



VIRGINIA STATE UNIVERSITY

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2022

Auditor of Public Accounts
Staci A. Henshaw, CPA

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AUDIT SUMMARY

We have audited the basic financial statements of Virginia State University (University) as of and for the year ended June 30, 2022, and issued our report thereon, dated September 14, 2023. Our report, included in the University's Annual Report, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov and at the University's website at www.vsu.edu. Our audit of the University for the year ended June 30, 2022, 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.

The University has taken adequate corrective action with respect to 11 audit findings reported in the prior year that are not repeated in this report. Furthermore, the University is taking corrective action with respect to the findings included in the section titled "Status of Prior Year Findings and Recommendations." The table below provides the prior findings where the University has taken adequate corrective action along with the current year findings reported by each topical area along with how we are reporting the finding in this report (as a new finding for 2022 or a status update from a prior year).

Topic	Adequate Corrective Action	Included in Current Year Report		
		New	Status Update	Total
Financial Reporting	-	1	-	1
System Security	2	-	3	3
Revenue	-	-	2	2
Federal Compliance	1	-	2	2
Purchasing	5	-	-	-
Payroll/Human Resources	2	-	-	-
Inventory	1	-	-	-
Total	11	1	7	8

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INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

Improve Financial Reporting Review Process

Type: Internal Control

Severity: Significant Deficiency

Repeat: No

The University's Finance Department (Finance) did not perform an adequate review of its financial statements to ensure accurate reporting of certain complex financial events and transactions. For the period ending June 30, 2022, the financial statements submitted for audit contained errors, which required management to make the following adjustments to ensure account balances and related activity were materially correct and align with generally accepted accounting principles (GAAP):

- Reclassified \$5.8 million of federally-funded capital projects that Finance did not originally capitalize from operating expenses to construction in progress and from operating revenues to non-operating revenues.
- Recognized \$4.6 million in federal grant revenues that Finance incorrectly reported as unearned revenue.
- Reclassified \$3.8 million from non-operating revenue to unearned revenue in relation to Coronavirus State and Local Fiscal Recovery Funds (CSLRF) that the University received prior to incurring the related expenses.
- Reclassified \$10.3 million from scholarships and fellowships expense to offset operating revenues to correct an error in the calculation of scholarship allowance within a workbook the Office of the Bursar provided to Finance.
- Reclassified \$14.0 million from "payments for employee fringes and pension benefits" to "payments to employees" that Finance placed on the wrong line within the Statement of Cash Flows.

Management is responsible for designing and maintaining a system of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements in accordance with GAAP. Misstatements increase the risk that users of financial statements may draw improper conclusions about the University's financial activities. While Finance has established financial reporting processes for the University's ongoing activities, that process did not adequately address new and complex financial activity or requirements that increase the risk of misstatement and therefore, require heightened alertness and scrutiny during financial preparation review.

The University's Finance Department should revisit its financial statement preparation review process to ensure the University reports new and complex financial activity in accordance with GAAP.

Specifically, Finance should enhance its final analytical review process to identify unusual or unexpected financial correlations and perform more detailed analysis of material variances in activities from year to year.

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

This section provides the status of findings from prior years where the University has not taken adequate corrective action. For each status finding reported within this section, we include information on the type of finding, the severity classification for the finding, and an update on the progress management has made, as well as their future plans to address the situation. The section titled “Independent Auditor’s Report” provides more detail on the severity classifications. Additional details about these findings can be found in prior year reports located on our website at: www.apa.virginia.gov.

Since the University’s management has not taken adequate corrective action to address these findings, the extent of our follow-up procedures was dependent on the extent of corrective actions at the time of audit. In some cases, we are only providing an update on management’s progress and did not perform testing to validate management’s progress or future plans. However, in other cases, we did review evidence of the progress made to address the finding and, where warranted, included additional information to aid management in evaluating their corrective actions. We plan to perform additional procedures related to these findings as part of a future audit after management completes their corrective actions.

