



# **VIRGINIA COMMUNITY COLLEGE SYSTEM**

## **REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2012**

## AUDIT SUMMARY

Our audit of the Virginia Community College System for the year ended June 30, 2012, 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;
- instances of noncompliance or other matters required to be reported under Government Auditing Standards;
- the Virginia Community College System has not completed corrective action with respect to the prior year finding, "Improve Monitoring Controls over High Risk Transactions" and so the unresolved issue is repeated this year in the finding "Improve Segregation of Duties within AIS PeopleSoft"; and
- Northern Virginia Community College has not completed corrective action with respect to the prior year finding, "Deactivate Separated Employees' Procurement Application (eVA) Access Timely" and it is included this year in the finding "Deactivate User Access Promptly Upon Employee Termination."

We have audited the basic financial statements of the Virginia Community College System as of and for the year ended June 30, 2012, and issued our report thereon, dated August 7, 2013. Our report, included in the System's Annual Financial Report is available at the Auditor of Public Accounts' website at [www.apa.virginia.gov](http://www.apa.virginia.gov) and at the System's website at [www.vccs.edu](http://www.vccs.edu).

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## FINANCIAL INTERNAL CONTROL AND COMPLIANCE FINDINGS

### Systems Access

#### Improve Segregation of Duties within AIS PeopleSoft

Applicable to: System Office (repeat finding)

During our audit of the Virginia Community College System for the prior fiscal year, we found improper segregation of duties within the AIS PeopleSoft system. During our review of access at the System Office and several colleges, multiple instances of inappropriate access were noted, indicating a deficiency applicable to the entire System. These findings were communicated to management during the last month of fiscal year 2012. As a result, management was unable to implement meaningful corrective action in a timeframe that would improve the effective operation of AIS access controls for the fiscal year 2012 financial statement audit.

The System Office has, however, developed queries and provided additional guidance during fiscal year 2013 to assist colleges in identifying segregation of duties risks. We encourage the System Office to continue its efforts in this area, and we will perform a System-wide review of AIS access for fiscal year 2013 to assess the effect of corrective actions implemented by management.

#### Improve Internal Controls over AIS Security Review

Applicable to: Danville Community College  
Dabney S. Lancaster Community College

Danville Community College and Dabney S. Lancaster Community College did not complete AIS access reviews during fiscal year 2012. An annual review of system access is required by VCCS IT Security Standard 11.2.4 and ensures financial information remains secure and decreases the risk of inappropriate or fraudulent activity.

Both colleges should ensure AIS access is reviewed and certified annually as required by the VCCS IT Security Standard.

#### Deactivate User Access Promptly Upon Employee Termination

Applicable to: Northern Virginia Community College (NVCC) (repeat finding)  
Patrick Henry Community College (PHCC)  
System Office  
Tidewater Community College (TCC)  
Virginia Western Community College (VWCC)

Certain colleges and the Virginia Community College System Office are not deactivating user access to the state's procurement system (eVA) promptly upon employee termination. In addition, Northern Virginia Community College and Tidewater Community College did not remove

access to other college and statewide applications in a timely manner. We noted the following exceptions while performing testing:

#### NVCC

- Untimely deletion of access to college and statewide applications for six out of 20 employees tested (30 percent)
- Untimely deletion of access to eVA for three employees (repeat from prior year)

#### PHCC

- Untimely deletion of access to eVA for both employees tested (100 percent)

#### System Office

- Untimely deletion of access to eVA for three out of ten employees tested (30 percent)

#### TCC

- Untimely deletion of access to college systems for ten out of 21 employees tested (47 percent)

#### VWCC

- Untimely deletion of access to eVA for eight out of 14 employees tested (57 percent)

Per eVA Electronic Procurement System Security Standards, Section 2.8 Deactivation of eVA Access, eVA access should be deactivated when the requirement for access no longer exists. As eVA is a web-based application, allowing access to eVA for terminated employees increases the risk of improper activity by former employees which could result in a liability for the System. The institutions cited should develop processes whereby access is removed without delay upon employee separation.

