



LONGWOOD UNIVERSITY

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2024

Auditor of Public Accounts

Staci A. Henshaw, CPA

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AUDIT SUMMARY

We have audited the basic financial statements of Longwood University (Longwood) as of and for the year ended June 30, 2024, and issued our report thereon, dated April 16, 2026. Our report, included in Longwood's basic financial statements, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov and at Longwood's website at www.longwood.edu. Our audit found:

- the financial statements are presented fairly, in all material respects;
- one deficiency related to financial reporting that we consider to be a material weakness in internal control;
- four matters involving internal control and its operation requiring management's attention, two of which also represent instances of noncompliance with applicable laws and regulations, that are required to be reported under Government Auditing Standards; however, we do not consider them to be material weaknesses; and
- adequate corrective action with respect to prior audit findings identified as complete in the [Findings Summary](#) included in the Appendix.

In the section titled "Internal Control and Compliance Findings and Recommendations," we have included our assessment of the conditions and causes resulting in the internal control and compliance findings identified through our audit as well as recommendations for addressing those findings. Our assessment does not remove management's responsibility to perform a thorough assessment of the conditions and causes of the findings and develop and appropriately implement adequate corrective actions to resolve the findings as required by the Department of Accounts in Section 10205 – Agency Response to APA Audit of the Commonwealth Accounting Policies and Procedures Manual. Those corrective actions may include additional items beyond our recommendations.

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INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

Improve Financial Reporting Internal Controls

Type: Internal Control

Severity: Material Weakness

First Reported: Fiscal Year 2024

Longwood University (Longwood) did not completely identify, properly support, correctly record, or adequately disclose all significant transactions and obligations with the Longwood University Real Estate Foundation (LUREF), a related party and component unit of Longwood, in its fiscal year 2024 financial statements.

During our review of Longwood's financial statements, we identified several indicators of financial weakness, including declining cash balances, negative unrestricted net position, transfers from institutionally restricted funds to unrestricted funds to cover operating expenses, and relatively low unrestricted net assets for Longwood's foundations. Upon further analysis, we identified several significant transactions and agreements between Longwood and the LUREF indicating a significant degree of financial interdependence. Further, sufficient written documentation was not available to support how Longwood recorded the transactions in its financial statements to comply with generally accepted accounting principles (GAAP). We also identified unrecorded obligations related to these agreements.

Due to the absence of formal, written agreements governing the significant transactions and arrangements with the LUREF and inadequate internal controls over the identification, documentation, and evaluation of those transactions, Longwood's financial statements required significant adjustments to comply with GAAP and provide users of the financial statements sufficient information to understand Longwood's financial condition. The following financial statement adjustments relate to a management agreement with the LUREF regarding housing facilities and maintenance of those facilities:

- reclassification of a \$7.7 million prepayment from the LUREF to Longwood, which decreased current liabilities and increased long term liabilities, and did not affect net position. Longwood and the LUREF do not have formal documentation defining the repayment or recognition period for this prepayment;
- the addition of three new line items within Longwood's noncurrent liability footnote titled Prepaid Ground Lease, Prepaid Management Fees, and Support Agreement Relief and additional descriptive information to adequately disclose approximately \$40 million in liabilities between Longwood and the LUREF, a portion of which was previously included in the footnote as unearned revenue;
- disclosure of a multi-year variable commitment from Longwood to the LUREF, exceeding \$20 million annually for a support agreement related to LUREF bonds. Prior to adjustment, Longwood only disclosed one year of the remaining commitment of 35 years; and

- the inclusion of a beginning balance adjustment of approximately \$11.3 million to reduce net position for rent payments Longwood did not make in previous years per its agreement with the LUREF. The obligations remain outstanding and there is no formally documented repayment agreement between Longwood and the LUREF.

Governmental Accounting Standards Board (GASB) Concept Statement No. 1, Objectives of Financial Reporting, states that financial reporting should assist users in assessing the level of services that can be provided by the governmental entity and its ability to meet its obligations as they come due. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board and American Institute of Certified Public Accountants Pronouncements, requires disclosure of related party transactions including the nature of the relationships involved, a description of transactions for each period presented and other information necessary to understand the effects of the transactions on the financial statements, dollar amounts of transactions for each period presented and the effect of any change in method of establishing the terms when compared to the prior period, and amounts due from or to related parties as of the date of the statement of net position and, if not otherwise apparent, the terms and manner of settlement. Additionally, GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, requires the notes to the financial statements include, for each major component unit, the nature and amount of significant transactions with the primary government and other component units. Without full disclosure of significant contractual obligations, governing officials and users of the financial statements could misunderstand Longwood's true financial condition. As the financial statement adjustments and deficiencies depict, management's internal control environment during fiscal year 2024 did not detect, prevent, or correct material misstatements in a timely manner, hence, we consider these deficiencies a material weakness in internal control.

