



STUDENT FINANCIAL ASSISTANCE PROGRAMS CLUSTER

REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2018

Auditor of Public Accounts
Martha S. Mavredes, CPA
www.apa.virginia.gov
(804) 225-3350



AUDIT SUMMARY

Our audit of the major federal program of the Student Financial Assistance Programs Cluster, administered by various public higher education institutions in the Commonwealth of Virginia for the fiscal year ended June 30, 2018, found:

- Proper recording and reporting of all transactions, in all material respects, in the institutions' accounting and financial reporting systems, applicable federal student financial assistance systems, and in supplemental information submitted to the Department of Accounts;
- matters involving internal control and operations necessary to bring to management's attention; and
- instances of noncompliance with applicable laws and regulations or other matters that are required to be reported in the Commonwealth's Single Audit. The Single Audit report will be available on APA's website at www.apa.virginia.gov in February 2019.

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AUDIT FINDINGS AND RECOMMENDATIONS

Improve Compliance over Enrollment Reporting

Applicable to: Central Virginia Community College (repeat), George Mason University, James Madison University, Norfolk State University (repeat), Northern Virginia Community College, Old Dominion University, Paul D. Camp Community College (repeat), Radford University, Tidewater Community College, University of Virginia, Virginia Commonwealth University, Virginia Polytechnic Institute and State University, Virginia State University

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: Select Institutions as noted above

The following institutions did not properly report enrollment changes to the U.S. Department of Education using the National Student Loan Data System (NSLDS) in accordance with 34 CFR §685.309 and the NSLDS Enrollment Guide for students that had withdrawn and/or graduated.

Central Virginia Community College did not report an accurate effective date for ten out of 32 students tested (31%) and did not report student status changes timely for six students (18%). The underlying cause of the noncompliance is indeterminate and will require additional research.

George Mason University reported incorrect enrollment statuses for two out of 30 students tested (7%), inaccurate effective dates for three students (10%), and did not report student status changes timely for two students (6%). There are various underlying causes for the noncompliance that will require the University's individual attention.

James Madison University did not report an accurate effective date for 12 out of 12 (100%) retroactive withdrawals. There were only 12 retroactive withdrawals for the entire University. By the time the Dean of Student's Office reported the retroactive withdrawals to the Registrar's Office; the Registrar's Office had stopped reporting for that term and started reporting for the next term. This caused the student's withdrawal date to be reported as the end of the term instead of the actual withdrawal date.

Norfolk State University did not report an accurate enrollment status for 12 out of 40 students tested (30%), reported an inaccurate effective date for 27 students (69%), and did not report student status changes timely for 12 students (30%). The underlying cause of the noncompliance is indeterminate and will require additional research.

Northern Virginia Community College did not report an accurate enrollment status for two out of 55 students tested (4%), reported an inaccurate effective date for 12 students (22%), and did not report student status changes timely for 13 students (24%). The underlying cause of the noncompliance is indeterminate and will require additional research.

Old Dominion University did not report an accurate enrollment status for four out of 25 students tested (16%), reported an inaccurate effective date for 14 students (56%), and did not report student

status changes timely for 14 students (56%). The underlying cause of these errors is indeterminate and will require additional research.

Paul D. Camp Community College did not report an accurate enrollment status for nine out of 19 students tested (47%), reported an inaccurate effective date for ten students (52%), and did not report student status changes timely for six students (31%). The full cause of the noncompliance is indeterminate and will require additional research.

Radford University did not report an accurate enrollment status for three out of 37 students tested (8%), reported an inaccurate effective date for 15 students (41%), and did not report student status changes timely for six students (16%). The full cause of the noncompliance is indeterminate and will require additional research.

Tidewater Community College did not report an accurate enrollment status for three out of 50 students tested (6%), reported an inaccurate effective date for eight students (16%), and did not report a student status change timely for one student (2%). The cause appears to be the graduate file extracting incorrect enrollment data.

The University of Virginia did not accurately report the accurate effective date and did not report enrollment status changes timely for three out of 12 withdrawing students tested (25%). The University and auditor have different interpretations of the Code of Federal Regulations and the NSLDS Enrollment Reporting Guide with respect to the establishment of enrollment status effective dates. The University outlines its interpretation regarding the establishment of enrollment status effective dates as part of the University's response and intends to seek clarification regarding its interpretation from the U.S. Department of Education.

Virginia Commonwealth University did not report an accurate enrollment status for nine out of 50 students tested (18%), reported an inaccurate effective date for ten students (20%), and reported student status changes untimely for eight students (16%). There are various causes for the noncompliance that will require the University's individual attention.

Virginia Polytechnic Institute and State University did not report an accurate enrollment status for three out of 30 students tested (10%). The University reported the students with an enrollment status of withdrawn rather than graduated resulting in an inaccurate effective date and untimely reporting. The specific instances of noncompliance related to two students who earned dual degrees and one having a degree conferred after enrolling in and withdrawing from the subsequent term.

Virginia State University did not report an accurate enrollment status for one out of 25 students tested (4%), reported an inaccurate effective date for eight students (32%), and did not report student status changes timely for six students (24%). The full cause of the noncompliance is indeterminate and will require additional research and collaboration with the University's third-party servicer.

In accordance with Code of Federal Regulations, Title 34 CFR §685.309(b)(2), 34 CFR §690.83(b)(2), and as detailed in Dear Colleague Letter (DCL) GEN 12-06, unless the institution expects

to submit its next student status confirmation report within 60 days, the institution must notify the U.S. Department of Education within 30 days of an enrollment change. Additionally, the NSLDS Enrollment Reporting Guide, published by the U.S. Department of Education, identifies specific parameters, which institutions must meet to achieve compliance with these reporting regulations.