Additionally, Northern Virginia Community College IT Security Policy requires the Human Resources department to notify the Information Technology department at the end of each month regarding any employee separations which require removal of system access. All six exceptions noted above exceeded the timeframe outlined in the policy. Due to the timing of the prior year audit, some of the benefits of Northern Virginia Community College's corrective action plan may not have been fully applied for the period under audit. Furthermore, our testwork supports that the corrective action plan has resulted in improvement over timeliness of access deactivation. However, Northern Virginia Community College should continue to evaluate its access policies and procedures and build on the improvements experienced during the prior year to ensure compliance with college and statewide access policies.

Lastly, Tidewater Community College's policy regarding removal of access to information systems containing sensitive data requires staff to notify the Information Technology Security

Manager when user access to an information system is no longer required or when a user's access level should be updated due to a change in the employee's job function. Tidewater should evaluate their current procedures to ensure timely communication of access termination requests upon employee separation from the college.

## **Financial Reporting**

### Improve Policies, Procedures, and Financial Reporting over Accounts Receivable

Applicable to: Danville Community College  
Patrick Henry Community College  
System Office

Danville Community College's policies and procedures over accounts receivable are outdated, stated as last revised on July 31, 2006, and do not include methodologies for establishing the allowance for doubtful accounts and writing off uncollectible accounts. As a result, the college submitted state schedules for accounts receivable without recording an allowance for doubtful accounts. Additionally, Danville Community College does not perform write-offs of uncollectible accounts on a timely basis.

Patrick Henry Community College reported \$509,280 in accounts receivable that did not exist as of the fiscal year end and failed to include existing student accounts receivable. The college was unable to adequately explain how accounts were aged and was unable to justify reasonableness of write-off and allowance methodologies. The college did not apply an allowance for doubtful accounts to the vast majority of account types and did not write off delinquent accounts within a reasonable timeframe. In addition, the college has not developed written policies and procedures over the accounts receivable process.

The Commonwealth Accounting Policies and Procedures (CAPP) Manual Topic 20505 provides procedures for ensuring that accounts receivable are fairly presented in accordance with generally accepted accounting principles. Accordingly, CAPP Topic 20505 requires colleges to establish realistic estimates of allowances for doubtful accounts based upon historical data or other pertinent information, initiate write-offs in accordance with established policies and procedures, maintain an accurate record of accounts receivable, and provide an aged trial balance of receivables.

Danville Community College should consult with the System Office to improve its accounts receivable policies and procedures, including developing a methodology for the timely write-off of uncollectible accounts and establishing a realistic allowance for doubtful accounts. Patrick Henry Community College should perform a detailed evaluation over the accounts receivable reporting process and develop policies and procedures to ensure accounts receivable are accurately reported to the System Office for inclusion in the System's consolidated financial statements. Lastly, when reviewing the information submitted by the individual community colleges, the System Office should ensure that the colleges have recorded an allowance for doubtful accounts or have provided sufficient justification why the absence of an allowance for doubtful accounts fairly presents the accounts receivable balance at year-end.

<b>Payroll</b>
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Improve Controls over Processing Wage Employment and Termination Process

Applicable to: Tidewater Community College

Tidewater Community College lacks sufficient written policies and procedures for the hiring of wage employees, and is not consistently maintaining Form HR-38s (Request for Employment of Wage) or other documentation to support authorization of employment for wage employees. In addition, the college is not entering accurate or timely termination dates in the Human Resources Management System (HRMS).