Longwood management should develop and implement policies and procedures to identify, clearly document, review, and evaluate for proper financial reporting and disclosure all significant transactions, agreements, and obligations with its foundations. In addition, Longwood management should ensure that formal, written agreements exist surrounding transactions with its foundations to help support proper financial reporting. Taking these corrective actions will improve financial reporting by ensuring the financial statements sufficiently convey Longwood's financial condition and transactions with its component units and will allow users of the financial statements to independently assess the impact of these significant transactions on Longwood.

Improve Controls over Terminated Employees

Type: Internal Control

Severity: Significant Deficiency

First Reported: Fiscal Year 2024

Longwood's Human Resources Department (Human Resources) does not have adequate internal controls over the terminated employee offboarding process. During our audit, we found the following:

- For seven out of 17 (41%) terminated employees, Human Resources did not enter the termination date correctly in the Commonwealth's human resource and payroll management system.

- For seven of 17 (41%) terminated employees tested, Human Resources did not enter termination date timely in the Commonwealth’s human resource and payroll management system.

The Commonwealth Accounting Policies and Procedures (CAPP) Manual Topic 50320 requires agencies to complete certain procedures prior to termination of an employee in the Commonwealth’s human resource and payroll management system and enter required information accurately. Failing to enter separation information timely and accurately increases the risk of improper payments to terminated employees. Human Resources failed to enter the employee termination dates timely and accurately due to management not ensuring staff followed Longwood’s policies and procedures. Human Resources should ensure staff follow offboarding policies and procedures and enter required information for terminated employees timely and accurately.

Improve IT Change Control and Configuration Management Program

Type: Internal Control and Compliance

Severity: Significant Deficiency

First Reported: Fiscal Year 2024

Longwood does not manage its information technology (IT) change control and configuration management process in accordance with the International Organization for Standardization and International Electrotechnical Commission Standard, ISO/IEC 27002 (ISO Standard), Longwood’s Information Technology Services Managers Change Control Procedure (ITS Procedure), and best practices, such as the National Institute of Standards and Technology Guide for Security-Focused Configuration Management of Information Systems, 800-128. We communicated six weaknesses to management in a separate document marked Freedom of Information Act Exempt (FOIAE) under § 2.2-3705.2 of the Code of Virginia due to it containing descriptions of security mechanisms.

We determined that Longwood does not have a change management policy that defines expectations and requirements for change management and accompanying procedures that detail the process as prescribed by the policy. As a result, Longwood cannot ensure that its employees consistently perform the IT change management process or ensure that IT changes are appropriately documented and implemented. Additionally, without a formal requirement and defined process to address the weaknesses identified in the FOIAE communication, Longwood is at risk of its employees not consistently performing the change management process and not being able to preserve information security when executing changes.

Longwood lacks a change management policy that defines the requirements and expectations for IT change and configuration management due to management oversight. As a result, IT departments develop their own change management procedures with conflicting controls and misaligned processes. Longwood should either modify its current standard or develop a new change management policy which includes the requirements and expectations for IT change and configuration management and requires that all IT changes follow a formal change and configuration management process. Longwood should then update its ITS Procedure to reflect the policy updates and ensure all departmental procedures align with the requirements of Longwood policy, the ISO Standard, the ITS Procedure, and best practices.

Longwood should then ensure that all changes follow the established change control and configuration management process and are documented appropriately. Improving change management policies and procedures will help to ensure Longwood departments consistently perform IT change management processes and protect the confidentiality, integrity, and availability of sensitive and mission-essential data.

Perform and Document Commonwealth’s Retirement Benefits System Reconciliations

Type: Internal Control

Severity: Significant Deficiency

First Reported: Fiscal Year 2022

Human Resources does not adequately document reconciliations between the Commonwealth’s human resource and payroll management system and the Commonwealth’s retirement benefits system, nor does it timely clear reconciling items. During our review, we identified the following deficiencies:

- For two out of two (100%) reconciliations, Human Resources could not provide documentation of its reconciliation of creditable compensation between the Commonwealth’s human resource and payroll management system and the Commonwealth’s retirement benefits system, or that it cleared any reconciling items or data discrepancies before confirming the monthly contribution snapshot.
- For two out of two (100%) reconciliations, Human Resources did not clear exceptions identified on the Virginia Retirement System’s Automated Reconciliation report timely.

The Retirement System Employer Manual’s Contribution Confirmation and Payment Scheduling section requires agencies to perform a monthly creditable compensation and data elements reconciliation between the agency’s human resources system and the Commonwealth’s retirement benefits system. The reconciliation should occur before the agency submits a contribution confirmation of benefits and after receiving the billing from the retirement benefits system and document to show the comparison between the two systems. Additionally, CAPP Manual Topic 50905 requires agencies to maintain reconciliation documentation for five years or until audited.

