



# STUDENT FINANCIAL ASSISTANCE PROGRAMS CLUSTER

REPORT ON AUDIT  
FOR THE YEAR ENDED  
JUNE 30, 2021

Auditor of Public Accounts  
Staci A. Henshaw, CPA

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

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## AUDIT SUMMARY

We audited the major federal program of the Student Financial Assistance Programs Cluster, administered by the following public higher education institutions in the Commonwealth of Virginia:

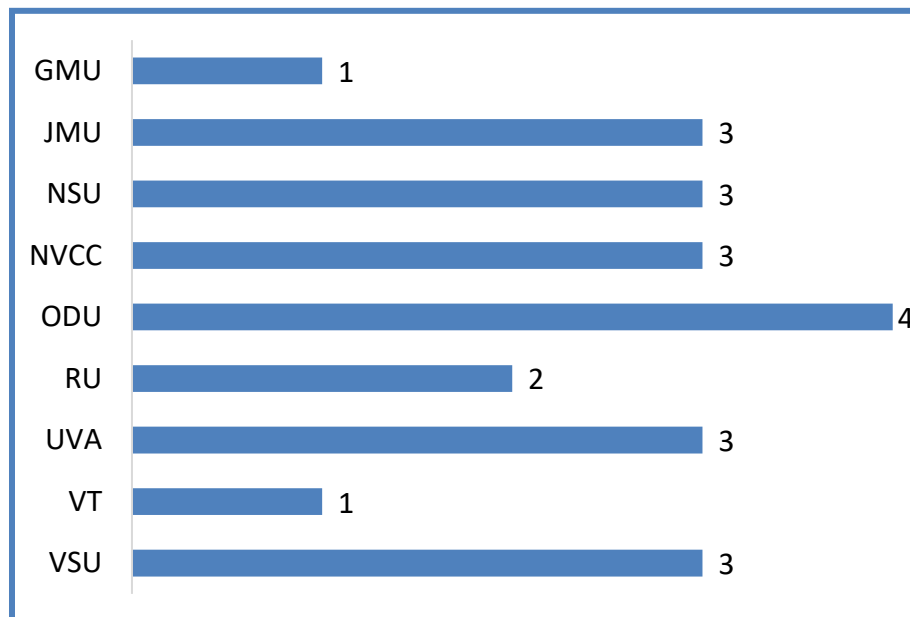
George Mason University (GMU)	Radford University (RU)
James Madison University (JMU)	University of Virginia (UVA)
Norfolk State University (NSU)	Virginia Commonwealth University (VCU)
Northern Virginia Community College (NVCC)	Virginia Polytechnic and State University (VT)
Old Dominion University (ODU)	Virginia State University (VSU)

Our audit for the fiscal year ended June 30, 2021, found:

- Proper recording and reporting of all transactions, in all material respects, in each institutions' accounting and financial reporting system and applicable federal student financial assistance system;
- matters involving internal control and operations necessary to bring to management's attention that also represent instances of noncompliance with applicable laws and regulations or other matters that are required to be reported; and
- adequate corrective action with respect to audit findings related to the federal Student Financial Assistance Programs Cluster reported in the Commonwealth's fiscal year 2020 Single Audit except for those findings that are reflected as "repeat" in this letter.

Our audit identified eight recommendations for the ten higher education institutions included as part of our review. The chart below summarizes the total number of findings for each institution.

Findings by Institution



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## INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

### **Implement Information Security Program Requirements for the Gramm-Leach-Bliley Act**

**Applicable to:** George Mason University, Norfolk State University, University of Virginia

**Type of Finding:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** No

The institutions noted below are not in compliance with the Gramm-Leach-Bliley Act (GLBA). Federal regulations consider institutions of higher education, because of their engagement in financial assistance programs, to be financial institutions that must comply with Public Law 106-102, known as the GLBA. Related regulations in 16 U.S. Code of Federal Regulations (CFR) 314.4 require organizations to develop, implement, and maintain the information security program to safeguard customer information and complete a risk assessment that includes consideration of risks and mitigating controls in each relevant area of operation. The regulations require a risk assessment that considers risks for the following elements:

- employee training and management;
- information systems, including network and software design, as well as information processing, storage, transmission, and disposal; and
- detecting, preventing, and responding to attacks, intrusions, or other system failures.

George Mason University (GMU) does not implement cybersecurity requirements of the GLBA for some systems containing customer information in accordance with the CFR and University policy. GMU completed a system security plan (SSP) that identifies risks to the security, confidentiality, and integrity of customer information and assesses the safeguards in place to control these risks for two systems, including the financial system that stores student and financial data. However, GMU has not evaluated each of their systems to determine what systems contain customer information. GMU also has not completed a sensitive systems list and completed an SSP for each system on the sensitive systems list. Due to resource constraints and project prioritization, GMU has not yet conducted the risk evaluations and implemented the controls necessary to meet the cybersecurity requirements of the GLBA for each system containing customer information.

Norfolk State University (NSU) does not implement cybersecurity requirements of the GLBA for some of its sensitive systems in accordance with the CFR and its University Information System Security policy. While NSU incorporates the GLBA cybersecurity requirements in its risk assessment process and SSP, NSU has completed the documentation for nine of 19 sensitive systems. NSU has started their plan to conduct risk assessments and to complete an SSP for each of its identified sensitive systems. However, due to resource constraints, NSU has not yet completed the risk assessment process or the development of SSP's for all its sensitive systems.



The University of Virginia (UVA) does not consider certain required elements of the GLBA within risk assessments of systems containing nonpublic customer information. UVA completed a risk assessment for two systems that contain nonpublic customer information. However, the risk assessments do not include all required elements of the GLBA. Additionally, UVA did not assess the risk for all systems that contain nonpublic customer information. UVA was unaware of the requirements of the GLBA and assumed that its system risk assessments would meet the requirements. As a result, UVA did not consider certain risks that may impact its information technology (IT) environment and safeguards that are either in place or that it needs to implement to mitigate those risks, respectively.

Without implementing cybersecurity requirements of the GLBA for each system containing nonpublic customer information, institutions may not be able to ensure the security and confidentiality of customer information, protect against any anticipated threats or hazards to the security or integrity of such information, and protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer.

Each institution should evaluate its systems to determine what systems contain customer information, perform a risk assessment as required by GLBA, and document risks that may impact the IT environment. Ensuring compliance with the GLBA will protect the confidentiality, integrity, and availability of student information within each institution's IT environment.

#### **Improve Compliance over Enrollment Reporting**

**Applicable to:** James Madison University, Norfolk State University (repeat – first issued in 2018), Northern Virginia Community College (repeat – first issued 2018)), Old Dominion University, Radford (repeat – first issued 2018), Virginia Polytechnic Institute and State University (repeat – first issued 2018), Virginia State University (repeat – first issued 2018)

**Type of Finding:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** Select institutions as noted above

The institutions noted below did not properly report accurate and or timely enrollment data to the U.S. Department of Education (ED) using the National Student Loan Data System (NSLDS) in accordance with 34 CFR 685.309, Dear Colleague Letter GEN 12-06 and the NSLDS Enrollment Guide, for students that had withdrawn, graduated, or changed enrollment levels.

