VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2025

Auditor of Public Accounts
Staci A. Henshaw, CPA
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Commonwealth of Virginia
APA
Auditor of Public Accounts

AUDIT SUMMARY

We have audited the basic financial statements of Virginia Polytechnic Institute and State University (Virginia Tech) as of and for the year ended June 30, 2025, and issued our report thereon, dated November 17, 2025. Our report, included in Virginia Tech's Annual Financial Report, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov and at Virginia Tech's website at www.vt.edu. Our audit found:

- the financial statements are presented fairly, in all material respects; and

- two matters involving internal control and its operation requiring management's attention, that also represent instances of noncompliance with applicable laws and regulations that are required to be reported under Government Auditing Standards; however, we do not consider them to be material weaknesses.

We did not perform audit work on the prior audit finding titled "Properly Complete Federal Verification Prior to Disbursing Title IV Aid" as noted in the Findings Summary included in the Appendix because Virginia Tech did not implement corrective action during our audit period. Corrective action has been ongoing since the 2024 audit. We will follow up on this finding during the fiscal year 2026 audit.

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 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 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 recommendations.

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INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

Improve Change Management Procedures and Process

Type: Internal Control and Compliance
Severity: Significant Deficiency

Virginia Polytechnic Institute and State University (Virginia Tech) does not have a formal change management policy or process to manage changes for all components of its information technology (IT) environment. Virginia Tech has a formal change management procedure and process for changes managed by the Enterprise Solutions and Enabling Technologies unit, but this procedure and process do not apply to changes managed by the Network Infrastructure & Services (NI&S) unit. As a result, Virginia Tech does not consistently implement and systematically record certain necessary elements in its change management process for NI&S changes, including a risk and security impact analysis, tests and acceptance of tests, and verification that system documentation is reviewed and revised after a change to reflect the changes to the IT environment.

The International Organization for Standardization and the International Electrotechnical Commission Standard ISO/IEC 27002 (ISO Standard) requires that changes to information systems should be subject to change management procedures and that procedures should be defined, approved by management, published, communicated to relevant personnel, and reviewed at planned intervals. Without a formal change management procedure and process for changes managed by the NI&S unit, Virginia Tech cannot appropriately track, review, approve, and maintain a record of NI&S changes. As a result, Virginia Tech is at a higher risk for unauthorized changes to be implemented to its production environment that may negatively affect the confidentiality, integrity, and availability of its IT systems and data.

Virginia Tech does not have a formal and consistent change management procedure and process across all departments within the Division of IT due to an oversight. In August 2025, Virginia Tech created a working group to establish consistent processes and procedures across all IT departments, including NI&S.

Virginia Tech should develop and document a formal change management process for all components of its IT environment that aligns with the requirements of the ISO Standard to consistently implement and systematically record changes across all departments of the Division of IT. By implementing these controls for the change management process, Virginia Tech will reduce the risk of unauthorized changes in the environment and will help improve the confidentiality, integrity, and availability of mission critical and sensitive systems.

Improve Security Awareness Training

Type: Internal Control and Compliance
Severity: Significant Deficiency

Virginia Tech does not meet certain requirements in the ISO Standard for security awareness training (SAT). Specifically, Virginia Tech does not have an adequate process to assign SAT to new hires or to ensure that all users complete the SAT annually. An established SAT program is essential to protect Virginia Tech's IT systems and data by ensuring that employees understand their roles and responsibilities in securing sensitive information. Our review of Virginia Tech's SAT program identified the following weaknesses:

- 1,575 of 10,517 employees (15%) assigned SAT did not complete the annual training. Virginia Tech's IT Minimum Security Standard requires all employees and contractors to complete general information security awareness training annually. Additionally, the ISO Standard requires that personnel of the organization and relevant interested parties should receive appropriate information security awareness, education, and training and regular updates of the organization's information security policy, topic-specific policies, and procedures, as relevant for their job function.

- 717 of 1,202 employees (60%) hired in fiscal year 2025 did not complete their new hire SAT. Virginia Tech's IT Minimum Security Standard requires new employees to complete Cyber Security Onboarding for New Hires within 90 days of being hired. Additionally, the ISO Standard requires that initial awareness, education and training be provided to new personnel and to those who transfer to new positions or roles with substantially different information security requirements.