Not properly and accurately reporting a student's enrollment status may interfere with establishing a student's loan status, deferment privileges, and grace periods. In addition, the accuracy of the data reported by each institution is vital to ensuring that Direct Loan records and other federal student records remain updated.

Each institution should evaluate their current enrollment reporting policies and procedures. Institutional management should enhance current policies and procedures and/or implement corrective action to prevent future noncompliance. Where applicable, management should also consider implementing a quality control review process to monitor the accuracy of campus and program-level batch submissions.

Properly Process Return of Title IV Calculations

Applicable to: George Mason University, Norfolk State University, Old Dominion University, University of Virginia

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: No

The financial aid offices at the following institutions did not properly identify withdrawn students, accurately perform the Title IV return calculation, and/or return unclaimed federal aid for students who had officially or unofficially withdrawn from the institution in accordance with 34 CFR §668.22.

Code of Federal Regulations, Title 34 CFR §668.22, states when a recipient of Title IV grant or loan assistance withdraws from an institution during a period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date. Institutions not required to take attendance must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the (i) payment period or period of enrollment; (ii) academic year in which the student withdrew; or (iii) educational program from which the student withdrew. Institutions must return unearned financial aid funds to the U.S. Department of Education no later than 45 days from the date that the institution had determined that the student had withdrawn. Volume 5 of the 2017-2018 Student Financial Handbook states that while determining the length of a scheduled break, the institution should determine the last day that the institution holds class before the scheduled break and consider the next day to be the beginning of the scheduled break.

George Mason University did not properly calculate the return of Title IV funds for the Spring 2018 semester. The underlying cause for the noncompliance is a miscalculation in the number of scheduled break days the regulations and U.S. Department of Education guidance documents require

the institution to exclude from the calculation. The miscalculation of scheduled break days resulted in a net error amount of \$135.66.

For the Spring 2018 semester, Norfolk State University did not identify unofficial withdrawals timely and did not properly complete return of Title IV calculations. The Financial Aid Office identified 27 out of 32 students (32%) as potential unofficial withdrawals prior to the deadline; however, due to delayed correspondence with students, office personnel did not finalize withdrawal determinations until after the federally mandated deadline. Additionally, the financial aid office used an incorrect number of days in its calculation of aid earned by students prior to withdrawing from the institution during the Spring semester. The cause for the calculation errors was a result of a misinterpretation of the number of scheduled break days that regulations and U.S. Department of Education guidance documents require the institution to exclude from the calculation. The miscalculation of scheduled break days resulted in a net error amount of \$3.37.

Old Dominion University did not properly calculate the return of Title IV funds for the Spring 2018 semester. The underlying cause for the noncompliance is a miscalculation in the number of scheduled break days the regulations and U.S. Department of Education guidance documents require the institution to exclude from the calculation. The miscalculation of scheduled break days resulted in a net error amount of \$282.74.

The University of Virginia's medical and law schools (the schools) did not promptly return Title IV funds within 45 days of the institution's determination that a student withdrew for four out of eight students (50%) that withdrew from these schools. Staffing limitations within these decentralized financial aid offices contributed to the delay in processing the returns.

Improperly identifying, calculating, and/or not returning unearned Title IV funds timely to the U.S. Department of Education may result in adverse actions and impact the institution's participation in Title IV programs. Each institution should review and enhance current return of Title IV policies and procedures. Management should implement corrective action to prevent future noncompliance.

Improve Notification of Awards to Students

Applicable to: James Madison University, Norfolk State University, University of Virginia

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: No

The following institutions did not properly provide loan borrowers with required written notification including details on timing and method of disbursement, borrower rights, and the procedures for notifying the institution of the desire to cancel the loan in accordance with 34 CFR §668.165 (a)(2).

Code of Federal Regulations, Title 34 CFR §668.165(a), requires institutions, prior to disbursing Title IV Higher Education Act Funds for any award year, to notify a student of the amount of funds that the student or his or her parent can expect to receive under each Title IV Higher Education Act program,

and how and when those funds will be disbursed. If those funds include Direct Loans or FFEL Program funds, the notice must indicate which funds are from subsidized loans and which are from unsubsidized loans. Additionally, 34 CFR §668.165 (3)(i – ii) indicates that for Direct Loans the institution must provide the notice in writing no earlier than 30 days before, and no later than 30 days after, crediting the student’s account at the institution, if the institution obtains affirmative confirmation and no later than seven days if the institution does not obtain an affirmative confirmation.

James Madison University personnel did not properly notify 25 out of 8,620 Direct Loan recipients (0.3%). Business office personnel did not initiate a process that must run to generate the loan notifications, and as such, did not provide the required notifications to the affected students.

Norfolk State University was not able to provide sufficient audit evidence that the University provided all required elements of the award and/or disbursement notifications for 21 out of 25 (84%) of the students tested. The lack of notification documentation appears to relate to a programming error overwriting notification records.

The University of Virginia did not properly notify 499 out of 6,522 Direct Loan recipients (7.7%). A programming error did not capture certain types of loan disbursement transactions resulting in the improper notification to the students.

Not properly notifying students in accordance with Federal Regulations may result in adverse actions and impact the institution’s participation in Title IV programs. Additionally, improper notification could limit the amount of time a student or parent has to make an informed decision on whether to accept or reject a loan.