In a sample of 20 wage employees receiving paychecks in fiscal year 2012, Human Resources (HR) could not produce the required Form HR-38 or other documentation for six employees (30 percent), authorizing their employment for the periods under review. The individual departments conducting hiring activities did not provide sufficient authorizations for wage employment, nor did HR follow-up with the related hiring departments to ensure its records were accurate and sufficiently supported. Additionally, in our sample of 31 terminated employees, the termination dates recorded in HRMS did not have supporting documentation to validate the recorded dates or did not agree to the supporting resignation letters, Form HR-20, e-mail, or other supporting documentation. For three terminated employees, no supporting documentation exists to validate the termination dates recorded in HRMS. For two employees, Human Resources recorded the effective termination dates approximately three months to one year after the termination date noted in the supporting documentation. Not entering accurate termination dates and in a timely manner increases the risk of separated employees accruing unearned leave or retirement benefits and receiving payments in error.

We recommend the College develop written policies and procedures that specifically address authorization and documentation requirements needed from the individual hiring departments, methods of communication between Human Resources and hiring departments, and monitoring and maintenance responsibilities. The College should also develop a process that facilitates training for the hiring of wage employees for the individual departments conducting hiring activities. Additionally, we recommend the College develop separate or revise current termination procedures to address roles and responsibilities, required documentation to validate terminations, and accuracy and timeliness of termination dates entered in HRMS.

## FEDERAL INTERNAL CONTROL AND COMPLIANCE FINDINGS

### Student Financial Aid

#### Improve Control Environment

Applicable to: Paul D. Camp Community College

We found that management at Paul D. Camp Community College has not fully cross-trained their staff on various financial aid processes. In addition, we found that Paul D. Camp Community College lacks adequate contingency planning and documented procedures sufficient to ensure continued control over Student Financial Aid processes in the event key personnel cannot perform their duties.

We recommend the institution devote the resources necessary to ensure continuity in operations in the event of an absence of their respective managers. Proper contingency planning includes cross-training financial aid and business office staff to perform multiple duties, and adequately documenting procedures reflecting the operations of the office.

#### Reconcile Federal Funds Accounts

Applicable to: Paul D. Camp Community College  
Virginia Highlands Community College

We found Paul D. Camp Community College did not reconcile the College's federal funds bank account during fiscal year 2012 and Virginia Highlands Community College did not reconcile the federal funds bank account to the College's accounting system from January 2012 through May 2012.

Federal regulations require institutions receiving Federal Student Aid to have an adequate internal control structure which includes reconciling the federal funds bank account. Reconciling the College's bank account timely is a fundamental internal control and failing to properly reconcile and correct differences could result in undetected errors or irregularities.

These Colleges should immediately implement policies and procedures to ensure reconciliations of all bank accounts occur monthly and are reviewed and signed by an appropriate supervisor.

#### Reconcile Financial Aid Activity to Direct Loan Servicing System

Applicable to: Central Virginia Community College  
Germanna Community College

These Colleges did not reconcile loan financial records with the Direct Loan Servicing System (DLSS).



In accordance with 34 CFR 685.301(e) and 34 CFR 685.102(b), colleges must report all loan disbursements and submit required records to the Direct Loan Servicing System via the Common Origination and Disbursement (COD) system within 30 days of disbursement. Each month, COD provides colleges with a School Account Statement (SAS) data file which consists of a Cash Summary, Cash Detail, and Loan Detail records.

The Financial Aid Office should reconcile its financial records with the SAS files monthly to ensure the DLSS accurately reflects the College's financial records.

#### Reconcile Federal Activity Reports to Accounting Records

Applicable to: Paul D. Camp Community College

Paul D. Camp Community College did not reconcile Federal G5 Activity Reports to the College's accounting records.

Code of Federal Regulations Title 34 CFR 676.19 requires the College to reconcile fiscal records monthly. As the College did not reconcile its activity to the federal reports, it did not recognize the need to draw down \$129,436 of Pell funds for the Fall 2011 and Spring 2012 semesters.

Accounting and financial aid staff should immediately begin reconciling the Federal Activity Reports to the College's accounting records. Additionally, staff should properly document the reconciliation, resolve all differences promptly, and ensure proper approval and review by the appropriate supervisor. This reconciliation ensures the College is properly receiving and recording all Federal Student Aid in its accounting system and properly reporting information in the Federal databases. Prompt and complete reconciliations would also identify amounts the College may not have drawn down from the federal programs.