Improve Access and Account Management Controls

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: Partial (first issued for fiscal year 2020)

The University’s Information Security Office is making progress to improve controls surrounding system access and account management to meet the requirements of the Commonwealth’s Information Security Standard, SEC 501 (Security Standard) and the University’s Policies Manual, Policies 6150 and 6310. Prior audits reported the following items related to access and account management controls:

- 2020: System owners did not consistently remove a separated employee’s access to the University’s information systems on the last day of work, nor did they remove access when the employee no longer needed access based on their job responsibilities.
- 2021: The University did not perform annual user access reviews for sensitive information systems.
- 2021: The University’s Residence Life and Housing Department did not appropriately grant user access to the Residential Housing System.

To follow-up on our recommendations related to removing access, we identified 33 individuals who separated from the University after it implemented the first stage of its corrective action plan in October 2022 and performed procedures to ensure that the University removed access timely to five sensitive systems. For individuals where the University did not remove their access timely, we also reviewed the individuals' user account status in the University's central authentication system, which serves as a compensating access control. Of these 33 individuals, the University did not remove or lock access in a timely manner for six individuals (18%) with access to at least one of the sensitive systems.

In October 2022, the University implemented a new electronic personnel clearance form to streamline notification to the Information Security Office regarding removal of access for a separated employee. Of the six exceptions noted, three were due to the applicable University department initiating the clearance form after the employee's last day of work, two were due to oversight by the Information Security Office to remove or lock access after notification, and the remaining exception was due to the Information Security Office not incorporating the applicable system within the design of the clearance form.

The Information Security Office is in the process of implementing the final stages of the University's corrective action plan, a new single sign-on solution to assist with account management, which will allow the Information Security Office to remove access to all University information systems in a more automated fashion. Where possible, the Information Security Office should incorporate all applicable systems within the new single sign-on solution. Also, management should communicate the process to the applicable University departments to ensure timely notification of an employee's termination through the electronic personnel clearance process.

The Information Security Office developed a list of information systems and system owners that will require and perform annual access reviews. The Information Security Office did not include four systems in the University's listing, all of which were Commonwealth systems to which University employees have access. The Information Security Office should ensure that it identifies all applicable systems that require an annual access review and ensure the applicable system owners perform and document annual reviews as required.

We found that the Information Security Office has taken ownership for provisioning of access to the Residential Housing System and taken adequate corrective actions with respect to this system.

Improve Service Provider Oversight

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: Yes (first issued for fiscal year 2020)

Prior Title: Continue to Implement Procedures to Review and Document System and Organization Control Reports of Third-Party Service Providers

The Information Security Office and Finance (Offices) are making progress to improve the University's internal control process for monitoring the effectiveness of security and other controls of its external service providers. The Offices are working to bring the University into compliance with the requirements of the Security Standard, the Commonwealth's Hosted Environment Information Security Standard, SEC 525 (Hosted Environment Security Standard) Section SA-9-COV 3.1, the University's System and Services Acquisition Policy 6910, and the Commonwealth Accounting Policies and Procedures (CAPP) Manual Topic 10305.

During prior audits, we noted the University could strengthen its processes to effectively monitor the controls of its external service providers through the review of third-party service provider System and Organization Control (SOC) reports. Currently, the Offices are working to implement a process to gain assurance over the effectiveness of security and other controls of their respective third-party service providers by reviewing SOC reports. Further, the Offices are working towards developing a policy for the University to formalize these processes and to ensure collectively the Offices are providing the University with timely and proper oversight of all significant service providers.

Management intends to complete the related corrective actions by the end of calendar year 2023. Therefore, we performed a limited review of this area during the current audit to gain an understanding of corrective actions in progress. University management should continue to implement corrective actions to employ the required internal control process to monitor the effectiveness of security and other controls of external service providers, review third-party service provider SOC reports, and ensure the University is complying with the applicable requirements of the Security Standard, the Hosted Environment Security Standard, the University's policy, and CAPP Manual Topic 10305. These corrective actions will help to ensure that third-party service providers are protecting the confidentiality, integrity, and availability of sensitive data and meeting other contractual obligations.