Each institution should review their current policies and procedures for providing notification to federal aid recipients. Corrective measures should be implemented to ensure that students are provided timely notifications, which include required elements.

Improve Reporting to the Common Origination and Disbursement System

Applicable to: James Madison University, Virginia State University

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: No

The following institutions did not provide timely and/or accurate disbursement information to the Common Origination and Disbursement system (COD) in accordance with 34 CFR §668.14(a) and 82 FR 29062.

In accordance with 82 FR 29062, an institution must submit Federal Pell Grant and Direct Loan disbursement records no later than 15 days after making the disbursement or becoming aware of the need to adjust a student’s previously reported disbursement. In accordance with 34 CFR §668.14(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 sub-ledger of the general ledger, or (b) pays those funds

to the student directly. Title IV funds are disbursed even if the institution uses its own funds in advance of receiving program funds from the Secretary of Education.

James Madison University financial aid personnel did not report disbursements timely for 19 out of 45 students (42%). The underlying cause of the noncompliance appears to be the result of employee turnover.

Virginia State University financial aid personnel did not accurately report the disbursement date for four out of 30 (13%) of students tested. The underlying cause of the noncompliance is a result of a software defect currently under review.

Not submitting disbursement records within the required timeframe may result in the Secretary rejecting all or part of the reported disbursement. Noncompliance may result in an audit or program review finding or the initiation of an adverse action, such as a fine or other penalty. Management at each institution should review their current policies and procedures for submitting disbursement records and implement corrective action to prevent future noncompliance.

Promptly Return Unclaimed Aid to the Department of Education

Applicable to: James Madison University

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: No

James Madison University personnel did not return \$38,534 in unclaimed student financial aid funds to the U.S. Department of Education within the required timeframe for 28 of 252 (11%) students tested in accordance with 34 CFR §668.164(l).

In accordance with 34 CFR §668.164(l), if an institution attempts to disburse the funds by check and the check is not cashed, the institution must return the funds no later than 240 days after the date it issued that check or no later than 45 days after an electronic funds transfer (EFT) is rejected. By not returning funds timely, the institution is subject to federal non-compliance and potential adverse actions that may affect the University's participation in Title IV aid programs. Not performing due diligence activities timely can result in federal non-compliance and subject the institution to potential adverse actions and affect the institution's participation in Title IV programs. The underlying cause of the noncompliance appears to be the result of employee turnover.

Management should evaluate current policies and procedures for returning unclaimed Title IV funds and implement corrective action to prevent future noncompliance. In the event that the institution is unable to contact the federal aid recipient and the check remains uncashed or EFT is rejected, the institution should ensure that unclaimed funds are returned to the U.S. Department of Education within the required timeframe.



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

January 9, 2019

The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Thomas K. Norment, Jr.
Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of the **Student Financial Assistance Programs Cluster**, administered by the Commonwealth of Virginia's public higher education institutions for the year ended June 30, 2018. We conducted this audit in accordance with 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, in support of the Commonwealth's Single Audit. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objective was to audit the Student Financial Assistance Programs Cluster in support of the Commonwealth's Single Audit. In support of this objective, we evaluated the accuracy of recorded financial transactions in the accounting and financial reporting system of each institution, applicable federal student financial assistance systems, and in supplemental information submitted to the Department of Accounts; reviewed the adequacy of each institution's internal controls over the federal program; and tested for compliance with applicable laws, regulations, contracts, and grant agreements.

Audit Scope and Methodology

Management at each institution has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered materiality and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the Student Financial Assistance Programs Cluster at the following Commonwealth of Virginia higher education institutions:

George Mason University	Tidewater Community College
James Madison University	University of Virginia
Norfolk State University	Virginia Commonwealth University
Northern Virginia Community College	Virginia Polytechnic and State University
Old Dominion University	Virginia State University
Radford University	

Additionally, our review included a follow-up on previously issued and unresolved findings at the following Commonwealth of Virginia higher education institutions:

Blue Ridge Community College	Mountain Empire Community College
Central Virginia Community College	Paul D. Camp Community College
Germanna Community College	Southwest Virginia Community College
John Tyler Community College	Virginia Highlands Community College

We performed audit tests to determine whether the Student Financial Assistance Programs Cluster's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws, regulations, contracts, and grant agreements. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, contracts, and observation of operations for the Student Financial Assistance program at each institution. We tested transactions and performed analytical procedures.

A nonstatistical sampling approach was used. Our samples were designed to support conclusions about our audit objectives. An appropriate sampling methodology was used to ensure the samples selected were representative of the population and provided sufficient, appropriate evidence. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

Conclusions

We found that the institutions managing the Student Financial Assistance Federal Programs Cluster properly stated, in all material respects, the amounts recorded and reported in their respective accounting and financial reporting systems, applicable federal student financial assistance systems, and in supplemental information submitted to the Department of Accounts.

We noted certain matters involving internal control and its operation and compliance with applicable laws, regulations, contracts and grant agreements that require management's attention and corrective action. These matters are described in the section entitled "Audit Findings and Recommendations."

Our consideration of internal control was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore; material

weaknesses and significant deficiencies may exist that were not identified. However, as described in the section entitled “Audit Findings and Recommendations,” we identified deficiencies in internal control that we consider to be significant deficiencies.

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. We have explicitly identified five findings in the section titled “Audit Findings and Recommendations” that we consider to be significant deficiencies in internal controls over compliance.