#### Ensure Use of Appropriate Cost of Attendance

Applicable to: Paul D. Camp Community College

The Financial Aid Officer did not enter the correct cost of attendance in the college's student information system for the 2011-2012 financial aid year.

In accordance with 20 U.S.C. 1087ll, cost of attendance, as determined by the college, estimates the total costs of attending for a period of one year and is a critical component in the determination of financial aid a student can receive. Since the College did not enter the 2011-2012 cost of attendance, the system defaulted to the 2010-2011 aid year and incorrectly calculated cost of attendance for Summer 2011 and early filing students in Fall 2011. The College did not have a procedure for management to review and verify the cost of attendance to ensure it is correctly updated each financial aid year.

We recommend the College immediately implement procedures to ensure the student information system is updated each year with the correct cost of attendance.

### Improve Reporting to National Student Loan Data System

Applicable to: Central Virginia Community College

The Admissions and Records Office did not report students graduating in the Fall 2011 semester to the U.S. Department of Education using the National Student Loan Data System (NSLDS).

In accordance with 34 CFR 685.309(b), the college must report students receiving direct loans where the student has stopped enrolling at least half-time, is not enrolled at least half-time for the period the loan was intended, or has changed his permanent address. Unless the college expects to submit its next student status confirmation report within the next 60 days, the college must notify the Department of Education within 30 days of the enrollment change.

The Admissions and Records Office should immediately transmit all of the Fall 2011 graduates to the U.S. Department of Education using the NSLDS. Further, the Admissions and Records Office should implement reconciliation or independent check processes to ensure the data in NSLDS accurately reflects the College's academic records.

### Improve Reporting of Pell Grant Disbursements

Applicable to: Central Virginia Community College

The Financial Aid Office did not report disbursements of student financial aid to the U.S. Department of Education timely using the Common Origination and Disbursement (COD) System.

In accordance with 76 FR 32961, the college is required to report Federal Pell Grant disbursements to COD within 30 days of disbursement, but no more than seven days before disbursement. In four of 35 students tested, the Financial Aid Office did not record disbursements in COD within the required timeframe.

The Financial Aid Office should report disbursements to COD within the required timeframes and use the PeopleSoft provided reconciliation process to ensure all records in COD agree to College records.

### Properly Calculate and Return Title IV Funds

Applicable to: Central Virginia Community College  
Germanna Community College  
Paul D. Camp Community College

Student Financial Aid Offices at these institutions did not properly identify, calculate, and/or return Title IV funds for students who officially or unofficially withdrew from courses and no longer qualified for federal financial aid.

Central Virginia Community College did not properly identify 11 total students who withdrew in the Spring 2012 semester, resulting in the College not returning \$6,046.14 to the U. S. Department of Education.

Germanna Community College did not properly identify 12 of 40 student withdrawals tested (30 percent) within 30 days of the end of the semester. Additionally, Title IV funds were not returned within 45 days of the institutional determination date for 11 of 37 students tested (29 percent).

Paul D. Camp Community College did not return Title IV funds within 45 days of determination of student withdrawal for 11 of 12 students tested (92 percent). When the College did return the funds, they did not return the correct amount, resulting in a loss to the U.S. Department of Education in the amount of \$1,200.

Code of Federal Regulations, 34 CFR 668.22 states when a recipient of Title IV grant or loan assistance withdraws from an institution during a period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date and return the money within a reasonable timeframe. All calculations of return of Title IV funds are required to be completed within 30 days of semester end and funds are required to be returned within 45 days after the date that the institution determines the student has withdrawn.

Failure to promptly identify, calculate, and return unearned Title IV funds may jeopardize continued participation in Title IV programs.