James Madison University (JMU) Registrar's Office personnel did not report accurate and/or timely enrollment data to NSLDS for students that had withdrawn or had an enrollment level change. The underlying cause of the errors is a combination of factors including programming language errors resulting in the transmission of incorrect data fields and the timing of when JMU submitted the last enrollment report. From a review of 51 students, we identified the following deficiencies:

- The effective date of the applicable enrollment status change was not accurate for six students (12%);

- The enrollment level status was inaccurate for one student (2%); and
- JMU did not report the withdraw status change at the program level in NSLDS for one student (2%).

Norfolk State University (NSU) Registrar's Office personnel did not report accurate and timely enrollment data to NSLDS for students that had graduated, withdrawn, or had another applicable enrollment level change. The underlying cause of the errors is a combination of factors including late batches, NSU reporting students as withdrawn rather than graduated for fall 2020, batch overwrites, and other concerns that NSU will have to research with its third-party servicer. From a review of 50 students, we identified the following deficiencies:

- The enrollment status was inaccurate for 15 students (30%);
- The effective date was inaccurate for 32 students (64%);
- NSU did not report enrollment status changes timely for 49 students (98%); and
- At least one campus or program level field deemed critical was inaccurate for 33 students (66%).

Northern Virginia Community College (NVCC) Registrar's Office personnel did not report accurate and/or timely enrollment data to NSLDS for students that had an enrollment level change, graduated, or withdrew. The underlying cause of the errors is primarily related to staff turnover and prioritizing resources to address the COVID-19 pandemic. From a review of 40 students, we identified the following deficiencies:

- The enrollment status was inaccurate for 11 students (28%);
- The effective date was inaccurate for 12 students (30%);
- NVCC did not report enrollment status changes timely for 17 students (43%); and
- At least one campus or program level field deemed critical was inaccurate for 15 students (38%).

Old Dominion University (ODU) personnel did not report accurate and/or timely enrollment data to NSLDS for students that had withdrawn or had an enrollment level change. The underlying cause of the errors is a combination of factors including date/time stamp programming language errors, a keying error, and a lack students providing identifying data which correspond to a field used to update NSLDS. For enrollment status changes other than graduated or withdrawn statuses, the effective date discrepancies resulted at the program reporting level. From a review of 50 students, we identified the following deficiencies:

- The enrollment status was inaccurate for nine students (18%);
- The effective date was inaccurate for 18 students (36%);
- ODU did not report enrollment status changes timely for 11 students (22%); and
- At least one campus or program level field deemed critical was inaccurate for 18 students (36%).

Radford University (RU) personnel did not report accurate student status change data to the NSLDS. We relied on fieldwork performed by RU's Audit and Advisory Services related to unofficial withdrawals and other status changes, which included graduates for fall 2020. The underlying cause of the errors relates to keying errors, transitioning processes from Jefferson College of Health Sciences to RU, and prioritizing resources to address the COVID-19 pandemic. A review of 40 selected students noted the following deficiencies:

- The effective date was inaccurate for one student withdrawal out of eight (13%);
- The effective date for the program level field was inaccurate for five students (13%);
- The student's enrollment status did not agree between the student information system and NSLDS for two students (5%); and
- RU reported the student's enrollment status accurately in NSLDS but incorrectly in the student information system for one student (3%).

Virginia Polytechnic Institute and State University (VT) Registrar's Office personnel did not report accurate program level enrollment data to NSLDS for students that had an enrollment level change. The underlying cause of the errors is a combination of programming language errors resulting in the transmission of incorrect data fields. From a review of 40 students, we identified the following deficiencies:

- The effective date was inaccurate for ten students (25%).

Virginia State University (VSU) Registrar's Office personnel did not report accurate and/or timely enrollment data to NSLDS for students that had an enrollment level change, graduated, or withdrew. The underlying cause of the errors is related to staff turnover and prioritizing resources to address the COVID-19 pandemic. From a review of 39 students, we identified the following deficiencies:

- The enrollment status was inaccurate for five students (13%);
- The effective date was inaccurate for nine students (23%);

- VSU did not report enrollment status changes timely for 17 students (44%); and
- At least one campus or program level field deemed critical was inaccurate for nine students (23%).

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 federal Direct Loan records and other federal student records remain updated.

Each institution should evaluate its current enrollment reporting procedures. Institutional management should implement corrective measures 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:** Norfolk State University

**Type of Finding:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** No

NSU's Office of Financial Aid personnel did not consistently perform accurate return of Title IV (R2T4) calculations during aid year 2021. We determined the Office of Financial Aid is calculating returns accurately except when disbursing Federal Supplemental Educational Opportunity Grants (FSEOG). NSU's student information system has a mechanism to identify the matching requirement for FSEOG. Due to NSU inaccurately coding the matching requirement, the calculation used 75 percent of each applicable student's FSEOG disbursement instead of 100 percent. As a result, for four out of 25 (16%) students reviewed, Norfolk State University personnel should have returned a total of \$487 additional unearned funds to ED.

In accordance with 34 CFR 668.22, when a recipient of a 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. An institution must use the full amount of FSEOG if ED supplied the entirety of the FSEOG funds. NSU has a waiver from the FSEOG matching requirement, and as such, ED provides the full amount of FSEOG grants. NSU personnel should configure its system to accurately calculate the return of Title IV funds using 100 percent of a student's FSEOG disbursement.

### **Promptly Return Unearned Title IV Funds to Department of Education**

**Applicable to:** Old Dominion University

**Type of Finding:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** No

ODU personnel did not consistently return Title IV funds to ED within the required timeframe. The primary cause for the noncompliance is attributable to staffing challenges during aid year 2021 in both the Financial Aid and Registrar's Offices, as well as transitioning to a remote work environment. For 11 out of 21 students (52%), the date of return of unearned funds is greater than 45 days after the date of determination.

In accordance with 34 CFR 668.21(b), the institution must return those funds for which it is responsible as soon as possible, but no later than 45 days, after the date that the institution becomes aware that a student has withdrawn. By not returning funds timely, the institution is not in compliance with federal requirements and may be subject to potential adverse actions affecting ODU's participation in Title IV programs.

ODU Management should review its current procedures and resources and should implement corrective measures to ensure business continuity and return unearned Title IV funds to ED in a timely manner.

### **Promptly Return Unclaimed Aid to the Department of Education**

**Applicable to:** James Madison University, Old Dominion University, Radford University, University of Virginia, Virginia State University

**Type of Finding:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** No

The institutions noted below did not promptly return unclaimed student financial aid funds to the ED within the required timeframe. In accordance with 34 CFR 668.164(l), if an institution attempts to disburse funds by check and the recipient does not cash the check, 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 a rejected electronic funds transfer (EFT). Not returning funds timely can result in federal noncompliance and subject the institution to potential adverse actions affecting the institution's participation in Title IV aid programs.

JMU's Business Office personnel did not return unclaimed student financial aid funds to the U.S. Department of Education within the required timeframe. Specifically, in nine of 106 (8%) unclaimed checks returned; the Business Office was up to 12 days late. JMU management were aware of the unclaimed checks, however staff were unable perform follow-up reviews due to the COVID-19 pandemic and staff turnover.

ODU's personnel did not return unclaimed student financial aid funds to ED within the required timeframe. We reviewed the population of students with unclaimed aid outstanding that exceeded the required timeframe for return of funds to ED. For the population of 65 students, \$79,058 of unclaimed aid was not returned within the required timeframe. The underlying cause of the errors is staffing shortages, leading to staff overlooking 65 checks in the due diligence process.