Additionally, as described in the “Audit Findings and Recommendations” section of this report, institutions did not comply with certain requirements related to the Student Financial Assistance federal programs, as described in the findings titled “Improve Compliance over Enrollment Reporting,” “Properly Process Return of Title IV Calculations,” “Improve Notification of Awards to Students,” “Improve Reporting to the Common Origination and Disbursement System,” and “Promptly Return Unclaimed Aid to the Department of Education.”

As certain findings noted above have been identified as significant deficiencies for the Commonwealth, they will be reported as such in the “Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards,” which is included in the Commonwealth’s Single Audit Report (Single Audit) for the year ended June 30, 2018. Also, as the findings noted above relate to federal programs, they will be reported in the “Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance,” which is also included in the Single Audit for the year ended June 30, 2018. The Single Audit will be available on APA’s website at www.apa.virginia.gov in February 2019.

Exit Conference and Report Distribution

We discussed this report with each management of each institution. Each institution’s response to the findings identified in our audit is included in the section titled “Institution Responses.” We did not audit these responses and, accordingly, we express no opinion on them.

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.

AUDITOR OF PUBLIC ACCOUNTS

EMS/clj



February 6, 2019

Ms. Martha Mavredes
Auditor of Public Accounts
James Monroe Building
101 North 14th Street 8th Floor
Richmond, VA 23219

Dear Ms. Mavredes,

Please accept this response for our college related to our June 30, 2018 audit findings. We value this opportunity and input to further strengthen our processes. The following information was provided by Dean Michael Farris regarding the cited finding.

CVCC Response: Improve Reporting to the National Student Loan Data System

We concur with this finding and wanted to offer additional context. When this finding first was discovered in 2015, the newly-hired CVCC Dean of Enrollment Management reached out to both the VCCS Director of Financial Aid and the VCCS Coordinator of Admissions and Records for guidance in this area. Through research and discovery, the enrollment data file that is generated at the college by the Admissions and Records Office for submission to the NSC, and subsequently from the NSC to the NSLDS, is done observing a process developed by the VCCS System Office, and has been found to be flawed, in that it does not capture unofficial student withdrawals- the very students noticed as being reported inaccurately by the APA auditor. At that time in 2015, a manual “work-around” for financial aid recipients that required a staff member in the Financial Aid Office to frequently monitor financial aid students that had been completely and unofficially withdrawn from the college was implement for NSLDS enrollment reporting. Once the data of one of these students was noticed to have been reported incorrectly, the financial aid employee would manually update the students record at the NSLDS with accurate enrollment data. Then, once the semester ended, each of these students had to be re-checked for possible overwritten data by the end-of term enrollment reporting data. While in theory this manual workaround is effective, it is very inefficient. Also, and more significantly, it only addressed the students receiving financial aid at the college- not all of its students. At best, this work-around only ensured compliance for about half of the college’s student population. CVCC has been able to demonstrate a decline in

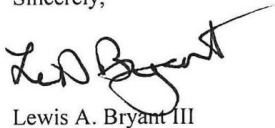
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non-compliant students in the follow-up samples, but has simply not been able to completely eliminate non-compliant students from our follow-up samples. Also, since this initial finding, CVCC has restored both the Financial Aid Coordinator and the College Registrar positions which should assist in completing the work around.

Since the follow up visit by the APA auditor in September of 2018, CVCC Dean of Enrollment Management has received confirmation from both the CVCC College Registrar and the VCCS Director of Financial Aid that the NSC file generation process has finally been corrected at the VCCS system-level, and enrollment files generated after June 2018 should be correct. In conclusion, we feel that these measures will help eliminate this finding for future audit periods.

This response provides the context behind the condition cited and the process the college went through to ultimately resolve the deficiency, if you should have further questions, please feel free to call me 434-832-7615 or reach out to Mr. Farris at 434-832-7891

Sincerely,


Lewis A. Bryant III



Office of Student Financial Aid

4400 University Drive, MS 3B5, Fairfax, Virginia 22030
Phone: 703-993-2353; Fax: 703-993-2350; Web: <http://financialaid.gmu.edu>

February 5, 2019

Response to Findings in the Draft 2018 SFA Federal Report for George Mason University

In response to the two findings included in the draft SFA Federal Report, George Mason University's responses are as follows:

Finding #1

Improve Compliance over Enrollment Reporting:

The following Internal Control and Compliance findings were indicated for George Mason University:

- Incorrect enrollment statuses for three out of 30 students tested (10%)
- Inaccurate enrollment status effective dates for four students (13%)
- Untimely reporting of student status changes for two students (6%)

Response

George Mason University will collaborate both internally and with our third party servicer regarding issues with enrollment reporting findings.

Finding #2

Properly Process Return of Title IV Calculations

Response

George Mason University has updated our Student Information System to include the Sunday before break with the number of break days, thus excluding it from the R2T4 calculation as required.



February 4, 2019

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

Dear Mr. Quesenberry,

This letter confirms that we agree to the wording presented in the 2018 APA Student Financial Aid Report Draft as it pertains to findings related to James Madison University with the following caveats:

- The addition of the related percentage (0.3%) to the finding **Improve Notification of Awards to Students**, which starts on page 4 of the report, to read as follows:

James Madison University personnel did not properly notify 25 out of 8,620 direct loan recipients (0.3%). Business office personnel did not initiate a process that must run to generate the loan notifications, and as such, did not provide the required notifications to the affected students.