A lack of understanding of documentation and retention requirements led to the noted reconciliation issues. By not properly documenting reconciliations, retaining documentation, and clearing exceptions timely, changes in employment information, such as employee status or salary information, could go uncorrected and could potentially result in incorrect billings for retirement benefits, incorrect calculation of pension liabilities reported in the financial statements, and incorrect retirement benefits paid to retirees. Human Resources should develop procedures to ensure staff properly perform the monthly reconciliation, retain appropriate documentation, and clear exceptions in a timely manner.

Ensure Statement of Economic Interest Filers Complete Required Training

Type: Internal Control and Compliance

Severity: Significant Deficiency

First Reported: Fiscal Year 2023

In the prior audit, we identified instances where Longwood’s Statement of Economic Interest Coordinator (Coordinator) was not ensuring that employees within a position of trust complete the required Conflict of Interests Act (COIA) training within two months after becoming a state filer and then at least once during every consecutive two year calendar period. Human Resources is in the process of developing procedures to ensure compliance; however, corrective action remained ongoing as of fiscal year end. Due to ongoing corrective action during the period under audit, we did not perform testing of compliance with the COIA training requirement during the current audit.

Section 2.2-3130 of the Code of Virginia requires each Statement of Economic Interest filer to complete COIA training within two months after becoming a state filer and then at least once every two calendar years after the initial training. The training is designed to help filers recognize potential conflicts of interest. Without ensuring that its employees are completing the COIA training as required, Longwood may be limited in its ability to hold its employees accountable for not knowing how to recognize a conflict of interest and how to resolve it. Additionally, filers could be subject to penalties for inadequate disclosure as outlined at §§ 2.2-3120 through 2.2-3127 of the Code of Virginia.

The Coordinator should continue creating, implementing, and maintaining written policies and procedures to meet Code of Virginia requirements related to COIA training. These policies should incorporate guidance issued by the Commonwealth’s Ethics Council. Additionally, as required by the Code of Virginia, the Coordinator should monitor all employees designated in a position of trust to ensure they complete the required training within two months after becoming a state filer and once within each consecutive period of two calendar years. The Coordinator should also maintain records of such attendance.



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

April 16, 2026

The Honorable Abigail Spanberger
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
Longwood University

Taylor Reveley, IV
President, Longwood University

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the business-type activities and aggregate discretely presented component units of **Longwood University** (University) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated April 16, 2026. Our report includes a reference to other auditors who audited the financial statements of the component units of the University, as described in our report on the University's financial statements. The other auditors did not audit the financial statements of the component units of the University in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the component units of the University.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the section titled “Internal Control and Compliance Findings and Recommendations,” we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency titled “Improve Financial Reporting Internal Controls,” which is described in the section titled “Internal Control and Compliance Findings and Recommendations,” to be a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies titled “Improve Controls over Terminated Employees,” “Improve IT Change Control and Configuration Management Program,” “Perform and Document Commonwealth’s Retirement Benefits System Reconciliations,” and “Ensure Statement of Economic Interest Filers Complete Required Training,” which are described in the section titled “Internal Control and Compliance Findings and Recommendations,” to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and which are described in the section titled “Internal Control and Compliance Findings and Recommendations” in the findings titled “Improve IT Change Control and Configuration Management Program” and “Ensure Statement of Economic Interest Filers Complete Required Training.”

The University’s Response to Findings

We discussed this report with management at an exit conference held on April 30, 2026. Government Auditing Standards require the auditor to perform limited procedures on the University’s response to the findings identified in our audit, which is included in the accompanying section titled “University Response.” The University’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Status of Prior Findings

The University has not taken adequate corrective action with respect to the prior reported findings identified as ongoing in the [Findings Summary](#) included in the Appendix. The University has taken adequate corrective action with respect to prior audit findings and recommendations identified as complete in the [Findings Summary](#) included in the Appendix.

Purpose of this Report

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

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

AVC/clj

FINDINGS SUMMARY

Finding Title	Status of Corrective Action*	Fiscal Year First Reported
Conduct Information Technology Security Audits	Complete	2022
Improve Internal Controls over Reporting Leases	Complete	2022
Improve Process for Timely Removal of Terminated Employee System Access	Complete	2022
Improve Internal Controls over Reporting Subscription-Based Information Technology Arrangements	Complete	2023
Perform an Evaluation of Student Information System Access Roles for University Personnel	Complete	2023
Properly Complete Federal Verification Prior to Disbursing Title IV Aid	Complete	2023
Promptly Reconcile Federal Accounts	Complete	2023
Promptly Return Unclaimed Aid to the Department of Education	Complete	2023
Improve Financial Reporting Internal Controls	Ongoing	2024
Improve Controls over Terminated Employees	Ongoing	2024
Improve IT Change Control and Configuration Management Program	Ongoing	2024
Perform and Document Commonwealth's Retirement Benefits System Reconciliations	Ongoing	2022
Ensure Statement of Economic Interest Filers Complete Required Training	Ongoing	2023

*A status of **Complete** indicates adequate corrective action taken by management. A status of **Ongoing** indicates new and/or existing findings that require management's corrective action as of fiscal year end.

