



# SOUTHWEST VIRGINIA COMMUNITY COLLEGE

## INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS AS OF JUNE 2024

Auditor of Public Accounts  
Staci A. Henshaw, CPA

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Staci A. Henshaw, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

March 19, 2025

The Honorable Glenn Youngkin  
Governor of Virginia

Joint Legislative Audit  
and Review Commission

State Board for Community Colleges  
Virginia Community College System

David Doré  
Chancellor, Virginia Community College System

Victoria Ratliff  
Interim President, Southwest Virginia Community College

## INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS

We have reviewed the Internal Control Questionnaire for **Southwest Virginia Community College** (Southwest Virginia). We completed the review on June 25, 2024. The purpose of this review was to evaluate if the college has developed adequate internal controls over significant organizational areas and activities and not to express an opinion on the effectiveness of internal controls. Management of Southwest Virginia is responsible for establishing and maintaining an effective control environment.

The Auditor of Public Accounts has developed a new process for reviewing internal controls at colleges within the Virginia Community College System (System). Traditionally, we audited colleges within the System on a cycled basis based on relative financial size. We now audit material financial activity reported in the System's financial statements annually and we employ a risk-based approach to reviewing the remaining colleges within the System on a cycled basis. Under this approach, colleges are subject to a review of internal controls in the form of a questionnaire. We will perform an annual risk analysis to determine which colleges will receive an Internal Control Questionnaire review. This letter is to communicate the results of the Internal Control Questionnaire review.

## **Review Process**

During the review, the college completes an Internal Control Questionnaire that covers significant organizational areas and activities including payroll and human resources; revenues and expenses; procurement and contract management; capital assets; grants management; debt; and information technology and security. The questionnaire focuses on key controls over these areas and activities.

We review the college responses and supporting documentation to determine the nature, timing, and extent of additional procedures. The nature, timing, and extent of the procedures selected depend on our judgment in assessing the likelihood that the controls may fail to prevent and/or detect events that could prevent the achievement of the control objectives. The procedures performed target risks or business functions deemed significant and involve reviewing internal policies and procedures. Depending on the results of our initial procedures, we may perform additional procedures including reviewing evidence to ascertain that select transactions are executed in accordance with the policies and procedures and conducting inquiries with management. The “Review Procedures” section below details the procedures performed for Southwest Virginia. The results of this review will be factored into our annual risk assessment performed as part of the System’s annual financial statement audit which is used to determine the nature, timing, and extent of the audit procedures we will perform.

## **Review Procedures**

We evaluated the college’s corrective action for findings from the college’s previous audit except for findings related to student financial aid. We will evaluate the college’s corrective action for Student financial aid findings the next time the college participates in the reaffirmation of accreditation process. The college has taken adequate corrective action with respect to all other audit findings reported in the previous audit that are not repeated in the “Review Results” section below.

We reviewed a selection of system and transaction reconciliations in order to gain assurance that the System’s accounting system contains accurate data for the college. The definitive source for internal control in the Commonwealth is the Agency Risk Management and Internal Control Standards (ARMICS) issued by the Department of Accounts (Accounts); therefore, we also included a review of ARMICS. The level of ARMICS review performed was based on judgment and the risk assessment at Southwest Virginia. Our review of Southwest Virginia’s ARMICS program included a review of all current ARMICS documentation and a comparison to statewide guidelines established by Accounts.

We reviewed the Internal Control Questionnaire and supporting documentation detailing policies and procedures. As a result of our review, we performed additional procedures over the following areas: payroll and human resources; revenues; capital assets; and information technology and security. These procedures included validating the existence of certain transactions; observing controls to determine if the controls are effectively designed and implemented; reviewing transactions for compliance with internal and Commonwealth policies and procedures; and conducting further review over management’s risk assessment process.

As a result of these procedures, we noted areas that require management's attention. These areas are detailed in the "Review Results" section below.

## **Review Results**

We noted the following areas requiring management's attention resulting from our review:

- **Repeat** – Southwest Virginia did not perform a physical inventory over its capital assets within the past two years as required by Commonwealth Accounting Policies and Procedures (CAPP) Manual Topic 30505. Management should allocate resources to ensure a physical asset inventory count is performed at least once every two years and review current procedures to ensure the proper monitoring and disposal of assets.
- Southwest Virginia has formal, documented policies and procedures over many of its significant business processes. However, given recent turnover in key fiscal and administrative positions, we identified several business areas where Southwest Virginia should expand the policies and procedures to maintain an effective control environment. CAPP Manual Topic 20905 and other CAPP Manual sections require each agency to "publish its own policies and procedures documents, approved in writing by agency management." The CAPP Manual cannot take the place of the college's own documented policies and procedures. Management should ensure detailed policies and procedures exist for all critical business areas. Consistently maintaining documented policies and procedures will allow operations to continue in the event of turnover and ensure consistency with the processing of transactions across the organization. In addition, management should continue to develop a process to review and approve all policies and procedures either annually or as needed and maintain documentation of the process.
- Southwest Virginia could not provide termination checklists for terminated employees reviewed to document the removal of access, return of assets, and payment of any outstanding balances. Not retaining the termination checklists can cause discrepancies in the timely and accurate return of college property and prevent timely removal of system access in accordance with the System's Information Technology Security Standard, based on ISO 27002:2013. Southwest Virginia should ensure it completes and retains termination checklists for all terminated employees.
- Southwest Virginia did not maintain consistent documentation to show timely preparation and approval of reconciliations between the accounting information system and the Commonwealth's accounting and financial reporting system. Southwest Virginia should update its procedures to require documented evidence showing timely completion and management approval of its reconciliations.

- Southwest Virginia did not confirm retirement contribution snapshots timely. CAPP Manual Topic 50470 states the retirement benefits system snapshot for the month must be confirmed by the 10th of the following month. Untimely certification at the agency level impacts the ability of Accounts to process inter-agency transfers for any differences between amounts the college confirmed in the retirement benefits system and the retirement contributions withheld and paid for all agencies across the Commonwealth. Southwest Virginia should create policies and procedures to ensure the timely confirmation of the retirement contribution snapshots.

We discussed these matters with management on September 4, 2024. Management's response to the findings identified in our review is included in the section titled "College Response." We did not validate management's response and, accordingly, cannot take a position on whether or not it adequately addresses the issues in this report.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

Sincerely,

Staci A. Henshaw  
AUDITOR OF PUBLIC ACCOUNTS

MBR/clj



Office of the Vice President for Finance & Administration

March 21, 2025

Staci Henshaw  
Auditor of Public Accounts  
PO Box 1295  
Richmond, VA 23218

Dear Ms. Henshaw,

Thank you for the opportunity to comment on the Auditor of Public Accounts ICQ Results letter dated September 12, 2024 and received on March 19, 2025.

Southwest Virginia Community College (SWCC) has already taken steps to address several of the opportunities identified in your review and have a Corrective Action Plan to fully address the issues you have identified.

SWCC will take this opportunity to strengthen its processes, policies and procedures and appreciates the thorough nature of the review.

Sincerely,

A handwritten signature in blue ink that reads "Dyan E. Lester".

Dyan E. Lester  
Vice President for Finance & Administration

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