Without ensuring that all users take SAT annually and during onboarding, Virginia Tech increases the risk that users will be more susceptible to malicious attempts to compromise sensitive data, such as ransomware, phishing, and social engineering. Although users who have not completed the training receive email notifications informing them of the training deadline and reminding them to complete the training, Virginia Tech does not use an enforcement measure that forces users to complete the new hire or annual SAT such as disabling a user's account or limiting access until training is complete. Additionally, new employees who are hired directly into departments, such as emergency wage hires or adjunct faculty, are not automatically enrolled in SAT.

Virginia Tech should improve their SAT process to include an enforcement measure to ensure that all employees complete SAT during onboarding before accessing computer resources and annually thereafter. Improving the SAT program will help protect Virginia Tech from malicious attempts to compromise the confidentiality, integrity, and availability of sensitive data.

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

November 17, 2025

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
Virginia Polytechnic Institute and State University

Timothy D. Sands
President, Virginia Polytechnic Institute and 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 discretely presented component unit of **Virginia Polytechnic Institute and State University** (Virginia Tech) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Virginia Tech’s basic financial statements and have issued our report thereon dated November 17, 2025. Our report includes a reference to another auditor who audited the financial statements of the component unit of Virginia Tech, as described in our report on Virginia Tech’s financial statements. The other auditor did not audit the financial statements of the component unit of Virginia Tech 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 Virginia Tech.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Virginia Tech’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 Virginia Tech’s internal control. Accordingly, we do not express an opinion on the effectiveness of Virginia Tech’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 Change Management Procedures and Process" and "Improve Security Awareness Training," 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 Virginia Tech'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 "Internal Control and Compliance Findings and Recommendations" in the findings titled "Improve Change Management Procedures and Process" and "Improve Security Awareness Training."

The University's Response to Findings

We discussed this report with management at an exit conference held on November 29, 2025. Government Auditing Standards require the auditor to perform limited procedures on Virginia Tech's response to the findings identified in our audit, which is included in the accompanying section titled "University Response." Virginia Tech'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 Finding

We did not perform audit work on the audit finding included in our report dated November 18, 2024, titled "Properly Complete Federal Verification Prior to Disbursing Title IV Aid" because Virginia

Tech did not implement corrective action during our audit period. We will follow up on this finding during the fiscal year 2026 audit.

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/vks

FINDINGS SUMMARY

Finding Title	Status of Corrective Action*	Fiscal Year First Reported
Improve Change Management Procedures and Process	Ongoing	2025
Improve Security Awareness Training	Ongoing	2025
Properly Complete Federal Verification Prior to Disbursing Title IV Aid**	Ongoing	2024

* A status of **Ongoing** indicates new and/or existing findings that require management's corrective action as of fiscal year end.

** The prior audit finding was not included in the scope of our audit. Per inquiry with management, we determined that corrective action was ongoing as of June 30, 2025.

VIRGINIA TECH.

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January 20, 2026

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 2025 audit by the Auditor of Public Accounts (APA) and Virginia Tech concurs with the audit findings. The following contains the APA's findings and management's response to the findings.

Improve Change Management Procedures and Process

University Response

Virginia Tech established a working group in fall 2025 to develop an operational change management standard for the Division of Information Technology. The working group is surveying existing practices, constraints, and requirements and will establish formal division-wide IT change management standards and processes by March 2026. A phased implementation of standards and processes will be conducted across the Division with completion by June 2027.

Responsible Person: Kyle Johnson, Associate Vice President for Governance Planning and Strategy

Completion Date: June 2027

Improve Security Awareness Training

University Response

Management has determined that the current 97% compliance status with annual IT security awareness training significantly reduces the university's exposure to IT risk related to human-drive incidents. Divisions of Information Technology and Human Resources will establish enforcement mechanisms requiring security awareness training within 90 days of hire and annually thereafter. Procedures to assign required training will be refined to ensure all appropriate classes of employees are included in the assignment and reflected in the 'dashboard' for supervisor monitoring.

Responsible Person: David Raymond, Associate Vice President for Security and Identity

Completion Date: June 30, 2026

Sincerely,

Stacy A. King

Stacy A. King
Interim AVP for Finance & University Controller