



# PATRICK & HENRY COMMUNITY COLLEGE

## INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS AS OF JULY 2024

Auditor of Public Accounts

Staci A. Henshaw, CPA

[www.apa.virginia.gov](http://www.apa.virginia.gov)

(804) 225-3350



- TABLE OF CONTENTS -

	<u>Pages</u>
REVIEW LETTER	1-5
COLLEGE RESPONSE	6-9



Staci A. Henshaw, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

April 8, 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

J. Gregory Hodges  
President, Patrick & Henry Community College

## INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS

We have reviewed the Internal Control Questionnaire for **Patrick & Henry Community College** (Patrick & Henry). We completed the review on July 5, 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 Patrick & Henry 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. Under the new process, we will annually audit material financial activity reported in the System's financial statements and employ a risk-based approach for reviewing the remaining colleges within the System, which will be 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 communicates the results of Patrick & Henry's 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's 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 Patrick & Henry. 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 Patrick & Henry. Our review of Patrick & Henry'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; procurement and contract management; 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** – Patrick & Henry is not properly monitoring revenue-generating contracts. Patrick & Henry has been operating under a contract that expired on July 1, 2017, and there have been no steps taken to negotiate a renewal or issue a new Request for Proposal. Operating under an expired contract prevents Patrick & Henry from adequately monitoring contract deliverables and operating without a current contract may result in the receipt of incorrect commission payments. Management should routinely monitor contracts to ensure that vendors comply with the terms of the contract. Additionally, management should ensure that before the expiration of a contract, personnel issue a Request for Proposal in sufficient time to allow for proper competition.
- **Repeat** – Patrick & Henry inadvertently disposed of two out of two (100%) assets reviewed and did not dispose of three assets that were supposed to be disposed in their place. Per Commonwealth Accounting Policies and Procedures (CAPP) Manual Topic 30505, agencies should perform a physical inventory of capital assets at least once every two years to properly safeguard assets and maintain fiscal accountability. Patrick & Henry completed the physical inventory as required but it was not effective. An effective inventory results in accurate accounting of capital assets and indicates the reliability of the system of accountability for the acquisition, use, and disposal of those assets. Patrick & Henry should review current procedures to ensure that the physical inventory is effective to ensure the proper monitoring and disposal of assets.
- **Repeat** – Patrick & Henry did not properly review Employment Eligibility Verification Forms (Form I-9). The Immigration Reform and Control Act of 1986 requires that employers complete the Form I-9 to verify both the identity and employment eligibility for all employees. The U.S. Citizenship and Immigration Services sets forth federal requirements for completing the Form I-9 in the Handbook for Employers (M-274). Not complying with federal regulations could result in substantial civil and/or criminal penalties and debarment from government contracts. Management should develop procedures to ensure compliance with the Immigration Reform and Control Act.
- **Repeat** – Patrick & Henry does not have adequate controls in place to effectively manage user access to the accounting information system and the student information system, which creates segregation of duties risks. Conflicting access roles can lead to the override of controls and unauthorized or unintentional modification or misuse of the organization’s assets. Management should review access to identify roles that create potential segregation of duties risks.

- Patrick & Henry has formal, documented policies and procedures over many of its significant business processes. However, during our review, we identified several business areas where Patrick & Henry should develop or 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.
- Patrick & Henry did not retain documentation showing that employees returned all property, including access cards, keys, and equipment during offboarding. Not retaining 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 (Security Standard), based on ISO 27002:2013. Management should retain offboarding documentation to ensure the timely return of access cards, keys, and equipment.
- Patrick & Henry did not perform and document reconciliations between the System’s human resources system and the Commonwealth’s retirement benefits system to confirm the accuracy of retirement benefits data. CAPP Manual Topic 50470 details the requirements for reconciling retirement data before the agency confirms the data. Patrick & Henry should update policies and procedures over this area, review the required reports, and perform all required reconciliations detailed within CAPP Manual Topic 50470.
- Patrick & Henry 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 interagency 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. Patrick & Henry should create policies and procedures to ensure the timely confirmation of the retirement contribution snapshots.
- Patrick & Henry does not monitor the audit logs of their local sensitive systems on a real-time or periodic basis as required by the System’s Information Technology Security Standard, based on ISO 27002:2013, Section 12.4 – Logging and Monitoring. Usage monitoring procedures are necessary to ensure that users are only performing activities that have been explicitly authorized. Lack of automatic real-time or manual periodic monitoring intervals may result in audit events going undetected. Patrick & Henry should monitor the audit logs

for local sensitive systems on an automatic real-time or documented manual periodic basis and document the analysis of any flagged anomalies.