RU personnel did not return unclaimed student financial aid funds to ED within the required timeframe. RU did not return \$2,853 in unclaimed aid timely for aid year 2021. After reviewing the full population of 47 students with aid outstanding, \$374 has not yet been returned to ED. The primary underlying cause for the noncompliance is RU escheated the funds to the Commonwealth of Virginia rather than returning the funds to ED.

UVA's Student Financial Services Office personnel did not return unclaimed student financial aid funds to ED within the required timeframe. We reviewed the population of students with unclaimed aid outstanding exceeding the required timeframe for return of funds to ED. For the population of 22 students, \$55,692 of unclaimed aid was not returned within the required timeframe. UVA management indicated the delays resulted from COVID-19 operational changes including but not limited to adapting to changes with the start dates of the fall and spring terms; adjusting housing and dining charges; prioritizing student relief by suspending collection activity; processing significantly increased volumes of student refunds; tracking and adjusting changes with the comprehensive fee and revised billing due dates; and transitioning of staff responsibilities.

VSU personnel did not return unclaimed student financial aid funds to ED within the required timeframe. We reviewed the population of students with unclaimed aid outstanding exceeding the required timeframe for return of funds to ED. For the population of 85 students, \$102,801 of unclaimed aid was not returned with the required timeframe. Virginia State has a contract with a third-party servicer to process refunds. However, the University is currently transitioning the contract to a new third-party servicer. The primary underlying cause for the noncompliance is VSU has no defined procedure in place to track and return unclaimed Title IV.

Each institution should evaluate current policies and procedures for returning unclaimed Title IV funds timely and implement corrective action to prevent future noncompliance. If an institution is unable to successfully contact the federal aid recipient and the check remains uncashed or the EFT is rejected, the institution should return the unclaimed funds to ED within the required timeframe.

#### **Improve Notification Process for Federal Loan Awards to Students**

**Applicable to:** Northern Virginia Community College

**Type of Finding:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** No

The NVCC Financial Aid Office did not notify students awarded federal Direct Loans for two of 25 (8%) borrowers that received loans for the weeks of November 11, 2020, and March 2, 2021. The CFR

requires written award notifications to students including important details on the rights, options, and requirements of the student loan.

In accordance with 34 CFR 668.165(a)(2), institutions should properly notify students receiving federal Direct Loans, in writing, of the date and amount of the disbursement, the student's right to cancel all or a portion of a loan or loan disbursement, and the procedure and time by which the student must notify the institution that he or she wishes to cancel the loan. 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.

The Financial Aid Office uses an automated system to send the required notifications to borrowers; however, the existing process does not include edit checks to determine proper generation and distribution of notifications to students following the posting of disbursements. Consequently, staff were not aware of outdated query language within the automated system that prevented the creation of notifications for borrowers receiving federal Direct Loans.

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. The Financial Aid Office should revise the query language that triggers the loan notification process to ensure proper notification to all students receiving federal Direct Loans.

#### **Properly Complete Exit Counseling for Federal Direct Loan Borrowers**

**Applicable to:** James Madison University, Old Dominion University, University of Virginia, Virginia State University

**Type of Finding:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** No

The institutions noted below did not properly complete exit counseling for federal Direct Loan borrowers. In accordance with 34 CFR 685.304(b)(3), if a student borrower withdraws from a school without the school's prior knowledge or fails to complete the exit counseling as required, exit counseling must, within 30 days after the school learns that the student borrower has withdrawn from the school or failed to complete the exit counseling as required, be provided either through interactive means, by mailing written counseling materials to the student borrower at the student borrower's last known address, or by sending written counseling materials to an email address provided by the student borrower that is not an email address associated with the school sending the counseling materials. By not performing this function, students may not receive the relevant information related to repayment of their student loans.

JMU's Financial Aid and Scholarship Office personnel did not confirm all federal Direct Loan borrowers that dropped to less than half-time enrollment completed online exit counseling. From a

review of 31 students, we identified that JMU did not provide five borrowers (16%) the required exit counseling materials. The Financial Aid and Scholarship Office uses an automated system to send the required exit counseling communications to borrowers; however, the existing process does not include edit checks to determine proper generation and distribution of exit counseling materials to students following withdrawal, graduation, or enrollment at less than half-time. Consequently, staff were not aware of programming language within the automated system that prevented the creation of the exit counseling communications to some borrowers receiving Direct Loans when they dropped to less than half-time, but stayed enrolled for at least one credit hour, during the term.

ODU personnel did not consistently confirm that all federal Direct Loan borrowers who graduated or withdrew received exit counseling materials in accordance with federal requirements. From a review of 25 students, we identified that ODU did not provide three borrowers (12%) the required exit counseling materials to the borrower's last known address or an alternate email address when the student had not completed exit counseling. The underlying cause is that, per policy, ODU personnel only notify borrowers of the exit counseling requirement through their institutional email address.

VSU's Office of Financial Aid personnel did not consistently provide follow-up exit counseling notifications to federal Direct Loan borrowers that dropped to less than half-time enrollment. From a review of 25 students, we identified three borrowers (12%) where VSU initially sent the required exit counseling materials to the institutional email address; however, VSU did not send follow-up notification to each borrower's last known address or alternate email address as required. During fall 2020 and spring 2021, the Office of Financial Aid changed its process for sending exit counseling notification to students that dropped to less than half-time enrollment due to a transition to teleworking. This change prevented the financial aid office from sending exit counseling notifications to an alternate email address as required.

UVA's Student Financial Services office personnel did not confirm all federal Direct Loan borrowers that graduated or withdrew completed online exit counseling. UVA management indicated the delays resulted from COVID-19 operational changes including but not limited to adapting to changes with the start dates of the fall and spring terms; adjusting housing and dining charges; and tracking and adjusting changes with the comprehensive fee and revised billing due dates; as well as a need to refine the process. From a review of 35 students, Student Financial Services did not provide the required exit counseling for nine borrowers (26%).

Each institution should enhance current procedures related to sending exit counseling materials to federal Direct Loan borrowers and ensure it properly notifies all applicable borrowers of exit counseling requirements through a non-institutional email address, by mail at the student's last known address, or by interactive electronic means.



### **Reconcile Federal Assistance Programs**

**Applicable to:** Northern Virginia Community College

**Type of Finding:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** No

NVCC personnel were unable to provide sufficient documentation showing reconciliations of its accounting records with the federal systems used to authorize and request federal student aid. Specifically, we noted the following deficiencies:

- Student Financial Aid Office personnel could not provide documentation of NVCC's records with the School Account Statement (SAS) received from ED's Common Origination and Disbursement (COD) system. NVCC management indicated this was the result of a misunderstanding of the regulations. Rather than reconciling the ending cash balance on the monthly reports, the Student Financial Aid Office focused on the individual mismatches between its internal records and COD and resolving batch errors during the month.
- Controller's Office personnel could not provide documentation of reconciliations of NVCC's accounting records with ED's grants management system and its bank account. NVCC management indicated this was the result of not prioritizing the monthly reconciliations of its internal records with the grants management system. The Controller's Office reconciles its student accounts to the grants management system when a drawdown occurs, but drawdowns do not occur monthly, and that reconciliation does not include the general ledger.

In accordance with 34 CFR 685.300(b)(5) and 34 CFR 685.102(b), institutions must reconcile institutional records with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the Secretary. Each month, COD provides institutions with a SAS data file which consists of a cash summary, cash detail, and loan detail records to aid in this reconciliation process. Chapter 6 (Reconciliation in the Direct Loan Program) of the Federal Student Financial Aid Handbook details the reconciliation requirements.