- The addition of a language indicating that the retroactive withdrawals test sample for the Improve Compliance over Enrollment Reporting (page 1) is representative of the entire population, to read as follows:

James Madison University did not report an accurate effective enrollment status date for 12 out of 12 (100 %) retroactive withdrawals. There were only 12 retroactive withdrawals for the entire University. By the time the Dean of Student's Office reported the retroactive withdrawals to the Registrar's Office; the Registrar's Office had stopped reporting for that term and started reporting for the next term. This caused the student's withdrawal date to be reported as the end of the term instead of the actual withdrawal date.

- The deletion of "financial aid" from the finding **Promptly Return Unclaimed Aid to the Department of Education**, which starts on page 6 of the report, to read as follows:

James Madison University personnel did not return \$38,534 in unclaimed student financial aid funds to the U.S. Department of Education within the required timeframe for 28 of 252 (11%) students tested in accordance with 34 CFR 668.164(l).

With these changes, we find all wording agreeable.

Sincerely,

Mark Angel
Assistant Vice President for Finance

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FINANCE AND ADMINISTRATION

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October 15, 2018

Ms. Martha Mavredes
Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218-1295

Dear Ms. Mavredes:

Norfolk State University has reviewed the Financial Internal Control and Compliance Findings and Recommendations provided by the Auditor of Public Accounts for the fiscal year ending June 30, 2018 and agrees, in principle, with all of the findings.

Attached for your consideration is a brief update as to where the campus is with respect to the findings. The formal Corrective Action Workplan will be submitted within thirty days as required by CAPP Manual Topic No. 10205. Please contact me should you have any questions or require additional information.

On behalf of Norfolk State University, please extend my appreciation to all of your staff for their professional audit work and recommendations.

Sincerely,

Gerald E. Hunter
Vice President for Finance and Administration

Cc: Melvin T. Stith, Sr., Ph.D., Interim President
Leroy Hamilton, Jr., Ph.D., Interim Provost and Vice President for Academic Affairs
Michael M. Shackleford, Ed.D., VP for Student Affairs and Enrollment Management
Karla Amaya Gordon, AVP for Finance and Administration / University Controller
Harry Aristakesian, University Internal Auditor
S. Faye Monroe-Davis, Chief Information Officer
Sylvester T. Watkins, Director of Human Resources
Melissa Barnes, Ed.D., Director of Financial Aid
Michael D. Carpenter, Registrar

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FY 2018 – Student Financial Aid Internal Control & Compliance Findings

Improve Compliance over Enrollment Reporting

NSU Financial Aid Office personnel will work with the Registrar to ensure timely and accurate reporting of enrollment verification records as well as error batches from the National Clearinghouse. The following internal control procedures will be implemented to ensure compliance. An enrollment status code of ‘withdrawal’ will be implemented to capture students who unofficially withdraw during the 10-week and students who final grading periods resulted in all “F” grades. Reports will be generated to capture students who fail to return from each semester. All batches uploaded to the National Clearinghouse will be reviewed to ensure that they are accepted and free of errors. The Registrar Office will notify Financial Aid personnel of all batches sent to the National Clearinghouse during the 30-day process, 10-week and final grading periods, and between semesters breaks for verifying records in NSLDS.

Properly Process Return of Title IV Calculations

NSU Financial Aid Office will amend its Return of Title IV Funds policy to include the following controls. Upon receipt of the 10-week and final grading reports from the Registrar’s Office, notifications will be sent to students who receive all F grades. Students will be given five business days from the date of the letter and/email to respond. Once the letters/emails are sent, the Financial Aid staff will proceed with performing return of funds calculations, adjustments in aid, notification to Student Accounts and notification to students of revisions in their award. Financial Aid staff will reinstate aid upon receipt of written notification from students and professors that solidifies that the student earned the grades received by class attendance, tests and examinations and/or any assigned requirements. This process will eliminate performing return of funds calculations after receipt of notification from students and/or professors as well as during timeframes of institutional closure.

Improve Notification of Awards to Students

Effective immediately, the Financial Aid Office has established communication management (CM) codes for all documents that are sent to students via hard copy and email to assist in the process and to store batches in a history file. The revised processes will update the student’s communication log and store the date the notification was sent to the student. the grades received by class attendance, tests and examinations and/or any assigned requirements. This process will eliminate performing return of funds calculations after receipt of notification from students and/or professors as well as during timeframes of institutional closure.

Date: February 4, 2019

To: Jim R. Quesenberry, Audit Manager
Auditor of Public Accounts

From: Joan A. Zanders, Director of Financial Aid & Enrollment Services
Northern Virginia Community College

Re: 2018 APA Student Financial Aid Audit Report

Northern Virginia Community College has reviewed the 2018 APA Student Financial Aid Audit Draft. Our only finding was in enrollment reporting, which is completed for us by the National Student Clearinghouse. From information received from the Clearinghouse, a late Department of Education change to required reporting is likely impacting our results, though not the sole cause of errors.

In an attempt to resolve the issues, we have been working with the VCCS to ensure that the query used for enrollment reporting is correctly picking up the required reporting information. We have also reached out to NOVA's POC to gain additional access for our office to enable us to review errors. We will continue working on the various areas until we feel reporting is accurate.

NOVA Financial Aid
College Financial Aid Office, Box 135
8333 Little River Turnpike
Annandale, VA 22003-3743



VICE PRESIDENT FOR ADMINISTRATION AND FINANCE
NORFOLK, VIRGINIA 23529 0014
PHONE: (757) 683 3464

February 4, 2019

Martha S. Mavredes, CPA
Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218

Dear Ms. Mavredes:

We have reviewed the audit findings and recommendations resulting from the fiscal year 2018 audit by the Auditor of Public Accounts (APA).