Test and Update Disaster Recovery Plans

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: Yes (first issued for fiscal year 2021)

The University's Information Security Office is preparing to update the University disaster recovery planning and processes. During the fiscal year 2021 audit, we recommended the University annually review and update its information technology (IT) Disaster Recovery Plan (DRP); and perform annual IT DRP testing, record the results of the testing, and update related documents, as necessary, to meet the requirements of the University's Contingency Planning Policy and the Security Standard.

The University completed migration to its virtual private cloud in the first quarter of 2023 and chose to delay updating the IT DRP to reflect the changes until after the migration. The University intends to update the IT DRP, and then perform an annual IT DRP test by the end of fiscal year 2023. As a compensating control, the University created a solution to perform backups in a new cloud environment and confirmed that the backups are valid and functional.

The University should update the IT DRP to reflect changes to the IT environment resulting from migration to the virtual private cloud. The University should then conduct an annual IT DRP test, record the results of the test in an After-Action Report, and update the IT DRP document to reflect the lessons learned from the test. Performing these tasks will strengthen the continuity and disaster recovery processes and help to ensure the availability of mission-critical systems.

Properly Reconcile Student Account Collections

Type: Internal Control

Severity: Significant Deficiency

Repeat: Yes (first issued for fiscal year 2020)

The University's Office of the Bursar is making progress to implement internal controls as designed for reconciling student account collections as outlined within the University's Institutional and Perkins Loan Reconciliation Policy and Student A/R to Accounting System Policy. As part of the fiscal year 2020 audit, we noted the University did not perform monthly reconciliations of student loan collections. Since our prior report, the University hired an accounting analyst within the Office of the Bursar with the responsibility of reconciling loan and Perkins funds to the University's accounting system as well as student accounts receivable transactions.

The University anticipates completing corrective action by the end of calendar year 2023. Therefore, we deferred performing a detailed review of this area during the current audit. University management should continue to implement a process to reconcile student accounts receivable transactions and ensure it implements the internal controls as designed and outlined within its Institutional and Perkins Loan Reconciliation Policy and Student A/R to Accounting System Policy.

Improve the Management and Recording of Receivables

Type: Internal Control

Severity: Significant Deficiency

Repeat: Yes (first issued for fiscal year 2021)

The Controller's Office and the Office of the Bursar are working towards improving the University's internal controls over the management and accounting of accounts receivable and to ensure compliance with CAPP Manual Topic 20505. As part of the fiscal year 2021 audit of the University's accounts receivable, we found:

- The Controller's Office did not perform regular reviews of the methodology it used for determining the University's allowance for doubtful accounts (allowance) and could not

provide current information supporting the methodology it used to determine the allowance for notes receivable.

- The Office of the Bursar was unable to provide evidence that it referred past due receivables to an outside collection entity or established a payment plan for the student.
- The University did not provide evidence demonstrating that it placed holds on student accounts consistent with the University's policies and procedures.

The University has taken the following steps towards improving its internal controls over accounts receivables:

- Procured consulting services to assist in enhancing receivable reports to properly age receivables.
- Worked with the University's accounting system application team to create automated month-end reports to identify accounts for possible referral to an external collection entity or establishment of a payment plan.
- Started the process of hiring an Accounts Receivable Collections Manager whose responsibility will be to identify accounts the University has referred to an external collection entity and perform any related pre-collection activities.

The University anticipates completing corrective action by the end of fiscal year 2023, except for actions related to revising its allowance methodology, which the University anticipates completing by September 2023. Therefore, we performed a limited review of this area during the current audit to gain an understanding of corrective actions in progress. University management should continue to implement corrective action related to improving internal controls over accounts receivable management and accounting and ensuring compliance with CAPP Manual Topic 20505.