By not documenting a monthly reconciliation of federal Direct Loans, NVCC places itself at risk of not identifying issues and resolving them before they become a systemic problem. Systemic problems could result in federal noncompliance and may lead to potential adverse actions and impact participation by the institution in Title IV programs.

The Student Financial Aid Office and the Controller's Office should perform and retain sufficient documentation of the monthly reconciliations and resolve reconciling items between NVCC's financial systems, ED's grants management system and COD records in a timely manner to ensure compliance with federal regulations.



Staci A. Henshaw, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

February 4, 2022

The Honorable Glenn Youngkin  
Governor of Virginia

The Honorable Kenneth R. Plum  
Chairman, Joint Legislative Audit  
and Review Commission

We have audited the financial records and operations of the federal **Student Financial Assistance Programs Cluster**, administered by the Commonwealth of Virginia's public higher education institutions for the year ended June 30, 2021. 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 based on our audit objectives. 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 federal Student Financial Assistance Programs Cluster in support of the Commonwealth's Single Audit. In support of this objective, we evaluated the accuracy of the amounts recorded and reported in each institutions' accounting and financial reporting system and applicable federal student financial assistance systems; reviewed the adequacy of each institution's internal controls over the federal program; tested for compliance with applicable laws, regulations, contracts, and grant agreements; and reviewed corrective actions with respect to audit findings and recommendations from prior year reports.

## **Audit Scope and Methodology**

Management at each institution has responsibility for establishing and maintaining internal control and complying with applicable laws, regulations, contracts, and grant agreements. 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 federal Student Financial Assistance Programs Cluster at the following Commonwealth of Virginia higher education institutions:

George Mason University	Radford University
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

We performed audit tests to determine whether the federal 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, and contracts; and observation of operations for the student financial assistance programs at each institution. We performed analytical procedures, including trend analyses, and tested details of transactions to achieve our objectives.

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.

Our consideration of internal control over compliance was for the limited purpose described in the section “Audit Objectives” and was not designed to identify all deficiencies in internal control over compliance 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 compliance that we consider to be material weaknesses. We did identify certain deficiencies in internal control that we consider to be significant deficiencies, which are described in the section titled “Internal Control and Compliance Findings and Recommendations.”

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 noncompliance 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 material noncompliance with a type of compliance requirement of a federal program 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 over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## **Conclusions**

We found that the institutions managing the federal Student Financial Assistance Programs Cluster properly stated, in all material respects, the amounts recorded and reported in each institution's accounting and financial reporting system and applicable federal student financial assistance systems.

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 "Internal Control and Compliance Findings and Recommendations."

The institutions listed in the section "Audit Scope and Methodology" have taken adequate corrective action with respect to audit findings and recommendations reported in the prior year's Single Audit except for those findings that are reflected as "repeat" in this letter. We did not evaluate corrective action over findings listed in the Commonwealth of Virginia's prior year Single Audit report for Tidewater Community College and Paul D. Camp Community College where corrective action remains ongoing and audit procedures were not required to provide an opinion on compliance over the federal Student Financial Assistance Programs Cluster.

Since the findings noted above have been identified as significant deficiencies, they will be reported as such in the "Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Federal Awards Required by Uniform Guidance," which is included in the Commonwealth of Virginia's Single Audit Report for the year ended June 30, 2021. The Single Audit will be available on APA's website at [www.apa.virginia.gov](http://www.apa.virginia.gov) in February 2022.

## **Exit Conference and Report Distribution**

We discussed this report with management of each institution and provided a draft report on February 4, 2022. Each institution's response to the findings and recommendations 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 of each institution, and the citizens of the Commonwealth of Virginia and is a public record.

Staci A. Henshaw  
AUDITOR OF PUBLIC ACCOUNTS

DR/clj



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February 4, 2022

Staci Henshaw, CPA  
Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218

Dear Ms. Henshaw:

We have reviewed the audit findings and recommendations resulting from the Student Financial Assistance Programs Cluster audit for the fiscal year ended June 30, 2021 by the Auditor of Public Accounts (APA).

The following contains APA's finding and management's response to the concern and issue raised.

**APA Finding:**

**Implement Information Security Program Requirements for the Gramm-Leach-Bliley Act**

**Type of Finding:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** No

The following institutions are not in compliance with the Gramm-Leach-Bliley Act (GLBA). Institutions of higher education, because of their engagement in financial assistance programs, are considered financial institutions that must comply with Public Law 406-12, known as the GLBA. Related regulations in the Code of Federal Regulations (C.F.R.) 16 C.F.R. § 314.4 require organizations to develop, implement, and maintain the information security program to safeguard customer information and complete a risk assessment that includes consideration of risks and mitigating controls in each relevant area of operation. The regulations require a risk assessment that considers risks for the following elements:

- employee training and management;
- information systems, including network and software design, as well as information processing, storage, transmission, and disposal; and
- detecting, preventing, and responding to attacks, intrusions, or other system failures.

George Mason University (GMU) does not implement cybersecurity requirements of the GLBA for some systems containing customer information in accordance with the C.F.R. and University policy. GMU completed a system security plan (SSP) that identifies risks to the security, confidentiality, and integrity of customer information and assesses the safeguards in place to control these risks for two systems, including the financial system that stores student and financial data. However, GMU has not evaluated each of their systems to determine what systems contain customer information. George Mason University also has not completed a sensitive systems list and completed an SSP for each system on the sensitive systems list. Due to resource constraints and project prioritization, GMU has not yet conducted the risk evaluations and implemented the controls necessary to meet the cybersecurity requirements of the GLBA for each system containing customer information.

Without implementing cybersecurity requirements of the GLBA for each system containing nonpublic customer information, institutions may not be able to ensure the security and confidentiality of customer information, protect against any anticipated threats or hazards to the security or integrity of such information, and protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer.

Each institution should evaluate their systems to determine what systems contain customer information, perform a risk assessment as required by GLBA, and document those risk that may impact the IT environment. Ensuring compliance with GLBA will protect the confidentiality, integrity, and availability of student information within each institution's IT environment.

#### **Management's Response**

George Mason University acknowledges and concurs with the audit finding for the fiscal year ended June 30, 2021. GMU has already implemented corrective actions for the cited control deficiency in FY22.

Sincerely,



Carol Dillon Kissal  
Senior Vice President, Administration and Finance



February 7, 2022

Ms. Staci Henshaw  
Auditor of Public Accounts  
101 North 14<sup>th</sup> Street, 8<sup>th</sup> floor  
Richmond VA, 23219

Dear Ms. Henshaw,

This letter confirms that we agree with the wording presented in the 2021 APA Student Financial Aid Report Draft as it pertains to findings related to James Madison University, with the following responses to be included in the report:

Improve Compliance over Enrollment Reporting

*James Madison University (JMU) Registrar's Office personnel did not report accurate and/or timely enrollment data to the NSLDS for students that had withdrawn or had an enrollment level change. The underlying cause of the errors is a combination of factors including programming language errors resulting in the transmission of incorrect data fields and the timing of when JMU submitted the last enrollment report. From a review of 51 students, we identified the following deficiencies:*

- *The effective date of the applicable enrollment status change was not accurate for six students (12%);*
- *The enrollment level status was inaccurate for one student (2%); and*
- *JMU did not report the withdraw status change at the program level in NSLDS for one student (2%).*

JMU Response

For six (12%) of the eight students with enrollment reporting issues, the effective date of the applicable enrollment status change was not accurate. In addition, for one student (2%), the enrollment level status was inaccurate. These issues occurred when the Spring 2021 end of term file was reported to NSC after grades posted, which caused potential errors for students with WP/WF grades and enrollment level changes (e.g., full-time to  $\frac{3}{4}$  time or  $\frac{3}{4}$  time to  $\frac{1}{2}$  time). This late submission was due to human error. Calendar notations have been placed to ensure end of term files are sent prior to grade posting in the future.