We discussed these matters with management on September 6, 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



FINANCIAL AND  
ADMINISTRATIVE SERVICES

645 Patriot Ave.  
Martinsville, VA 24112  
276.656.0205  
[www.patrickhenry.edu](http://www.patrickhenry.edu)

JOHN I. (JACK) HANBURY  
V.P. OF FINANCE & ADMINISTRATION

April 16, 2025

Staci Henshaw  
Auditor of Public Accounts  
P.O. 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 April 8, 2025. Patrick & Henry Community College (P&HCC) very much appreciated the efforts and professionalism of your staff during the review process.

P&HCC has addressed the areas of concern set forth in your letter. Those concerns, together with our response and comments are set forth as follows:

- **Repeat** – Patrick & Henry is not properly monitoring revenue-generating contracts. Patrick & Henry has been operating under a contract that expired on July 1, 2017, and there have been no steps taken to negotiate a renewal or issue a new Request for Proposal. Operating under an expired contract prevents Patrick & Henry from adequately monitoring contract deliverables and operating without a current contract may result in the receipt of incorrect commission payments. Management should routinely monitor contracts to ensure that vendors comply with the terms of the contract. Additionally, management should ensure that before the expiration of a contract, personnel issue a Request for Proposal in sufficient time to allow for proper competition.

**P&HCC Response:** This refers to the vending contract with Canteen Corporation. The contract was referred to the Shared Services Center and a new contract was awarded to the Department for the Blind and Vision Impaired (DBVI). This contract is being monitored by the Shared Services Center.

- **Repeat** – Patrick & Henry inadvertently disposed of two out of two (100%) assets reviewed and did not dispose of three assets that were supposed to be disposed in their place. Per Commonwealth Accounting Policies and Procedures (CAPP) Manual Topic 30505, agencies should perform a physical inventory of capital assets at least once every two years to properly safeguard assets and maintain fiscal accountability. Patrick & Henry completed the physical inventory as required but it was not effective. An effective inventory results in accurate accounting of capital assets and indicates the reliability of the system of accountability for the acquisition, use, and disposal of those assets. Patrick & Henry should review current procedures to ensure that the physical inventory is effective to ensure the proper monitoring and disposal of assets.

**P&HCC Response:** The assets records have been corrected. P&HCC performs a physical inventory of

(276) 656-0205

[jhanbury@patrickhenry.edu](mailto:jhanbury@patrickhenry.edu)



capital assets at least once every two years as required by CAPP Topic 30505. At the time of the error, the person responsible lacked extensive experience with AIS Asset Management and confused the asset IDs and the tag numbers.

- **Repeat** – Patrick & Henry did not properly review Employment Eligibility Verification (I-9) Forms. The Immigration Reform and Control Act of 1986 requires that employers complete the Form I-9 to verify both the identity and employment eligibility for all employees. The U.S. Citizenship and Immigration Services sets forth federal requirements for completing the Form I-9 in the Handbook for Employers (M-274). Not complying with federal regulations could result in substantial civil and/or criminal penalties and debarment from government contracts. Management should develop procedures to ensure compliance with the Immigration Reform and Control Act.

**P&HCC Response:** P&HCC employs the E-Verify system to ensure accurate and proper submission of I-9 information. Recently, a new system, Avature, was implemented for onboarding processes. In instances where issues arise with the E-Verify process in Avature, P&H coordinates with a third-party service to verify the information. This can result in delays with the E-Verify process. All employees have received training in the E-Verify system and are well-versed in promptly resolving any issues that may occur.

- **Repeat** – Patrick & Henry does not have adequate controls in place to effectively manage user access to the accounting information system and the student information system, which creates segregation of duties risks. Conflicting access roles can lead to the override of controls and unauthorized or unintentional modification or misuse of the organization’s assets. Management should review access to identify roles that create potential segregation of duties risks.