Report Student Status Enrollment Changes Accurately and Timely to National Student Loan Data System

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: Yes (first issued for fiscal year 2018)

The Office of the Registrar (Registrar) is making progress to improve the University's internal controls over reporting student status enrollment changes accurately and timely to the National Student Loan Data System (NSLDS) to ensure compliance with Title 34 U.S. Code of Federal Regulations (CFR) § 685.309. During the fiscal year 2021 audit, we noted the Registrar did not report accurate and/or timely enrollment data to the NSLDS for certain students that changed enrollment level, graduated, or withdrew.

Since our prior report, the Registrar and the Office of Student Financial Aid have been meeting monthly with the goal of enhancing the overall quality control review process as it relates to reporting enrollment changes. The Registrar also plans to review additional reports from the University's accounting system at the beginning of each semester to assist in accurately reporting enrollment information to the U.S. Department of Education.

The University anticipates completing corrective action by the end of fiscal year 2023. Therefore, we performed a limited review of this area during the current audit to gain an understanding of corrective actions in progress. The Registrar should continue implementing corrective action related to reporting student enrollment changes accurately and timely to the NSLDS to ensure compliance with 34 CFR § 685.309.

Promptly Return Unclaimed Aid to Department of Education

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: Yes (first issued for fiscal year 2021)

The Student Accounts Department (Student Accounts) is making progress to improve the University's internal controls over the tracking and timely return of unclaimed student financial aid funds to the U.S. Department of Education (ED) and ensure compliance with 34 CFR § 668.164(I). During the fiscal year 2021 audit, we noted that Student Accounts did not return certain unclaimed student financial aid funds to ED within the required timeframe.

Since our prior report, the University has approved the addition of six positions within the Office of the Bursar. The University expects to fill these positions by September 2023; however, this timeline is dependent on finding qualified candidates that accept the University's offers. Additional personnel focused on timely billing, collections, and refunds may allow closer monitoring of funds to be returned. Further, Student Accounts worked with the developer of the University's student system to ensure student financial aid funds apply to student account charges before any other payment type, thereby reducing the number of accounts with student financial aid refunds. Finally, Student Accounts is developing a policy that will formalize procedures for the tracking and timely return of unclaimed student financial aid funds.

The University anticipates completing corrective action by the end of fiscal year 2023. Therefore, we deferred performing a review of this area during the current audit. Student Accounts should continue to implement corrective action related to tracking and timely return of unclaimed student financial aid funds to ensure the University complies with 34 CFR § 668.164(I).



Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
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September 14, 2023

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
Virginia State 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 aggregate discretely presented component units of **Virginia State University** (University) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated September 14, 2023. Our report includes a reference to other auditors who audited the financial statements of the component units of the University, as described in our report on the University's financial statements. The other auditors did not audit the financial statements of the component units 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 units of the University.

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 certain deficiencies in internal control titled "Improve Financial Reporting Review Process," "Improve Access and Account Management Controls," "Improve Service Provider Oversight," "Test and Update Disaster Recovery Plans," "Properly Reconcile Student Account Collections," "Improve the Management and Recording of Receivables," "Report Student Status Enrollment Changes Accurately and Timely to National Student Loan Data System," and "Promptly Return Unclaimed Aid to Department of Education," which are described in the sections titled "Internal Control and Compliance Findings and Recommendations" and "Status of Prior Year Findings and Recommendations" that we consider to be significant deficiencies.

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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the section titled "Status of Prior Year Findings and Recommendations," in the findings and recommendations titled "Improve Access and Account Management Controls," "Improve Service Provider Oversight," "Test and Update Disaster Recovery Plans," "Report Student Status Enrollment Changes Accurately and Timely to National Student Loan Data System," and "Promptly Return Unclaimed Aid to Department of Education."