OFFICE OF FINANCIAL AID AND SCHOLARSHIPS

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www.jmu.edu/financialaid

With regard to the final issue, the withdraw status change for one student (2%) was not reported at the program level in NSLDS. Two resolution efforts are now in place to ensure this does not recur. First, the Office of the Registrar, the Office of Financial Aid and Scholarships, and Information Technology have made programming adjustments to the enrollment reporting program to report correct dates for the population identified in the audit. In addition, the "Research and Update Student NSLDS Enrollment Info" policy has been revised to include steps for monthly testing of students who withdraw, are less than full time, or graduate, and compare the data in PeopleSoft to the institutional and program level data in NSLDS.

#### **Promptly Return Unclaimed Aid to the Department of Education**

*JMU's Business Office personnel did not return unclaimed student financial aid funds to the U.S. Department of Education within the required timeframe. Specifically, in nine of 106 (8%) unclaimed checks returned; the Business Office was up to 12 days late. JMU management were aware of the unclaimed checks upon return, however staff were unable perform follow-up reviews due to the COVID-19 pandemic and staff turnover.*

#### **JMU Response**

On eight of the nine failed returns, the unclaimed funds were originally reapplied to the student accounts within the allowable timeframe. At the time of reapplication, the unclaimed funds appropriately paid charges on student accounts or would have within a short period of time. Following that application, the status of the accounts changed, resulting in the unclaimed funds once again generating a credit on the account.

The ninth, or final failed return, was an error of \$1 in the amount returned. The aid was applied to a charge, but the charge was less than the aid by \$1.

We discovered the items in question in April 2021 and immediately made changes to our processes to prevent future delays. We have scheduled a weekly report focusing specifically on these items. It is e-mailed to the Accounting Specialist who makes this a top priority each week.

#### **Properly Complete Exit Counseling for Federal Direct Loan Borrowers**

*JMU Financial Aid and Scholarship office personnel did not confirm all federal Direct Loan borrowers that dropped to less than half-time enrollment completed online exit counseling. From a review of 31 students, we identified that JMU did not provide five borrowers (16%) the required exit counseling materials. The Financial Aid and Scholarship office uses an automated system to send the required exit counseling communications to borrowers. However, the existing process does not include edit checks to determine proper generation and distribution of exit counseling materials to students following withdrawal, graduation, or enrollment at less than half-time. Consequently, staff was not aware of programming language within the automated system that prevented the creation of the exit counseling communications to some borrowers receiving direct loans when they dropped to less than half-time, but stayed enrolled for at least one credit hour, during the term.*



**JMU Response**

Of the five borrowers (16%) who were not provided exit counseling information, all had dropped to less-than-half-time enrollment, but remained enrolled for at least one credit hour during the semester. Two resolution efforts have been completed to prevent a recurrence of this issue:

- The automated system, which sends the Exit Counseling email, has been updated and now correctly sends Exit Counseling email to students who drop below half time and remain enrolled for at least one credit hour.
- The Exit Counseling procedures have been updated to include monthly steps to review and confirm Exit Counseling emails were sent to the appropriate students.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brad Barnett", with a stylized flourish at the end.

Brad Barnett  
Director of the Office of Financial Aid & Scholarships

February 9, 2022

Ms. Staci Henshaw  
The Auditor of Public Accounts  
P.O. Box 1295  
Richmond, VA 23218-1295

Dear Ms. Henshaw:

The Norfolk State University administration has reviewed the Internal Control and Compliance Findings and Recommendations provided by the Auditor of Public Accounts for the Student Financial Federal Programs for the fiscal year ending June 30, 2021, and agrees, in principle, with all findings.

Attached for your consideration is a brief update as to where the University 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 our appreciation to your staff for their professional audit work and recommendations.

Sincerely,



Gerald E. Hunter, PhD  
Vice President for Finance and Administration  
and Chief Financial Officer

Cc: Javaune Adams-Gaston, PhD, President  
Justin Moses, J.D, EdD, VP for Operations & Chief Strategist for Institutional Effectiveness  
Karla Amaya Gordon, AVP for Finance and Administration/University Controller  
Derika Burgess, University Internal Auditor  
S. Faye Monroe-Davis, Chief Information Officer  
Juan Alexander, PhD, AVP for Enrollment Management  
Melissa Barnes, EdD, Director of Financial Aid  
Michael Carpenter, University Registrar

FY 2021 – Student Financial Aid Internal Control & Compliance Findings  
Management Response

Implement Information Security Program Requirement for the Gramm-Leach-Bliley Act

NSU continues to improve the Information Security, Risk Management and Contingency Programs detailed in the report. In addition, we are actively investigating tools to assist with compliance of the Gramm-Leach-Bliley Act.

Improve Compliance over Enrollment Reporting

The NSU Registrar Office has implemented the following enrollment reporting process into the Enrollment Verification Policies and Procedures to ensure that accurate data are submitted to the National Student Clearinghouse:

1. After every batch for students who graduated, the Registrar staff checks the National Student Clearinghouse every five days to make sure that all graduation information reported is accurate.
2. When graduating students after the first graduation batch is processed, any student who is conferred after will be manually processed in the National Student Clearinghouse database instead of batch processing those individuals. The Registrar staff will ensure that graduation statuses are checked at least twice after the initial reporting.
3. The Office of the Registrar staff will ensure that all graduates for the prior semester are processed before the next semester batch is run.
4. The Office of the Registrar staff works closely with the National Student Clearinghouse to ensure that all data reported is accurate and timely in the case of campus or program level fields.
5. For students who officially withdraw from the University, the Registrar staff will send submission of students records to ensure that the enrollment status is not overwritten in subsequent batches for the current semester.
6. For students who unofficially withdraw from the University, the Registrar staff will manually review the enrollment status at least twice to ensure that the enrollment status is not overwritten in subsequent batches for the current semester.

FY 2021 – Student Financial Aid Internal Control & Compliance Findings  
Management Response (Cont'd)

Properly Process Return to Title IV (R2T4) Calculations

NSU Financial Aid staff updated the system to reflect a code of N (No) for FSEOG and 75% Federal Funds field and recalculated all students who were awarded federal SEOG that withdrew during the 2020-21 academic year. The Financial Aid Office also recalculated R2T4 for all students who were awarded FSEOG and who withdrew during the fall 2020, spring 2021 and summer 2021 semesters. All Pell and Direct Loans records have been corrected via the U.S. Department of Education's Common Originations and Disbursements (COD).

February 4, 2022

**Improve Compliance over Enrollment Reporting**

**Applicable to:** James Madison University, Norfolk State University (repeat – first issued in 2018), Old Dominion University, Northern Virginia Community College (repeat – first issued 2018), Radford (repeat – first issued 2018), Virginia State University (repeat – first issued 2018), Virginia Tech (repeat – first issued 2018)

**Type of Finding:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** Select institutions as noted above

The following institutions did not properly report accurate and or timely enrollment data to the U.S. Department of Education using the National Student Loan Data System (NSLDS) in accordance with 34 C.F.R. § 685.309, Dear Colleague Letter GEN 12-06 and the NSLDS Enrollment Guide for students that had withdrawn and/or graduated.