<b>Federal Programs and Research</b>
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Obtain and Review Sub-recipient Audit Reports

Applicable to: Tidewater Community College

Tidewater Community College (TCC), as the Health Information Technology Consortium leader, is responsible for monitoring sub-recipients of the Consortium. We determined A-133 audits were required for all sub-recipients; however, the audit reports were not obtained and evaluated by TCC.

OMB Circular A-133 .400 (d) (4) states that pass-through entities should ensure all sub-recipients expending \$500,000 or more in federal awards during the sub-recipient's fiscal year have been subject to an A-133 audit. Pass-through entities should issue a management decision on audit findings included in the sub-recipient's audit report and ensure the sub-recipient takes appropriate and timely corrective action. This procedure, as outlined in A-133, ensures sub-recipients have satisfied the compliance requirements for the management of federal funds.

We recommend Tidewater Community College properly monitor A-133 audits of sub-recipients, ensuring the audits are conducted and any internal control or noncompliance issues are addressed timely and appropriately.



# Commonwealth of Virginia

## *Auditor of Public Accounts*

Martha S. Mavredes, CPA  
Auditor of Public Accounts

P.O. Box 1295  
Richmond, Virginia 23218

August 7, 2013

The Honorable Robert F. McDonnell  
Governor of Virginia

The Honorable John M. O'Bannon, III  
Chairman, Joint Legislative Audit  
and Review Commission

State Board for Community Colleges  
Virginia Community College System

### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

We have audited the financial statements of the business-type activities and aggregate discretely presented component units of the Virginia Community College System as of and for the year ended June 30, 2012, which collectively comprise the System's basic financial statements and have issued our report thereon dated August 7, 2013. Our report includes a reference to other auditors. We conducted our 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. 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 System, 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

Management of the System is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the System'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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, which are described in the sections titled "Financial Internal Control and Compliance Findings," and "Federal Internal Control and Compliance Findings," that we consider to be significant deficiencies in internal control over financial reporting. 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.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System'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. Instances of noncompliance and other matters, are described in the sections titled "Financial Internal Control and Compliance Findings," and "Federal Internal Control and Compliance Findings."

The System's response to the findings identified in our audit is included in the section titled "University Response." We did not audit the System's response and, accordingly, we express no opinion on it.

#### Status of Prior Findings

The System has not taken adequate corrective action with respect to the previously reported findings "Improve Segregation of duties within AIS PeopleSoft" and "Deactivate Separated Employees' Procurement Application (eVA) Access Timely." Accordingly, we included these findings in the section entitled "Financial Internal Control and Compliance Findings." The System has taken adequate corrective action with respect to audit findings reported in the prior year that are not repeated in this report.

#### Report Distribution and Exit Conference

The "Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters" is intended solely for the information and use of the Governor and

General Assembly of Virginia, the Board of Visitors, and management, and is not intended to be and should not be used by anyone, other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

We discussed this report with management at an exit conference held on August 27, 2013.

AUDITOR OF PUBLIC ACCOUNTS

EMS/alh



August 21, 2013

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

Dear Ms. Mavredes:

We are providing this letter in response to your report on the audit of the financial records of the Virginia Community College System for the fiscal year ended June 30, 2012.

We confirm that we have received the findings and recommendations and have prepared the attached response and corrective action plan.

If you have any questions, please contact Dave Mair, VCCS Controller, at (804) 819-4929.

Sincerely,

A handwritten signature in black ink, appearing to read "Glenn", is written over the printed name and title.