Old Dominion University acknowledges the audit findings. The following contains the APA findings and management's response to the concerns and issues raised.

Improve Compliance over Enrollment Reporting

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: Select Institutions as noted above

The following institutions did not properly report enrollment changes to the U.S. Department of Education using the National Student Loan Data System (NSLDS) in accordance with 34 CFR 685.309 and the NSLDS Enrollment Guide for students that had withdrawn and/or graduated:

Old Dominion University did not report an accurate effective enrollment status for four out of 25 students tested (16%), reported an inaccurate effective date for 14 students (56%), and did not report student status changes timely for 14 students (56%). The underlying cause of these errors is indeterminate and will require additional research.

In accordance with Code of Federal Regulations, Title 34 CFR §685.309(b)(2), 34 CFR §690.83(b)(2), and as detailed in Dear Colleague Letter (DCL) GEN 12-06, unless the institution expects to submit its next student status confirmation report within 60 days, the institution must notify the U.S. Department of Education within 30 days of an enrollment change. Additionally, the NSLDS Enrollment Reporting Guide, published by the U.S. Department of Education, identifies specific parameters, which institutions must meet to achieve compliance with these reporting regulations.

Not properly and accurately reporting a student's enrollment status may interfere with establishing a student's loan status, deferment privileges, and grace periods. In addition, the accuracy of the data reported by each institution is vital to ensuring that Direct Loan records and other federal student records remain updated.

Each institution should evaluate their current enrollment reporting policies and procedures. Institutional management should enhance current policies and procedures and/or implement corrective action to prevent future noncompliance. Where applicable, management should also consider implementing a quality control review process to monitor the accuracy of campus and program-level batch submissions.

Management's Response

Based on the findings, Old Dominion University has undertaken a review of our enrollment reporting process to address the issues noted during the audit. Most of the issues are caused by anomalies in the

reporting functionality delivered by our student information system vendor. We participated in a national advisory group with other institutions to address this issue and are awaiting resolution. In the meantime, we have implemented a workaround until the software vendor delivers the resolution.

Properly Process Return of Title IV Calculations

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: No

The financial aid offices at the following institutions did not properly identify withdrawn students, accurately perform the Title IV return calculation, and/or return unclaimed federal aid for students who had officially or unofficially withdrawn from the institution in accordance with 34 CFR 668.22.

Code of Federal Regulations, 34 CFR §668.22 states when a recipient of Title IV grant or loan assistance withdraws from an institution during a period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date. Institutions not required to take attendance must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the - (i) Payment period or period of enrollment; (ii) Academic year in which the student withdrew; or (iii) Educational program from which the student withdrew. Institutions must return unearned financial aid funds to the U.S. Department of Education no later than 45 days from the date that the institution had determined that the student had withdrawn. Volume 5 of the 2017-2018 Student Financial Handbook states that while determining the length of a scheduled break, the institution should determine the last day that the institution holds class before the scheduled break and consider the next day to be the beginning of the scheduled break.

Old Dominion University did not properly calculate the return of Title IV funds for the Spring 2018 semester. The underlying cause for the noncompliance is a miscalculation in the number of scheduled break days the regulations and Department of Education guidance documents require the institution to exclude from the calculation. The miscalculation of scheduled break days resulted in a net error amount of \$282.74.

Improperly identifying, calculating, and/or not returning unearned Title IV funds timely to the U.S. Department of Education may result in adverse actions and impact the institution's participation in Title IV programs. Each institution should review and enhance current return of Title IV policies and procedures. Management should implement corrective action to prevent future noncompliance.

Management's Response

Based on the findings, the issue has been corrected and the calculation of scheduled break days will be implemented according to the regulations noted in the Student Financial Aid Handbook guidelines. These changes are currently in place for spring 2019.

Old Dominion University takes very seriously our reporting obligations and has addressed the audit findings.

Sincerely,



Gregory DuBois
Vice President for Administration and Finance



February 7, 2019

Ms. Martha Mavredes
Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218

Dear Ms. Mavredes,

Paul D. Camp Community College (PDCCC) has taken the following corrective actions in response to the enrollment finding. As recommended in the October 4, 2018, APA Interdepartmental Memorandum to PDCCC's Financial Aid Coordinator and Registrar, management has implemented a quality control review (QCR) process and workgroup. The Registrar and Financial Aid Coordinator each spoke to another VCCS college (VHCC and BRCC, respectively) regarding best practices. An internal QCR with workgroup and calendar of meetings has been created and is being implemented. Per NSC recommendation, at the beginning of each term (by the second report), the QCR workgroup will review the NSLDS Roster. The Registrar has granted View Only access to NSC to the Financial Aid Coordinator and Dean of Student Services. Likewise, the Dean of Student Services will have View Only access to the NSLDS. The Financial Aid Coordinator has disseminated the current NSLDS Reporting Manual to the QCR members for review. The Registrar has reviewed the current reporting schedule with NSC and increased subsequent reporting. The Registrar and Return of Aid Processor will collaborate on the R2T4 report monthly between the Last Day to Drop with a Refund and end of term. The QCR members will review the graduation file at the end of term for campus/program level reporting, on or after the grade due date to review the upload. As many QCR members as is feasible will attend the March NSC training in Norfolk. Our corrective action regarding the enrollment finding is technically complete, although ongoing, since the March training is upcoming.

Sincerely,

A handwritten signature in black ink, appearing to read "Tara L. Atkins-Brady".