NVCC Register Office personnel did not report accurate and/or timely enrollment data to the NSLDS for students that had an enrollment level change, graduated, or withdrew. The underlying cause of the errors is primarily related to staff turnover and prioritizing resources to address the COVID-19 pandemic. From a review of 40 students, we identified the following deficiencies:

- The enrollment status was inaccurate for 11 students (28%);
- The effective date was inaccurate for 12 students (30%);
- NVCC did not report enrollment status changes timely for 17 students (43%); and
- At least one campus or program level field deemed critical was inaccurate for 15 students (38%).

**Response:**

The Commonwealth of Virginia Auditor of Public Accounts conducted an audit of the National Student Loan Data System (NSLDS) and Graduate Files at Northern Virginia Community College. Based on their findings, the following quality control guidelines will be implemented immediately:

**Office of the Controller**

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Fairfax, VA 22030

703-323-3125  
website: [www.nvcc.edu](http://www.nvcc.edu)





- The College Records Office (CRO) make necessary corrections in the Student Status Confirmation Report (SSCR) within thirty to sixty days of the findings.
- Management and all responsible parties will review and discuss current enrollment reporting policies and procedures.
- Responsible parties will be granted access to make corrections in NSLDS by the NSLDS System Administrator.
- Retain data file uploaded to National Student Clearinghouse (NSC).
- Create a departmental SSCR schedule calendar, which identifies the file submission upload dates to the Clearinghouse.
- Collaborate with NVCC Financial Aid to address and resolve key issues.
- Financial Aid will provide the appropriate assistance in making corrections.
- Implement a monthly inspection process of the SSCR and collaborate with Financial Aid to review random samples of students who have withdrawn and received financial aid.
- Create a query to check Title IV graduates.
- Review graduate-only files (random check) for quality control and conformity with Student Information System (SIS).
- Responsible parties will maintain internal control to comply with applicable laws and regulations.
- Responsible parties will provide a monthly update to Dr. Deborah Wyne, College Dean, Office of Recruitment & Admissions.

**Responsible Parties:**

- NOVA Office of Recruitment & Admissions; College Records & Enrollment Success
- NOVA Office of Instructional & Information Technology
- NOVA Office of Financial Aid

**Improve Notification Process for Federal Loan Awards to Students**

**Applicable to:** Northern Virginia Community College

**Type of Finding:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** No

The Northern Virginia Community College (NVCC) Financial Aid Office did not notify students awarded federal Direct Loans for two of 25 borrowers that received loans for the weeks of November 11, 2020, and March

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2, 2021. The C.F.R. requires written award notifications to students including important details on the rights, options, and requirements of the student loan.

In accordance with 34 C.F.R. § 668.165(a)(2), institutions should properly notify students receiving federal Direct Loans, in writing, of the date and amount of the disbursement, the student's right to cancel all or a portion of a loan or loan disbursement, and the procedure and time by which the student must notify the institution that he or she wishes to cancel the loan. Additionally, 34 C.F.R. § 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.

The Financial Aid Office uses an automated system to send the required notifications to borrowers; however, the existing process does not include edit checks to determine proper generation and distribution of notifications to students following the posting of disbursements. Consequently, staff were not aware the query language was outdated within the automated system that prevented the creation of notifications for borrowers receiving federal Direct Loans.

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. The Financial Aid Office should revise the query language that triggers the loan notification process to ensure proper notification to all students receiving federal Direct Loans.

**Response:**

Northern Virginia Community College concurs that the College Financial Aid Office did not notify two students that were awarded Federal Direct Loans the weeks of November 11, 2020, and March 2, 2021. This is an automated process and through further research with the VCCS Financial Aid Office it was found that the query language being used was outdated. Since the finding the Financial Aid Office is currently using the updated query language to select the proper group of students. The Financial Aid Office have also implemented a weekly trace process, which will send a listing of the students who received the loan notification to a staff member. This staff member will be responsible for verifying that the notifications were sent to all students who meet the weekly criteria.

**Reconcile Federal Aid Programs**

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website: [www.nvcc.edu](http://www.nvcc.edu)



**Applicable to:** Northern Virginia Community College

**Type of Finding:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** No

NVCC personnel were unable to provide sufficient documentation showing reconciliations of its accounting records with the federal systems used to authorize and request federal student aid. Specifically, we noted the following deficiencies:

- Student Financial Aid Office personnel could not provide documentation of NVCC's records with the School Account Statement (SAS) received from ED's Common Origination and Disbursement (COD) system. NVCC management indicated this was the result of a misunderstanding of the regulations. Rather than reconciling the ending cash balance on the monthly reports, the Student Financial Aid Office focused on the individual mismatches between its internal records and COD and resolving batch errors during the month.
- Controller's Office personnel could not provide documentation of reconciliations of NVCC's accounting records with ED's grants management system and its bank account. NVCC management indicated this was the result of not prioritizing the monthly reconciliations of its internal records with the grants management system. The Controller's Office reconciles its student accounts to the grants management system when a drawdown occurs, but drawdowns do not occur monthly, and that reconciliation does not include the general ledger.

In accordance with 34 CFR 685.300(b)(5) and 34 CFR 685.102(b), institutions must reconcile institutional records with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the Secretary. Each month, COD provides institutions with a SAS data file which consists of a cash summary, cash detail, and loan detail records to aid in this reconciliation process. Chapter 6 (Reconciliation in the Direct Loan Program) of the Federal Student Financial Aid Handbook details the reconciliation requirements.

By not documenting a monthly reconciliation of federal Direct Loans, NVCC places itself at risk of not identifying issues and resolving them before they become a systemic problem. Systemic problems could result in federal noncompliance and may lead to potential adverse actions and impact participation by the institution in Title IV programs.

The Student Financial Aid Office and the Controller's Office should perform and retain sufficient documentation of the monthly reconciliations and resolve reconciling items between NVCC's financial systems,

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ED's grants management system and COD records in a timely manner to ensure compliance with federal regulations.

**Response:**

- 1) A description of the actions that will be taken:

Northern Virginia Community College concurs that due to a misunderstanding of the regulations that institutions must reconcile institutional records with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the Secretary. Northern Virginia Community College agrees that there was a lack of prioritizing of the monthly reconciliations and that institutions must reconcile institutional records between federal systems and the institution's internal records.

Consequently, Northern Virginia Community College could not provide documentation of its monthly reconciliations of internal records to the cash balance recorded on the School Account Statement (SAS) received from the Common Origination and Disbursement (COD) system or to the accounting records and bank account with the U.S. Department of Education's grants management system.

Working together, Northern Virginia Community College Financial Aid Office and Controller's Office will implement processes to address the reconciliation process. The Assistant Director of Pell Grants and Loans Programs will provide copies of the School Funding Information page from COD to the Associate Controller monthly. The Associate Controller or staff member will reconcile the School Funding Information page from COD against our internal records.

The College Financial Aid Office and the Controller's Office will work to resolve discrepancies found during this process. A shared folder will be created to document the monthly reconciliation of both offices. This will permit the College to perform and retain sufficient documentation of the monthly reconciliations of the Direct Loan Program in a timely manner to ensure compliance with federal regulations.