Glenn DuBois  
Chancellor

GD/dsm

Enclosure

cc: Ms. Donna VanCleave  
Ms. Helen Vanderland  
Mr. Dave Mair



## VIRGINIA COMMUNITY COLLEGE SYSTEM – RESPONSES TO AUDIT FINDINGS

### FINANCIAL INTERNAL CONTROL AND COMPLIANCE FINDINGS

#### Systems Access

##### Improve Segregation of Duties within AIS PeopleSoft

##### **System Office Response on behalf of the VCCS:**

As acknowledged in the finding, the System Office has taken the initial steps to provide colleges with system options that will allow better segregation of duties within AIS and has created queries to give colleges the ability to monitor for inappropriate activity by AIS users. The System Office will continue working with colleges to identify segregation of duties risks and to ensure management is aware of the tools available to mitigate these risks. The System Office sent a detailed communication to the colleges explaining the system tools (e.g. user roles, preferences) available to limit user abilities and describing the queries that can be used by management to monitor user activity. This communication was sent by July 31, 2013, and colleges were asked to assess risks and modify access as appropriate.

Implementation Date: July 31, 2013

Position Responsible: VCCS Controller

##### Improve Internal Controls over AIS Security Review

##### **Danville Community College Response:**

In accordance with VCCS IT Security Standard 11.2.4, the College will conduct an annual security review.

Implementation Date: March 2013

Positions Responsible: Business Manager  
Information Technology Specialist II

##### **Dabney S. Lancaster Community College Response:**

The College will ensure that annual security reviews are conducted in accordance with VCCS IT Security Standard 11.2.4. Organizational changes to improve the annual AIS security review process have been implemented.

Implementation Date: March 2013

Positions Responsible: Business Manager  
AIS Security Officer

Deactivate User Access Promptly Upon Employee Termination

**Northern Virginia Community College Response:**

The College implemented an automated termination process in October 2012 in response to the prior year finding. This new process notifies specific departments including Information Technology, NOVACard, Campus Police, Purchasing and Materiel Management of upcoming employee separations. This process also notifies the HR Campus Consultant to collect all college-owned property from the employee on or before the date of separation. Workflow and documents are created when access to systems (all college IT systems and statewide applications such as eVA) has been deactivated and equipment returned to the college. All elements of the automated termination process have now been fully applied.

The Human Resource department will continue to evaluate access policies and procedures in order to ensure compliance with college and state access policies.

Implementation Date: Complete

Position Responsible: Human Resources Director

**Patrick Henry Community College Response:**

The Purchasing Officer is responsible for eVA access and will be informed by Human Resources and Information Technology regarding terminated employees. In accordance with eVA Electronic Procurement System Security Standards, Section 2.8, eVA access should be deactivated when the requirement for access no longer exists. In compliance with eVA standards, the Purchasing Officer submits requests for deactivation to the Division of Purchases and Supplies Account Executive who then deactivates the terminated employee within five business days after the employee's termination date.

Implementation Date: May 2013

Positions Responsible: Business Manager  
Purchasing Manager

**System Office Response:**

The Purchasing and Human Resources offices will refine the workflow for employee termination processing to ensure that eVA access for terminated employees is deactivated within 24 hours of termination. The specific process refinements will focus on the following: 1) ensuring prompt entry of an IssueTrak ticket by Human Resources, 2) ensuring that eVA security officers promptly deactivates eVA access upon notification through

IssueTrak, 3) implementing an additional control to the process by adding Purchasing Office staff to the system generated workflow of an IssueTrak “SO Employee Departure” ticket.

Implementation Date: August 31, 2013

Position Responsible: Director of Purchasing

**Tidewater Community College Response:**

The College has implemented a process whereby Human Resources uses a verifiable and timelier method to notify the Information Systems Department and the Financial Information System and Operations Department when terminations occur. The improved procedures will ensure that user access to all College IT systems and statewide applications such as eVA are deactivated promptly upon employee termination.

Implementation Date: Complete

Position Responsible: Director of Human Resources

**Virginia Western Community College Response:**

The College has implemented an e-mail notification process whereby the Human Resources Department will notify the Information and Educational Technology Help Desk to deactivate eVA access for terminating employees. The College uses this same process to terminate all other electronic processes in accordance with the College’s policies for termination and deactivation of accounts.

