



VIRGINIA MILITARY INSTITUTE

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2024

Auditor of Public Accounts
Staci A. Henshaw, CPA

www.apa.virginia.gov

(804) 225-3350



AUDIT SUMMARY

We have audited the basic financial statements of the Virginia Military Institute (Institute) as of and for the year ended June 30, 2024, and issued our report thereon, dated May 12, 2025. Our report, included in the Institute's basic financial statements, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov and at the Institute's website at www.vmi.edu. Our audit found:

- the financial statements are presented fairly, in all material respects;
- one internal control finding requiring management's attention; however, we do not consider it to be a material weakness; and
- one matter involving internal control and its operation necessary to bring to management's attention that also represents an instance of noncompliance with applicable laws and regulations or other matters that is required to be reported; and
- adequate corrective action with respect to prior audit findings identified as complete in the [Findings Summary](#) included in the Appendix.

In the section titled "Internal Control and Compliance Findings and Recommendations" we have included our assessment of the conditions and causes resulting in the internal control and compliance findings identified through our audits 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 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 FINDINGS AND RECOMMENDATIONS

Ensure Proper Documentation of Bank Reconciliations

Type: Internal Control

Severity: Significant Deficiency

First Reported: Fiscal Year 2021

Virginia Military Institute (Institute) did not timely prepare seven of twelve (58%) monthly bank reconciliations tested. The Institute prepared the reconciliations between four and forty-seven days late.

The Institute's Accounting Policies and Procedures, Section 20100, states that the Finance and Budget Office should reconcile accounting information, bank accounts, and transactions between modules monthly by the end of the following month. The Institute was not able to prepare monthly bank reconciliations timely due to competing priorities and staffing shortages. Without timely preparation and review of bank reconciliations, there is an increased risk that the Institute will not detect or correct errors timely. Undetected or uncorrected errors could lead to a potential misstatement of the cash balance in the Institute's financial statements.

The Institute should timely prepare and adequately document reconciliations in accordance with the Institute's policies and procedures, and best practices.

Improve Controls over Terminated Employees

Type: Internal Control and Compliance

Severity: Significant Deficiency

First Reported: Fiscal Year 2020

During fiscal year 2024, Institute Human Resources personnel did not timely remove systems access for terminated employees. In our review of 11 terminated employees, we determined Human Resources did not remove access within 24 hours of termination for two employees (18%).

The Commonwealth's Information Security Standard, SEC530 (Security Standard), states an organization must disable accounts within 24 hours when the accounts are no longer associated with a user or individual. Additionally, the Institute's General Order 35 – Personnel Clearance Procedures Policy (Personnel Clearance Policy), states that "As soon as the immediate supervisor learns of the departure or planned departure of an employee or other individual covered by this policy, the supervisor must complete the Employee Exit Alert prior to the employee's last day of employment." It is then the responsibility of Human Resources to enter the individual's separation date and account lock date within 24 hours of receiving the notification, which disables the individual's account.

The underlying cause of these exceptions is a lack of timely communication between the departmental supervisors of the terminated employees and Human Resources. Delayed removal of terminated employees' system access increases the risk of unauthorized access to the Institute's computer systems and facilities.

The Institute should properly train all supervisors on their responsibilities concerning terminated employees in accordance with the Security Standard and the Institute's Personnel Clearance Policy. Additionally, the Institute should encourage supervisors to timely communicate separations to Human Resources.



Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

May 12, 2025

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
Virginia Military Institute

Major General Cedric T. Wins
Superintendent, Virginia Military Institute

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 Military Institute** (Institute) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Institute's basic financial statements and have issued our report thereon dated May 12, 2025. Our report includes a reference to other auditors who audited the financial statements of the component units of the Institute, as described in our report on the Institute's financial statements. The other auditors, excluding those of VMI Research Laboratories, did not audit the financial statements of the component units of the Institute 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 Institute. Additionally, this report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters for VMI Research Laboratories, that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute'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 Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute'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 "Ensure Proper Documentation of Bank Reconciliations" and "Improve Controls over Terminated Employees," which are described in the section titled "Internal Control and Compliance Findings and Recommendations," that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute'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 Findings and Recommendations" in the finding titled "Improve Controls over Terminated Employees."

The Institute's Response to Findings

We discussed this report with management at an exit conference held on April 25, 2025. Government Auditing Standards require the auditor to perform limited procedures on the Institute's response to the findings identified in our audit, which is included in the accompanying section titled

“Institute Response.” The Institute’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 Institute has not taken adequate corrective action with respect to the prior reported findings identified as ongoing in the [Findings Summary](#) included in the Appendix. The Institute 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

SDB/clj

FINDINGS SUMMARY

Finding Title	Status of Corrective Action*	First Reported for Fiscal Year
Improve Controls over Reporting of Subscription Based Technology Arrangements	Complete	2023
Improve Information Technology Risk Management and Contingency Planning Program	Complete	2023
Improve Physical and Environmental Security Program Documentation	Complete	2023
Conduct Information Technology Security Audits	Complete	2022
Ensure Proper Documentation of Bank Reconciliations	Ongoing	2021
Improve Controls over Terminated Employees	Ongoing	2020

* 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.

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1 May 2025

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

Dear Ms. Henshaw:

The Virginia Military Institute has reviewed the findings and recommendations provided by the Auditor of Public Accounts for fiscal year ended June 30, 2024.

Management agrees with all findings and will continue to work towards a resolution.

If you have any questions or need additional information, please do not hesitate to contact me by phone at (540) 464 -7216 or by email at brownps@vmi.edu

Most Respectfully,



Pamela S. Brown
Assistant Director of Finance and Budget, Virginia Military Institute