- 2) The title of the responsible position:  
Assistant Director of Pell Grants and Loans Programs and Associate Controller
- 3) An estimated completion date:  
July 01, 2022

John  
Guszk

Digitally signed by  
John Guszk  
Date: 2022.02.04  
16:03:41 -05'00'

**Office of the Controller**

3924 Pender Drive  
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VICE PRESIDENT FOR ADMINISTRATION AND FINANCE  
NORFOLK, VIRGINIA 23529 0014  
PHONE: (757) 683 3464

February 4, 2022

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

Dear Ms. Henshaw:

We have reviewed the audit findings and recommendations resulting from the **Student Financial Assistance Programs** for the year ended June 30, 2021, 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:** No

The following institutions did not properly report accurate and or timely enrollment data to the U.S. Department of Education using the National Student Loan Data System (NSLDS) in accordance with 34 C.F.R. § 685.309, Dear Colleague Letter GEN 12-06 and the NSLDS Enrollment Guide for students that had withdrawn and/or graduated.

Old Dominion University (ODU) Registrar's Office personnel did not report accurate and/or timely enrollment data to NSLDS for students that had withdrawn or had an enrollment level change. The underlying cause of the errors is a combination of factors including date/time stamp programming language errors, a keying error, and a lack of students providing identifying data which correspond to a field used to update NSLDS. For enrollment status changes other than graduated or withdrawn, the effective date discrepancies resulted at the program reporting level. From a review of 50 students, we identified the following deficiencies:

- The enrollment status was inaccurate for nine students (18%);
- The effective date was inaccurate for 18 students (36%);
- ODU did not report enrollment status changes timely for 11 students (22%); and
- At least one campus or program level field deemed critical was inaccurate for 18 students (36%).

Each institution should evaluate their current enrollment reporting procedures. Institutional management should implement corrective measures 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**

Old Dominion University will consult with our SIS vendor to review the enrollment reporting business processes utilized by the Registrar's Office to address the errors that were identified in the audit. Enrollment reporting involves the generation of files created by vendor-delivered jobs which are intended to automate the process of producing the enrollment file without human intervention. We will work with the vendor to determine if the jobs have defects which need to be addressed by the vendor, or if our business processes need to be adjusted. In addition, ODU will be implementing a stricter quality control process over enrollment reporting.

**Promptly Return Unearned Title IV Funds to Department of Education**

**Type of Finding:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** No

ODU personnel did not consistently return Title IV funds to the U.S. Department of Education within the required timeframe. The primary cause for the noncompliance is attributable to staffing challenges during aid year 2021 in both the financial aid and registrar offices as well as transitioning to a remote work environment. For 11 out of 21 students (52%), the date of return of unearned funds is greater than 45 days after the date of determination.

In accordance with 34 C.F.R. § 668.21(b), the institution must return those funds for which it is responsible as soon as possible, but no later than 45 days, after the date that the institution becomes aware that a student has withdrawn. By not returning funds timely, the institution is not in compliance with federal requirements and may be subject to potential adverse actions that may affect ODU's participation in Title IV programs.

Management should review current procedures and resources. Management should implement corrective measures to ensure business continuity and return unearned Title IV funds to the U.S. Department of Education in a timely manner thus preventing future noncompliance.

### **Management's Response**

New R2T4 staff have been hired and trained. Zoom meetings conducted with Registrar and Financial Aid to determine requirements to streamline process. Consulting time was secured with Ellucian to complete a thorough review of the Student and Financial Aid Banner computer modules to ensure proper set-up for R2T4 calculations. SFAWDRL form is now set to extract the actual student withdrawal date, eliminating the need for manual updates. A secondary report has been created and is being used to ensure withdrawal data is identified earlier in the enrollment cycle.

### **Promptly Return Unclaimed Aid to the Department of Education**

**Type of Finding:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** No

The following institutions did not promptly return unclaimed student financial aid funds to the U.S. Department of Education within the required timeframe. In accordance with 34 C.F.R. § 668.164(l), if an institution attempts to disburse funds by check and the recipient does not cash the check, 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 a rejected electronic funds transfer (EFT). Not returning funds timely can result in federal non-compliance and subject the institution to potential adverse actions and affect the institution's participation in Title IV aid programs.

ODU's Office of Finance personnel did not return \$79,058 of unclaimed student financial aid funds to the U.S. Department of Education within the required timeframe. The underlying cause of the errors is due to staffing shortages, leading to staff overlooking 65 checks in the due diligence process.

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

### **Management's Response**

Management takes very seriously its responsibility to promptly return unclaimed aid to the Department of Education. As noted, the underlying cause of the errors is due to staffing



shortages, leading to staff overlooking 65 checks in the due diligence process. Procedures have been reviewed and funds have been returned to the Department of Education.

**Properly Complete Exit Counseling for Federal Direct Loan Borrower**

**Type of Finding:** Internal Control and Compliance

**Severity:** Significant Deficiency

**Repeat:** No

The following institutions did not properly complete exit counseling for federal Direct Loan borrowers. In accordance with 34 C.F.R. § 685.304(b)(3), if a student borrower withdraws from a school without the school's prior knowledge or fails to complete the exit counseling as required, exit counseling must, within 30 days after the school learns that the student borrower has withdrawn from the school or failed to complete the exit counseling as required, be provided either through interactive means, by mailing written counseling materials to the student borrower at the student borrower's last known address, or by sending written counseling materials to an email address provided by the student borrower that is not an email address associated with the school sending the counseling materials. By not performing this function, students may not receive the relevant information related to repayment of their student loans.

ODU Office of Student Financial Aid personnel did not consistently confirm that all federal Direct Loan borrowers who have graduated or withdrew received exit counseling materials in accordance with federal requirements. From a review of 25 students, we identified that ODU did not provide three borrowers (12%) the required exit counseling materials to the borrower's last known address or an alternate email address when the student had not completed exit counseling. The underlying cause is that ODU personnel only notify borrowers of the exit counseling requirement through their institutional email address, per their policy.

Each institution should enhance current procedures related to sending exit counseling materials to federal Direct Loan borrowers and ensure it properly notifies all applicable borrowers of exit counseling requirements through a non-institutional email address, by mail at the student's last known address, or by interactive electronic means.

**Management's Response**

The R2T4 Team provides a list to the Loan Processing Team of each withdrawn student during the term. Exit counseling materials are mailed through the USPS to the students' permanent addresses.

Additional reports have been created to identify withdrawn or failing students at the end of each term. Exit materials will first be sent to the student ODU email address. If the exit process is not completed, notifications are sent to the student personal (non-ODU) email and/or mailing addresses.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Todd Johnson", with a long horizontal flourish extending to the right.

Todd Johnson  
Interim Vice President for Administration and Finance

# RADFORD UNIVERSITY

February 8, 2022

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

Dear Ms. Henshaw:

We have reviewed the audit findings and recommendations related to the Student Financial Aid Federal program for aid year 2021. 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 each finding.

## **Improve Enrollment Reporting Process**

The Office of Financial Aid and the Office of the Registrar continue to work collaboratively along with Information Technology Services to update the processes that are utilized to provide information to the National Student Clearinghouse (NSCH) and ultimately National Student Loan Data System (NSLDS). Additional internal monitoring controls have been put in place to review and confirm the accuracy of data that is submitted to NSLDS. A review of all financial aid desktop procedures where enrollment changes are made has been completed and revised procedures continue to be implemented so that accurate enrollment data is provided to NSLDS and NSCH. All necessary corrective action improvements will be finalized by April 30, 2022.