The University's Response to Findings

We discussed this report with management at an exit conference held on October 4, 2023. 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 not taken adequate corrective action with respect to previously reported findings having the current titles "Improve Access and Account Management Controls," "Improve Service Provider Oversight," "Test and Update Disaster Recovery Plans," "Properly Reconcile Student Account Collections," "Improve the Management and Recording of Receivables," "Report Student Status Enrollment Changes Accurately and Timely to National Student Loan Data System," and "Promptly Return Unclaimed Aid to Department of Education." Accordingly, we included these findings in the section titled "Status of Prior Year Findings and Recommendations." The University has taken adequate corrective action with respect to audit findings reported in the prior year that are not repeated in this report.

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

GDS/vks



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October 10, 2023

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

Dear Ms. Henshaw:

Virginia State University sincerely appreciates the opportunity to provide management's response to the fiscal year 2022 (FY22) audit. The University remains intentionally focused on continuous process improvement as it perfects its institutional practices with "greater" stewardship. This is not a novel practice, as the University has been historically under-resourced and underfunded, and required prudent and judicious use of its limited resources to drive positive outcomes. As a result, the University welcomes opportunities to realize "greater" in policy, procedural and process development for operational excellence and acknowledges the Auditor of Public Accounts for their convergent efforts. To demonstrate the capacity of this collaboration, the University realizes a significant overall reduction in total audit findings, a testament to the benefit of clear communication, campus-wide commitment and continued oversight. It is the ultimate goal of the University to achieve the highest levels of institutional integrity and effectiveness.

Since 1882, borne of a demand on Virginia's House floor from Delegate Alfred W. Harris to educate and equip a recently freed population and spur societal integration efforts, Virginia State University, one of only two land grant institutions in Virginia, remains a fixture in its public service as an economic engine. It does so by driving upward mobility through scholarship, research and learning that produces diverse, skilled and educated citizenry eager to contribute to their communities and their country.

To that end, the University submits its management response to the fiscal year 2022 audit report, and offers the following managerial context for consideration.

"VSU: Education, Research and Community Service in Central and Southside Virginia..."
An Equal Opportunity Employer/Equal Access Institution

Improve Financial Reporting Review Process

The University concurs with this finding. The University's Finance Department (Finance) strives to ensure financial statement activity is materially correct and aligns with generally accepted accounting principles (GAAP). Finance seeks frequent and ongoing guidance from multiple sources to include the Department of Accounts, Auditor of Public Accounts, Governmental Accounting Standards Board, as well as colleagues and counterparts at comparable institutions. Finance will take a more proactive approach in collaborating with departments across the University to capture all active transactions and properly account for them. Additionally, Finance expects to enhance its review procedures in financial statement preparation, specifically unusual or complex transactions, to avoid the likelihood of future misstatements.

Improve Access and Management Controls

The University concurs with both topics in the finding as follows:

Access Management

As stated in the report, the University is in the process of implementing a new single sign-on solution to assist with account management, which will allow the University to remove access to all University information systems in a more automated fashion. The University is working to ensure all University systems are included and to identify all Commonwealth systems not controlled by the University to which employees may have access, and include those systems in the single sign-on solution.

Access Reviews

The University purchased a reporting tool that will allow users to access and download user lists to facilitate annual user access reviews. The University identified system owners for all University maintained systems and the Information Security Office is working with the Office of Human Resources to include standard language in each system owner's Employee Work Profile. Additionally, the Information Security Office is planning to provide system owners with specific training outlining the duties of this role and designation to prevent notable deficiencies.

Additionally, the University will review its policies relative to access management and access reviews to determine if the policies should be amended.

Improve Service Provider Oversight

We concur with this finding. The University is implementing a two-pronged approach for corrective action, as there are different areas responsible for compliance with Information Security Standards and Commonwealth Accounting Policies and Procedures (CAPP). The University drafted a policy for third party service provider oversight that encompasses both areas with responsibility.