**P&HCC Response:** Due to staffing limitations, P&HCC is unable to fully segregate duties. While we recognize and endorse the importance of this practice whenever feasible, there are cases where it is not practical for our institution. Consequently, we acknowledge and accept the associated risk. There is oversight to processes, so any abuse of privilege will be found. Furthermore, our access structure ensures employees have delegated support, allowing urgent tasks to be completed even when the primary responsible employee is unavailable.

- Patrick & Henry has formal, documented policies and procedures over many of its significant business processes. However, during our review, we identified several business areas where Patrick & Henry should develop or 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.

**P&HCC Response:** The P&HCC Cardinal to AIS Reconciliation procedure has been updated and approved by agency management in accordance with the CAPP manual. The document is available upon request.

- Patrick & Henry did not retain documentation showing that off-boarding employees returned all property, including access cards, keys, and equipment. 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 (Security Standard), based on ISO 27002:2013. Management should retain offboarding documentation to ensure the timely return of access cards, keys, and equipment.

**P&HCC Response:** P&HCC has introduced an electronic offboarding checklist within the Avature system, encompassing both managerial and IT responsibilities. Previously, while we ensured the return of all property (including access cards, keys, and equipment) by notifying the relevant departments via termination email, we lacked a formalized checklist. This gap has now been addressed. In addition to utilizing the new checklist, we continue to send termination emails to all pertinent parties.

- Patrick & Henry did not perform and document reconciliations between the System's human resources system and the Commonwealth's retirement benefits system to confirm the accuracy of retirement benefits data. CAPP Manual Topic 50470 details the requirements for reconciling retirement data before the agency confirms the data. Patrick & Henry should update policies and procedures over this area, review the required reports, and perform all required reconciliations detailed within CAPP Manual Topic 50470.

**P&HCC Response:** P&HCC has established a policy in accordance with CAPP Manual Topic 50470 to ensure proper reconciliation. Previously, reconciliations were performed by reviewing information in the VNAV system, but changes were not formally documented. We have now addressed this by maintaining records of any changes, corrections, or updates in an electronic folder.

- Patrick & Henry 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. Patrick & Henry should create policies and procedures to ensure the timely confirmation of the retirement contribution snapshots.

**P&HCC Response:** We have trained three individuals within our office to ensure they can review and confirm the snapshot. Additionally, we have established monthly calendar reminders. Our HR Generalist has also received training to emphasize the importance of reconciling and confirming the snapshot by



FINANCIAL AND  
ADMINISTRATIVE SERVICES

645 Patriot Ave.  
Martinsville, VA 24112  
276.656.0205  
[www.patrickhenry.edu](http://www.patrickhenry.edu)

JOHN I. (JACK) HANBURY  
V.P. OF FINANCE & ADMINISTRATION

the 10<sup>th</sup> of each month. Furthermore, to account for any absences, three individuals have been granted access to approve the snapshot.

- Patrick & Henry does not monitor the audit logs of their local sensitive systems on a real-time or periodic basis as required by the Security Standard, section 12.4 Logging and Monitoring. Usage monitoring procedures are necessary to ensure that users are only performing activities that have been explicitly authorized. Lack of automatic real-time or manual periodic monitoring intervals may result in audit events going undetected. Patrick & Henry should monitor the audit logs for local sensitive systems on an automatic real-time or documented manual periodic basis and document the analysis of any flagged anomalies.

**P&HCC Response:** Monitoring audit logs continuously is very labor-intensive. To address this, we have adopted use of a SIEM (Security Information and Event Management) for log gathering and event correlation, and more. Any activity that's classified as an 'event' is escalated for further investigation. Currently, not all systems are integrated with the SIEM. Efforts to expand its use are ongoing, and in the interim, P&HCC IT Security conducts regular monitoring of audit logs and is documenting when logs are assessed and addressing any issues discovered.

Again, we very much appreciate the insights set forth in the review letter, as we are always looking for ways to improve our internal control processes.

Sincerely,

Digitally signed by John Hanbury  
DN: cn=John Hanbury, o=Patrick & Henry  
Community College, ou=Vice President  
Financial & Administrative Services,  
email=jhanbury@patrickhenry.edu, c=US  
Date: 2025.04.16 04:24:37 -0400

John I. Hanbury, JD  
Vice President for Financial & Administrative Services.

(276) 656-0205

[jhanbury@patrickhenry.edu](mailto:jhanbury@patrickhenry.edu)