



# VIRGINIA COMMONWEALTH UNIVERSITY

## REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2019

Auditor of Public Accounts  
Martha S. Mavredes, CPA

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

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## AUDIT SUMMARY

We have audited the basic financial statements of Virginia Commonwealth University (the University) as of and for the year ended June 30, 2019, and issued our report thereon dated December 6, 2019. Our report, included in the University's basic financial statements, is available at the Auditor of Public Accounts' website at [www.apa.virginia.gov](http://www.apa.virginia.gov) and at the University's website at [www.vcu.edu](http://www.vcu.edu). Our audit found:

- the financial statements are presented fairly, in all material respects;
- internal control findings requiring management's attention; however, we do not consider them to be material weaknesses; and
- instances of noncompliance or other matters required to be reported under Government Auditing Standards.

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## STATUS OF PRIOR YEAR FINDINGS

### **Improve Reporting to National Student Loan Data System**

**Type:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** Yes (first issued in fiscal year 2018)

In our last audit, we recommended Virginia Commonwealth University (University) improve controls to ensure reporting of enrollment data to the National Student Loan Data System (NSLDS) is accurate and timely. 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. The accuracy of Title IV enrollment data depends heavily on information reported by institutions. By not submitting timely and accurate data to NSLDS, the University can affect the reliance placed by the U.S. Department of Education on the data for monitoring purposes and other higher education institutions when making aid decisions.

The University's Office of Financial Aid has developed a corrective action plan, which included the implementation of new procedures in the Spring of 2019 to identify and correct errors in the reporting to the NSLDS. The corrective action plan remains ongoing as of June 30, 2019. We will review the implementation of the University's corrective action during our next audit.

## INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

### **Improve IT Asset Surplus Process**

**Type:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** No

The University's media sanitization policy does not align with the International Organization for Standardization and the International Electrotechnical Commission information security standard, ISO/IEC 27001 (Security Standard). In addition, the University lacks certain controls to support the information technology asset surplus and data sanitization process.

We identified and communicated this information to management in a separate document marked FOIAE under § 2.2-3705.2 of the Code of Virginia due to it containing specific descriptions of security mechanisms. The Security Standard recommends certain procedures to minimize the risk of data compromise, data accuracy and data loss. The University should dedicate the necessary resources to implement the controls and recommendations discussed in the communication marked FOIAE in accordance with the Security Standard.



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

December 6, 2019

The Honorable Ralph S. Northam  
Governor of Virginia

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

Board of Visitors  
Virginia Commonwealth University

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER

## FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate discretely presented component units of **Virginia Commonwealth University** as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated December 6, 2019. Our report includes a reference to other auditors. We did not consider internal controls over financial reporting or test compliance with certain provisions of laws, regulations, contracts, and grant agreements for the financial statements of the component units of the University, which were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, but not in accordance with Government Auditing Standards.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control over financial reporting entitled "Improve Reporting to National Student Loan Data System," and "Improve IT Asset Surplus Process," which are described in the sections titled "Status of Prior Year Findings," and "Internal Control and Compliance Findings and Recommendations," that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the sections titled "Status of Prior Year Findings," and "Internal Control and Compliance Findings and Recommendations" in the findings entitled "Improve Reporting to National Student Loan Data System," and "Improve IT Asset Surplus Process."

### **The University's Response to Findings**

We discussed this report with management at an exit conference held on December 4, 2019. The University's response to the finding identified in our audit is described in the accompanying section titled "University Response." The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Status of Prior Findings**

The University has not taken adequate corrective action with respect to the previously reported finding "Improve Reporting to National Student Loan Data System." Accordingly, we included this finding

in the section entitled “Status of Prior Year Findings.” The University has taken adequate corrective action with respect to audit findings reported in the prior year that are not repeated in this report.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Audit Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martha S. Mavredes  
AUDITOR OF PUBLIC ACCOUNTS

JMR/vks





December 6, 2019

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

Patricia Perkins  
AVP of Finance

912 West Franklin Street  
Box 842035  
Richmond, Virginia 23284-2512  
804 828-5474

Dear Ms. Mavredes:

We have reviewed the audit findings and recommendations resulting from the fiscal year 2019 audit by the Auditor of Public Accounts (APA) and discussed during the exit conference.

Virginia Commonwealth University acknowledges and concurs with the audit findings. The following contains the APA findings and management's responses to the concerns and issues raised.

Status of prior year finding:

1. Improve Reporting to National Student Load Data System

In our last audit, we recommended Virginia Commonwealth University (University) improve controls to ensure reporting of enrollment data to the National Student Loan Data System (NSLDS) is accurate and timely. 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. The accuracy of Title IV enrollment data depends heavily on information reported by institutions. By not submitting timely and accurate data to NSLDS, the University can affect the reliance placed by the Department of Education on the data for monitoring purposes and other higher education institutions when making aid decisions.

The University's Office of Financial Aid developed a corrective action plan which included the implementation of new procedures in the Spring of 2019 to identify and correct errors in the reporting to the NSLDS. The corrective action plan remains ongoing as of June 30, 2019. We will review the implementation of the University's corrective action during our next audit.

VCU Response:

VCU developed and implemented a corrective action plan in Spring of 2019. The implementation of this corrective action plan resolved the incorrect status and some of the incorrect date errors, however, it became apparent that the graduation date for a small subset of students was still incorrect. VCU then added an additional step to the reporting

process in which all last day of classes dates are removed and replaced with the last day of finals date to ensure the correct date is being reported to the NSLDS.

Current year findings of the Auditor:

1. Improve IT Asset Surplus Process

The University's media sanitization policy does not align with the International Organization for Standardization and the International Electrotechnical Commission information security standard, ISO/IEC 27001 (Security Standard). In addition, the University lacks certain controls to support the information technology asset surplus and data sanitization process.

We identified and communicated this information to management in a separate document marked FOIAE under §2.2-3705.2 of the Code of Virginia due to it containing specific descriptions of security mechanisms. The Security Standard recommends certain procedures to minimize the risk of data compromise, data accuracy and data loss. The University should dedicate the necessary resources to implement the controls and recommendations discussed in the communication marked FOIAE in accordance with the Security Standard.

VCU Response:

VCU utilizes a three tiered policy framework to govern its operations related to information technology and information management that includes top level policies, middle tier technology standards, and the technical operational baselines. As such, the Media Sanitization Baseline is a set of technical operational procedures that is governed by the Computer and Network Resource Use Policy and Information Security Policy, enforced through the Data Handling and Storage standards. The aforementioned standard is up for its triennial update and VCU will modify the standard to provide additional clarification on IT asset disposal. Further, VCU will review and update as necessary, its media sanitization baseline to include additional guidance on media sanitization and destruction

Responsible Person: Dan Han, Chief Information Security Officer

Completion Date: June 30, 2020

Sincerely,



Patricia Perkins  
Associate VP of Finance  
Virginia Commonwealth University

## **VIRGINIA COMMONWEALTH UNIVERSITY**

As of June 30, 2019

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### **ADMINISTRATIVE OFFICERS**

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