The Controller's Office is responsible for compliance with CAPP Topic 10305. The Office received and reviewed a list of possible service providers who potentially qualify under the requirement; additionally, the Office determined those that require a review. The Controller's

Office implemented a process to ensure that Service and Organization Control (SOC) reports are obtained and reviewed for each of these providers annually.

The Office of Information Security is responsible for compliance with the Commonwealth's Hosted Environment Information Security Standard, SEC 525. The Office of Information Security is working with the Virginia Information Technologies Agency (VITA) Enterprise Cloud Oversight Service (ECOS), who has responsibility for SOC reports and reviews for systems that fall under mandatory ECOS oversight, to ensure that VITA ECOS timely provides the University with those SOC reports. Additionally, the University maintains a list of systems for which it is solely responsible and the Office of Information Security is putting in place a process to annually contact those service providers to acquire those SOC reports. The University will review policy 6910 to determine if revisions are necessary. The University's Office of Internal Audit will be responsible for reviewing and maintaining the SOC reports once obtained.

Test and Update Disaster Recovery Plans

The University concurs with this finding. The University completed updating its information technology Disaster Recovery Plan (IT DRP) to reflect the current virtual private cloud environment. The University plans to complete the annual IT DRP test by the end of calendar year 2023 (December 31). Once the IT DRP test is completed, the University will document the results in an After-Action Report and make any necessary updates to the IT DRP based on the results of the test.

Properly Reconcile Student Account Collections

The University concurs with this finding. In alignment with the Student A/R to Accounting System Policy, we successfully reconciled and traced fiscal year 2023 student account receivable transactions to our finance system. We are currently in the process of implementing corrective measures to ensure that loan servicer collections are fully reconciled with our accounting system. We anticipate the completion of this task by December 31, 2023.

Improve the Management and Recording of Receivables

The University concurs with this finding. As of June 30, 2023, the Bursar's Office took proactive steps to address accounts with past-due balances. Holds were placed on these accounts, and we established a systematic process to confirm the timely placement of accounts receivable holds. Furthermore, prior to the conclusion of fiscal year 2023, we successfully assigned several hundred accounts to collection agencies. Additionally, we have initiated a review of our allowance methodology, which is expected to be finalized in the first quarter of fiscal year 2024 (FY24).

Promptly Return Unclaimed Aid to the Department of Education

The University concurs with this finding. The University will enhance our oversight of the refund process and document it throughout its lifecycle. The University brought in a Student Accounts Manager who is responsible for managing the student refund process, along with staff oversight in processing student refunds and monitoring expired (uncashed) checks. This fiscal year, the University introduced a streamlined process designed to efficiently track and promptly return student financial aid funds. As part of this improved student refund process, the University established procedures and implemented a new report to gauge consistent oversight while managing and remitting these funds.

Report Student Status Enrollment Changes Accurately and Timely to National Student Loan Data System

The University concurs with this finding. The University began implementation of its corrective measures simultaneously with the United States Department of Education's implementation of its enhanced and modernized NSLDS website. As such, there was a documented outage of reporting from July 19, 2022, through February 28, 2023. Notwithstanding these reporting issues, the Registrar remains committed to strengthening inaccuracy detection and reporting in student enrollment status dynamics. Monthly meetings between the University Registrar and the Office of Financial Aid provide quality control reviews to better identify unenrolled/withdrawn students during a potentially affected semester. The Registrar's Office continues to perfect its compliance process to generate consistent error-free reporting and confirm any identified errors by the National Student Clearinghouse are summarily addressed and integrated in our Banner system.

Virginia State University thanks you for your time, attention and the valuable service you and staff provide to the Commonwealth.

Sincerely,



Kevin W. Davenport
Senior Vice President for Administration and Finance
and CFO

cc: Dr. Makola M. Abdullah, President
Aimee Rogstad Guidera, Secretary of Education
Sharon H. Lawrence, Acting State Comptroller
Michael Maul, Director of Planning and Budget

VIRGINIA STATE UNIVERSITY

As of June 30, 2022

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