Tara L. Atkins-Brady, Ph.D.
Vice President, Academic and Student Development

Cc: Dr. Daniel Lufkin



February 7, 2019

The Auditor of Public Accounts
P.O. Box 1295
Richmond, VA 23218

Dear Ms. Mavredes:

We have reviewed the audit finding and recommendation related to the Student Financial Aid Federal program audit for aid year 2018. We understand that these findings were in relation to the testing over the major federal program of the Student Financial Assistance Programs Cluster for the Commonwealth's Single Audit.

Radford University acknowledges and concurs with the audit findings. The following contains management's response to the finding. We would like to note that immediate corrective action was taken as allowable to address issues of noncompliance, and the applicable offices are continuously reviewing their policies and procedures to ensure their operating effectiveness.

Improve Enrollment Reporting Process

In the past, the University, along with the National Student Clearinghouse, has interpreted the required effective date as either the last date of attendance or the conferral date. As a result of this recommendation, the Registrar's Office has immediately begun using the conferral date for all students who are not enrolled in the term in which they graduate as standard practice.

Other exceptions noted relate to the overriding of effective dates in the National Student Loan Data System (NSLDS) due to the submission of batch data. The Registrar's Office in conjunction with the Financial Aid Office are working diligently to further research this issue and determine the best policy and procedure to move forward in a compliant manner. The Registrar's Office is responsible for overseeing the corrective action, and the anticipated completion date is April 30, 2019.

We would like to thank you and your staff for the valuable services that you provide.

Sincerely,

A handwritten signature in black ink that reads "Kitty McCarthy".

Kitty McCarthy
Vice President for Enrollment Management

A handwritten signature in black ink that reads "Chad A. Reed".

Chad A. Reed
Vice President for Finance & Administration and Chief Financial Officer



TO: Christian Langston, Senior Auditor
Jimmy Quesenberry, Project Manager
Eric Sandridge, Project Manager

FROM: Laura Burnham, College Registrar

DATE: February 4, 2019

SUBJECT: **Management Letter**

This letter is in response to the July 27, 2018 memo and notification of the findings from the Tidewater Community College SFA Compliance and Test of Controls.

Tidewater Community College understands the importance of timely enrollment status reporting to the National Student Clearinghouse. The findings in the College's audit were mostly from data for students in the fall 2017 semester. However, in May 2018, the VCCS successfully implemented an updated file extract addressing students who have unofficially withdrawn as well as improvements with graduation reporting (with more improvements forthcoming). The new data extract has already shown a significant improvement on reporting the unofficial withdrawal status for students on each enrollment file. The College submits an enrollment file to the NSC approximately every 21 days throughout a given semester, and extending beyond the semester not more than 25 days. The College also altered the timeline and order for graduation reporting, which went into effect in August 2018. Both of these items have already improved, possibly entirely resolved, the issues raised in the audit findings. The College will continue to diligently review the Enrollment Error reports and the SSCR reports, as well as completing any necessary error resolution in a timely manner. The College will also ensure graduation information is reported timely and completely; paying particular attention to any student reported by the NSC as not having had a graduation row applied to the record.

If you have any questions, please contact me at 822-1919.

Sincerely,

Laura Burnham
College Registrar

Cc: Phyllis Milloy
Corey McCray

Improve Notification Process for Federal Direct Loan Awards to Students**Management Response:**

The University of Virginia concurs with the APA's finding.

Responsible for Corrective Action: Steve Kimata, AVP for Student Financial Services

Anticipated Completion Date: June 30, 2019

Corrective Action to be taken by the University Management:

The University immediately corrected the underlying systems to ensure that all required disclosures are sent to students on a timely basis. SFS will closely monitor the notification process and system on a regular basis going forward to ensure continued compliance.

Promptly Return Title IV Funds**Management Response:**

The University of Virginia concurs with the APA's finding.

Responsible for Corrective Action: Steve Kimata, AVP for Student Financial Services

Anticipated Completion Date: June 30, 2019

Corrective Action to be taken by the University Management:

The University promptly implemented improvements to existing processes that ensures accurate monitoring and the timely return of Title IV funds, including additional controls that alert management to the transactions and impending deadlines.

Improve Reporting to the National Student Loan Data System**Management Response:**

The University of Virginia's understanding of the federal regulations with regards to the effective enrollment change date and the date of determination differs from the APA. Based on the University's interpretation of both the Code of Federal Regulations and the NSLDS Reporting Guide, we feel that we are in compliance with NSLDS requirements. The University has consulted with the National Student Clearinghouse (NSC), the organization that delivers financial aid student enrollment certifications to the NSLDS for UVA and most colleges in regards to the NSLDS requirements and these specific students.

Responsible for Corrective Action: Steve Kimata, AVP for Student Financial Services

Anticipated Completion Date: June 30, 2019

The University interprets the Code of Federal Regulations in conjunction with the NSLDS Reporting Guide, which states that the “Department defers to a school’s policy regarding the establishment of effective dates” (Section 4.4.2 of the Guide). The University acknowledges that the University’s effective enrollment status date for a student’s withdrawal is set in a manner to provide the student with the ability to reconsider his/her initial consideration of withdrawal and receive counseling; only after that does the University set the effective enrollment change date and report changes to the NSLDS. When the University follows the NSLDS Reporting Guide on the establishment of an effective date based on the University’s withdrawal policy, the University’s reporting to the NSLDS is completed on a timely basis. The University is willing to work in concert with the APA to request additional guidance regarding the establishment of an enrollment status change from the Department of Education and to clarify reporting procedures with the National Student Clearinghouse.