LONGWOOD
UNIVERSITY

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May 13, 2026

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

Dear Ms. Henshaw,

Longwood University has reviewed the Internal Control Findings and Recommendations provided by the Auditor of Public Accounts for the fiscal year ending June 30, 2024, and agrees, in principle, with all of the findings submitted.

Attached for your consideration is further explanation for one management point and a brief update as to where the campus is with respect to progress on the remaining findings. The formal Corrective Action Workplan will be submitted within thirty days as required by CAPP Manual Section 10205. Please contact me should you have any questions or require additional information.

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

Sincerely,



Matthew McGregor
Vice President for Administration and Finance

Office of the Vice President for Administration and Finance



Longwood University

Longwood University agrees with the Internal Control Report and the findings, in principle, but deem additional information and explanation helpful to users of the financial statements.

Improve Financial Reporting Internal Controls

- APA Concern: reclassification of a \$7.7 million prepayment from the LUREF to Longwood, which decreased current liabilities and increased long term liabilities, and did not affect net position. Longwood and the LUREF do not have formal documentation defining the repayment or recognition period for this prepayment;
 - LU Response: We concur with this point, but would clarify that at the time the original financial statements were prepared, recording this transaction as unearned revenue was, in our judgement, the correct and prudent approach. By the time the FY24 audit was complete, circumstances had changed and we agree that this transaction is now correctly classified as a long-term liability. The University and the LUREF will have formal agreements for these transactions finalized prior to the end of FY26.

- APA Concern: the addition of three new line items within Longwood’s noncurrent liability footnote titled Prepaid Ground Lease, Prepaid Management Fees, and Support Agreement Relief and additional descriptive information to adequately disclose approximately \$40 million in liabilities between Longwood and the LUREF, a portion of which was previously included in the footnote as unearned revenue;
 - LU Response: We would clarify that only two truly new items appear in the long-term liability footnote totaling \$19 million, \$7.7 million of which was already booked as a liability in a different category.
 - As discussed in the first bullet point above, the \$7.7 million Prepaid Management Fees were initially recorded and disclosed as unearned revenue, but we have agreed with moving it into the long-term liability section. While this is “new” to the long-term liability footnote, the University did record and disclose this liability.
 - The University had previously booked and disclosed the Prepaid Ground Lease as Unearned Revenue starting in FY21 after discussion, consultation, and agreement with APA; this transaction with the LUREF was explicitly discussed in the Unearned Revenue footnote. This has since been moved, per APA recommendation, from the Unearned Revenue line and into its own line item in the long-term liability footnote.
 - We concur that the \$11.3 million Support Agreement Relief should have been recorded and disclosed and was not. This misstatement occurred over the fiscal years directly after the onset of the COVID-19 pandemic, and was inadvertently missed during the extraordinary upheaval caused by that event. Additionally, the University has always provided the Support Agreement payment schedule and payments made under this agreement to the APA for audit.

- APA Concern: disclosure of a multi-year variable commitment from Longwood to the LUREF, exceeding \$20 million annually for a support agreement related to LUREF bonds. Prior to adjustment Longwood only disclosed one year of the remaining commitment of 35 years;
 - LU Response: We concur with the adjustment to the wording. The University has disclosed the current commitment in the Commitments footnote each year since the agreement inception, though without explicit wording to indicate that this was a recurring commitment.

- APA Concern: the inclusion of a beginning balance adjustment of approximately \$11.3 million to reduce net position for rent payments Longwood did not make in previous years per its agreement with the LUREF. The obligations remain outstanding and there is no formally documented repayment agreement between Longwood and the LUREF.
 - LU Response: As discussed above in the section on the long-term liability footnote, we concur that the Support Agreement Relief should have been recorded and disclosed and it was not. In FY26 the University and the LUREF implemented a formal repayment arrangement of this obligation, the first payment of which has been made as of the date of this response.

Improve Controls over Terminated Employees

- Human Resources will create a better process to ensure terminated employees are removed timely.

Improve IT Change Control and Configuration Management Program

- ITS will work to improve the change control and configuration management program.

Perform and Document Commonwealth's Retirement Benefits System Reconciliations

- Human Resources received notification from Cardinal in December 2023 that there is now a Cardinal report that shows creditable compensation. This will allow us to complete the monthly reconciliation as intended.

Ensure Statement of Economic Interest Filers Complete Required Training

- Human Resources will work to create a system to ensure all filers complete required training every two years.