Implementation Date: Complete

Positions Responsible: Human Resource Director  
Director of Information and Educational Technology  
eVA Security Officer

<b>Financial Reporting</b>
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**Improve Policies, Procedures, and Financial Reporting over Accounts Receivable**

**Danville Community College Response:**

Policies and procedures for accounts receivable will be updated to include the methodology used to establish an allowance for doubtful accounts and determine the write-off of uncollectible accounts. The System Office will be consulted to ensure that the College is in compliance with CAPP Manual Topic 20505.

Implementation Date: July 2013

Positions Responsible: Business Manager  
Staff Accountant

**Patrick Henry Community College Response:**

The College has developed policies and procedures to ensure accounts receivable are accurately reported. The methodologies for write-offs, doubtful accounts, and the aging of accounts receivable have been addressed and are in compliance with CAPP Topic 20505. Periodic review of current policies will be ongoing for continued compliance with CAPP Topic 20505.

Implementation Date: Complete

Position Responsible: Business Manager

**System Office Response:**

The System Office has modified the year-end financial statement checklist whereby each college must confirm that an allowance for doubtful accounts has been calculated or provide sufficient justification in the absence of an allowance.

Implementation Date: Complete

Position Responsible: Financial Reporting Manager

<b>Payroll</b>
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**Improve Controls Over Processing Wage Employment and Termination Process**

**Tidewater Community College Response:**

The College has a process in place to support the authorization and documentation requirements necessary in the hiring of wage employees. Human Resources processes were also updated to better address the termination process defining roles and responsibilities, documentation needed to validate terminations, and the timeliness of entering the termination dates in the Human Resources Management System (HRMS).

Implementation Date: July 2013

Position Responsible: Director of Human Resources

## FEDERAL INTERNAL CONTROL AND COMPLIANCE FINDINGS

### Student Financial Aid

#### Improve Control Environment

##### **Paul D. Camp Community College Response:**

The Financial Aid Office and Business Office have improved the control environment with the development and implementation of new policies and procedures. Financial aid processes have been documented and are reviewed and monitored by division managers and the Vice President of Financial and Administrative Services. Cross-training between the Financial Aid Office and Business Office is complete and will continue on an on-going basis. Additionally, a staff accountant was hired in the Business Office to assist in the cross-training efforts.

Implementation Date: May 1, 2013

Positions Responsible: Business Manager  
Financial Aid Coordinator  
Vice President of Financial and Administrative Services

#### Reconcile Federal Funds Accounts

##### **Paul D. Camp Community College Response:**

The newly hired Business Manager reconciles the federal funds bank account to the College's accounting records on a monthly basis. The reconciliation is reviewed and signed by the Vice President of Financial and Administrative Services.

Implementation Date: May 1, 2013

Positions Responsible: Business Manager  
Vice President of Financial and Administrative Services

##### **Virginia Highlands Community College Response:**

The College recognizes the importance of reconciling the Federal bank account to the College's accounting records in a timely manner. Reinforcement of current policies will ensure that the reconciliation is performed and reviewed on a monthly basis with the Business Manager signing off on the review.

Implementation Date: June 27, 2012

Position Responsible: Business Manager

### Reconcile Financial Aid Activity to Direct Loan Servicing System

#### **Central Virginia Community College Response:**

In reviewing the reconciliation process, it was determined that the College needed to ensure that the reconciliation file was received from the Department of Education (DOE) by initiating the request for the file on DOE's website. Once this step was complete, the College began receiving the reconciliation file from DOE on a monthly basis beginning November 2011. The College's accounting records are now reconciled to the Direct Loan Servicing System and the Common Origination and Disbursement systems on a monthly basis.

Implementation Date: Complete

Position Responsible: Financial Aid Director

#### **Germana Community College Response:**

The interim Financial Aid Coordinator verified the monthly reconciliation of financial records with the School Account Statement (SAS) files to ensure the Direct Loan Servicing System (DLSS) accurately reflected the College's financial records as of February 2013. This process has been assigned to the Financial Aid Processing Specialist with oversight by the Federal Student Loan Coordinator and will be performed on a monthly basis in compliance with federal requirements.