MP # 6

AUDIT AREA: 2018 VCU SFA Compliance and Test of Controls.xlsx

W/P REF: Step 20 – Enrollment Reporting

RE: Improve Reporting to National Student Loan Data System (NSLDS)

To ensure that unofficial withdrawal enrollment updates are reported accurately and timely to NSLDS, the Office of Financial Aid will perform manual enrollment updates to NSLDS for all students who have withdrawn without official notification during a term/semester. This step has been added to the existing Return of Title IV (R2T4) procedure and was implemented at the conclusion of the fall 2018 term/semester.

To rectify the graduation status finding, the Office of Records and Registration is sending amended enrollment files to the National Student Clearinghouse (NSC) to update the NSLDS. The office has also added a supplementary enrollment report for graduates only to the transmission schedule provided to the NSC each semester. In addition, quality control reviews will be conducted in collaboration with staff from the Offices of Financial Aid and Records and Registration at the end of each semester to ensure timely and accurate reporting at both the campus and program levels.



VIRGINIA STATE UNIVERSITY
PETERSBURG, VIRGINIA 23806

Office of Student Financial Aid

(804) 524-5990
TDD (804) 524-5487

MP # 1
AUDIT AREA: Student Financial Aid
W/P REF: 513 (N5) – Enrollment Reporting

VSU Response:

The University will consult with the National Student Clearinghouse on the delivery of enrollment data to the NSLDS to ensure data is accurate. In addition, the following procedures will be implemented:

1. Generate report to capture students who fail to return from a given semester or term to ensure that the enrollment status for these students are reported accurately
2. Review all batches uploaded to the National Clearinghouse and National Student Loan Data System (NSLDS) to ensure that batches are accepted without errors, and/or correct errors that are reported
3. Each semester, quality control reviews will be conducted in collaboration with staff from the Financial Aid Office to ensure timely and accurate reporting

- ☒ I concur with the above finding.
☐ Please see attached additional information.

Myra R. DeBora Bone
Signature

Dec. 14, 2018
Date

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VIRGINIA STATE UNIVERSITY
PETERSBURG, VIRGINIA 23806

Office of Student Financial Aid

(804) 524-5990
TDD (804) 524-5487

MP # 2
AUDIT AREA: Student Financial Aid
W/P REF: 513 (N3) – Disbursements

VSU Response:

The following corrective actions will be taken:

- a) Staff will no longer make adjustments directly on COD without the approval of the Director or Associate Director.
- b) Improve documentation with software defects that will include a description of the issue requiring the manual update, corresponding date and the ID of impacted student.

- ☒ I concur with the above finding.
☐ Please see attached additional information.

[Signature]
Signature

Dec. 14, 2018
Date

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



University Controller (MC 0312)

Virginia Tech
North End Center, Suite 3300
300 Turner Street NW
Blacksburg, Virginia 24061
P: (540) 231-6418 F: (540) 231-7221
www.controller.vt.edu

December 16, 2018

Martha Mavredes, CPA
Auditor of Public Accounts
P. O. Box 1295
Richmond, Virginia 23218

Dear Ms. Mavredes:

We have reviewed the audit finding and recommendation resulting from the fiscal year 2018 audit by the Auditor of Public Accounts (APA) and Virginia Tech concurs with the audit finding. The following contains the APA's finding and management's response to the finding.

Finding of the APA:

Improve Reporting to National Student Loan Data System

The University did not report enrollment data to the National Student Loan Data System (NSLDS) accurately and timely. We tested thirty students with an enrollment status of either "Graduated" or "Withdrawn". For the thirty students tested, we noted the enrollment status was incorrectly reported for three students (10%).

In accordance with Code of Federal Regulations 34 CFR 685.309 and further outlined in the Enrollment Guide, enrollment changes must be reported to NSLDS within 30 days when attendance changes, unless a roster file will be submitted within 60 days. By not submitting timely and accurate data to the NSLDS, the University can affect the reliance placed by the Department of Education for monitoring purposes and other higher education institutions when making aid decisions. Noncompliance may also have implications on an institution's participation in Title IV programs.

The University should consider implementing additional controls to monitor the submission of enrollment batches and ensure the accuracy of reporting at both the campus and program levels in the NSLDS.

University Response:

The identified enrollment reporting issue is not affecting all students who are reported Graduated (G) to NSLDS. Virginia Tech provides electronic updates to the National Student Clearinghouse and thus NSLDS every 21 days. Our study of the records identified that updates of enrollment status were not reported to NSLDS in instances where Virginia Tech's subsequent submissions to National Student Clearinghouse were not applied to individual students. We have learned that participation in the Clearinghouse's degree verify (DV) program creates conflicting results, in some instances, on which "Graduated" statuses are applied from the file submissions. Specifically, the G to DV process that the National Student Clearinghouse uses to report graduates from subsequent enrollment files omits students who have a graduation record

VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY
An equal opportunity, affirmative action institution

without a corresponding enrollment entry. Virginia Tech has met with the National Student Clearinghouse and will begin providing a separate graduation file to the Clearinghouse to ensure all G records are reported to NSLDS. The production of this file, testing with the National Student Clearinghouse, and creation of an auditing process will be completed by March 31, 2019.

Responsible Person: Rick A. Sparks Jr.
Associate Vice Provost for Learning Systems Innovation and Effectiveness and
University Registrar

Completion Date: March 31, 2019

Sincerely,



Kenneth Miller
AVP for Finance & University Controller
Virginia Tech