## **Promptly Return Unclaimed Aid to the Department of Education**

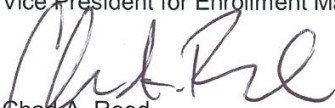
The Office of Financial Aid in consultation with the Department of General Accounting is conducting a comprehensive review of current procedures for the timely return of funds. All necessary corrective action improvements will be finalized and validated by December 31, 2022.

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

Sincerely,



Craig Cornell  
Vice President for Enrollment Management



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



February 4, 2022

Ms. Staci Henshaw  
Commonwealth of Virginia Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218

Dear Ms. Henshaw,

The Management Responses to the audit findings 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, 2021, have been consolidated as follows:

**Implement Information Security Program Requirements for the Gramm-Leach-Bliley Act**

**Management Response:** The UVA Academic Division concurs with the APA's finding.  
**Responsible for Corrective Action:** Steve Kimata, Assistant VP Student Financial Services and Jason Belford, Chief Information Security Officer  
**Anticipated Completion Date:** June 2023

The University will develop a plan to comply with all GLBA requirements. This will include identifying the relevant systems and contracting with a third party servicer to conduct comprehensive risk assessments in compliance with GLBA requirements.

The timeframe for compliance with the identified systems will likely extend into calendar year 2023; for example, the assessments will need to include the Workday Finance system that the University is implementing July 1, 2022. The contractual arrangement with a vendor is expected to be completed in early 2022.

**Promptly Return Unclaimed Aid to Department of Education**

**Management Response:** The UVA Academic Division concurs with the APA's finding.  
**Responsible for Corrective Action:** Steve Kimata, Assistant VP Student Financial Services  
**Anticipated Completion Date:** Completed December 2021

*UVA Finance is the valued and trusted financial partner that the University community turns to first.*  
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February 4, 2022  
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Student Financial Services (SFS) has implemented additional controls for monitoring unclaimed checks containing Title IV funds. These enhanced procedures include: assigning additional staff to review and execute monthly reporting; utilizing new methods to contact students or parents along with increasing the frequency of the outreach; and returning unclaimed Title IV funds to the Department of Education within the prescribed timeframes. These enhanced procedures would have promptly returned to the Department of Education the \$55,692 mentioned above, which represents 0.3% of all Title IV monies refunded by UVA.

#### **Properly Complete Exit Counseling for Direct Loan Borrowers**

**Management Response:** The UVA Academic Division concurs with the APA's finding.

**Responsible for Corrective Action:** Steve Kimata, Assistant VP Student Financial Services

**Revised Estimated Completion Date:** March 1, 2022

After the oversight was discovered, Student Financial Services (SFS) sent exit counseling information to the five (5) student borrowers from the test sample and all other students we identified who borrowed in 2021 who had not previously received exit counseling information. SFS has updated our controls and procedures for monitoring and initiating exit counseling. These updates include ensuring that all students who need exit counseling are properly identified, importing NSLDS loan history into SIS, monitoring COD for completion of exit counseling, and sending exit counseling information to student borrowers' non-University email address (when available), all within the required timeframe.

We have implemented a number of enhancements to our internal controls and procedures for monitoring and initiating exit counseling. However, we are continuing to implement additional updates to ensure full compliance.

Sincerely,

DocuSigned by:



6F94A4B8D47A47D1  
Melody Blanchetto

Vice President for Finance

Cc: JJ Davis  
Augie Maurelli

*UVA Finance is the valued and trusted financial partner that the University community turns to first.*  
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University Controller (MC 0312)  
Virginia Tech  
North End Center, Suite 3300  
300 Turner Street NW  
Blacksburg, Virginia 24061

February 9, 2022

Please find our response to the finding included in the 2021 Student Financial Assistance Audit.

**Improve Compliance over Enrollment Reporting**

Virginia Polytechnic Institute and State University (VT) Registrar's Office personnel did not report accurate program level enrollment data to NSLDS for students that had an enrollment level change. The underlying cause of the errors is a combination of programming language errors resulting in the transmission of incorrect data fields. From a review of 40 students, we identified the following deficiencies:

- The effective date was inaccurate for ten students (25%).

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 federal Direct Loan records and other federal student records remain updated.

**University Response**

Virginia Tech's enrollment reporting logic currently creates the program level effective date as the date a student initially enrolls for a given term unless there are changes to status or program, based on the institution's interpretation of the NSLDS Enrollment Reporting Guide. The institution however agrees with the APA that adjusting the Effective Date definition to correspond with best practices will ensure accuracy and consistency with NSLDS. Virginia Tech will coordinate with our third-party servicer (National Student Clearinghouse), adjust the logic in our Enrollment reporting code, and test accuracy against NSLDS data. This change in reporting and testing will be completed by August 1, 2024.

Please let me know if questions or concerns.

Sincerely,

A handwritten signature in blue ink that reads 'Melinda J. West'. The signature is fluid and cursive, with the first name 'Melinda' being the most prominent part.

Melinda J. West

AVP for Finance and University Controller



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Kevin W. Davenport  
Senior Vice President for  
Finance and Administration

TDD (804) 524-5487

February 7, 2022

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

Dear Ms. Henshaw:

Virginia State University has reviewed the findings provided by the Auditor of Public Accounts relative to the audit of the major federal programs of the Student Financial Assistance Programs Cluster. The University concurs with the findings. During the year, the University encountered operational and administrative challenges due to the loss of operations during the height of the COVID-19 pandemic. Like many other universities, Virginia State University had to temporarily adapt its policies and procedures to account for the decentralization of its operations due to remote functionality, reduced IT effectiveness and increased absenteeism due to the novel coronavirus and its subsequent variants.

The university provides the following planned corrective actions.

**Response to Finding #1 - Properly Complete Exit Counseling for Federal Direct Loan Borrowers:**

Planned corrective actions will be as follows:

- a) We have automated our process using Ellucian Banner to send email notifications to student's VSU and personal email. Information is documented automatically on each student's account. (Implemented fall 2021)
- b) In addition, as a part of the repayment process, the student receives information via email and/or mail from their assigned loan servicer about loan responsibilities and options.

**Response to Finding #2 – Promptly Return Unclaimed Aid to Department of Education:**

Planned corrective actions will be as follows:

- a) We will update our policies and procedures for returning unclaimed Title IV funds and implement corrective action to prevent further noncompliance.
- b) The Bursar's Office, Cashier's Office, Financial Aid Office and Cash Management Office will work collectively to ensure uncashed check funds are returned to ED within the required timeframe. (The offices will meet quarterly to review reports.)
- c) In addition, we have a new Third-Party Servicer (Nelnet Campus Commerce). ED requires Nelnet Campus Commerce to perform a review of applicable institutional policies and procedures related to Title IV Credit Balance Recipients.

**Response to Finding #3 – Report Student Status Enrollment Changes Accurately and Timely to National Student Loan Data System:**

Planned corrective actions will be as follows:

- a) Registrar's Office/Financial Aid Office will generate a 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. In addition, we have scheduled revitalization training with Ellucian Banner to provide knowledge and best practices on reporting to NSC.
- b) Registrar's Office will review all batches uploaded to NSC/NSLDS to ensure that batches are accepted without errors, and/or correct errors that are reported. In addition, we will request access to NSLDS for Registrar's staff.
- c) Each Semester, quality control reviews will be conducted by Registrar and Financial Aid staff to ensure timely and accurate reporting in NSC and NSLDS.

Thank you for your attention to this matter.

Sincerely,



Kevin Davenport, Senior Vice President for  
Finance and Administration

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An Equal Opportunity Employer/Equal Access Institution*