbursement records and implement corrective action to ensure future compliance.



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

March 25, 2025

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
James Madison University

Charlie King
Interim President, James Madison University

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 discretely presented component unit and remaining fund information of **James Madison University** (University) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated March 25, 2025. Our report includes a reference to another auditor who audited the financial statements of the component unit of the University, as described in our report on the University's financial statements. The other auditor did not audit the financial statements of the component unit of the University in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the component unit of the University.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University'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 the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 Reporting to the Common Origination and Disbursement System," 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 the University'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 matters 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 Reporting to the Common Origination and Disbursement System."

The University's Response to Findings

We discussed this report with management at an exit conference held on April 7, 2025. Government Auditing Standards require the auditor to perform limited procedures on the University's response to the findings identified in our audit, which is included in the accompanying section titled "University Response." The University'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.

Status of Prior Findings

The University has taken adequate corrective action with respect to prior audit findings identified as complete in the [Findings Summary](#) included in the Appendix.

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

MBR/clj

FINDINGS SUMMARY

Finding Title	Status of Corrective Action*	First Reported for Fiscal Year
Improve Firewall Management	Complete	2023
Improve Virtual Private Network Security	Complete	2023
Improve Reporting to the Common Origination and Disbursement System	Ongoing	2024

* A status of **Complete** indicates management has taken adequate corrective action. **Ongoing** indicates new and/or existing findings that require management’s corrective action as of fiscal year end.



April 1, 2025

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

Dear Ms. Henshaw:

We have reviewed the audit findings and recommendations resulting from the fiscal year 2024 audit by the Auditor of Public Accounts (APA).

In response to the internal control and compliance finding, James Madison University acknowledges and concurs with the audit finding and is in the process of implementing the recommendations made by the APA. We would like to note that the applicable offices are continuously reviewing their policies and procedures to ensure their operating effectiveness.

The following contains management's responses to the finding.

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

Responsible for Corrective Action: Brad Barnett, Associate Vice President for Enrollment Management

The institution was found to have three instances of incorrect disbursement dates in COD and one instance of disbursement reporting that was not timely.

To identify posting date discrepancies, and to facilitate timeliness of reporting in the future, the "Direct Loan Posting Date Audit Report Procedure" was created, which outlines how posting dates in Peoplesoft are to be compared to posting dates in COD. This procedure will also be used as an added method of ensuring all disbursements are reported to COD within the required timeframe. In addition, a checklist item has also been added to the monthly reconciliation to confirm that the new procedure is being followed.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark W. Angel".

Mark W. Angel
Associate Vice President for Finance

Office of
Associate Vice President
for Finance

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