Implementation Date: February 2013

Position Responsible: Financial Aid Processing Specialist

### Reconcile Federal Activity Reports to Accounting Records

#### **Paul D. Camp Community College Response:**

The Financial Aid Office and Business Office reconcile the Federal G5 reports to the College's accounting records on a monthly basis. The reconciliation process is documented with oversight by the Vice President of Financial and Administrative Services.

Implementation Date: February 1, 2013

Positions Responsible: Business Manager  
Financial Aid Coordinator  
Vice President of Financial and Administrative Services

### Ensure Use of Appropriate Cost of Attendance

#### **Paul D. Camp Community College Response:**

The College has corrected the 2011-2012 cost of attendance and verified the 2012-2013 cost of attendance. College procedures have been reviewed and amended to ensure the student information system is updated each year with the correct cost of attendance.

Implementation Date: January 15, 2013

Position Responsible: Financial Aid Coordinator

### Improve Reporting to National Student Loan Data System

#### **Central Virginia Community College Response:**

The Fall 2011 graduates were accurately reported to the U.S. Department of Education using NSLDS on June 8, 2012. The Admissions and Records Office Supervisor and Graduation Coordinator will ensure that the data in NSLDS accurately reflects the College's academic records on an ongoing basis.

Implementation Date: Summer/Fall 2012

Position Responsible: Dean of Student Services

### Improve Reporting of Pell Grant Disbursements

#### **Central Virginia Community College Response:**

The College will reinforce policies and procedures to ensure that all disbursements are reported to the Common Origination and Disbursement System (COD) within the required 30 days of disbursement. The PeopleSoft reconciliation process will continue to be utilized to ensure that the College records agree to all records in COD.

Implementation Date: Summer/Fall 2012

Position Responsible: Financial Aid Director

## Properly Calculate and Return Title IV Funds

### **Central Virginia Community College Response:**

The College returned the funds to the U.S. Department of Education for the students in the Spring Semester 2012 that were calculated incorrectly due to the dates entered in the holiday calendar from which the Return of Title IV data is pulled. The Financial Aid Director, the Admissions and Records Director, and the Dean of Student Services have improved processes to ensure dates are entered in all calendars including the holiday calendar so that the calculation of Title IV funds is in compliance with federal regulations.

Implementation Date: Summer/Fall 2012

Position Responsible: Dean of Student Services

### **Germanna Community College Response:**

The Financial Aid Office has improved procedures to ensure the proper identification, calculation, and return of Title IV funds. The College will follow the improved procedures in order to comply with federal regulations.

Implementation Date: February 2013

Position Responsible: Financial Aid Processing Specialist

### **Paul D. Camp Community College Response:**

The 2011-2012 unearned Title IV funds have been returned to the U.S. Department of Education. The College has implemented procedures to ensure the proper identification, calculation, and return of Title IV funds in compliance with federal regulations. A Business Process Calendar has been created to make sure the Return of Unearned Title IV funds occurs timely. Additionally, the Business Manager is responsible for reconciling all systems (Common Origination and Disbursement System, Student Information System, Federal G5 Activity Reports, and Administrative Information System) monthly to verify the federal draw downs and deposits by the College. This process is reviewed on a monthly basis by the Business Office Manager, Financial Aid Officer, and the Vice President of Financial and Administrative Services.

Implementation Date: February 1, 2013

Positions Responsible: Business Manager  
Financial Aid Coordinator



<b>Federal Programs and Research</b>
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Obtain and Review Sub-recipient Audit Reports

**Tidewater Community College Response:**

The College will ensure that A-133 audits of sub-recipients are obtained and evaluated in accordance with OMB Circular A-133 to satisfy the compliance requirements for the management of federal funds. All audit reports noted in the finding have been received and reviewed and no internal control or noncompliance issues were noted in the reports.

Implementation Date: Complete

Position Responsible: Director of Fiscal Services

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