



# THE COLLEGE OF WILLIAM AND MARY IN VIRGINIA

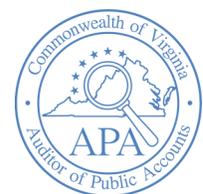
## REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2025

Auditor of Public Accounts

Staci A. Henshaw, CPA

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## AUDIT SUMMARY

We have audited the consolidated basic financial statements of The College of William and Mary in Virginia as of and for the year ended June 30, 2025, and issued our report thereon, dated February 23, 2026. The consolidated basic financial statements of The College of William and Mary in Virginia include the financial activity of The College of William and Mary in Virginia (William & Mary), Virginia Institute of Marine Science, and Richard Bland College (Richard Bland), which report to the Board of Visitors of The College of William and Mary in Virginia. Our report, included in the consolidated basic financial statement, is available at the Auditor of Public Accounts' website at [www.apa.virginia.gov](http://www.apa.virginia.gov) and at William & Mary's website at [www.wm.edu](http://www.wm.edu). Our audit found:

- the financial statements are presented fairly, in all material respects;
- five matters involving internal control and its operation requiring management's attention, three 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 the matters 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.

Our audit also included testing over federal Student Financial Assistance performed in accordance with the U.S. Office of Management and Budget Compliance Supplement Part 5 Student Financial Assistance Programs; and found internal control findings requiring management's attention and instances of noncompliance in relation to this testing.

We also performed a separate review of internal controls over various business cycles at Richard Bland. The business cycles and financial activity included in this review are not material to the consolidated basic financial statements of William & Mary but were reviewed in preparation for Richard Bland's transition from William & Mary's governing Board of Visitors to independent governance effective for the fiscal year beginning, July 1, 2025. We communicated the results of that review in a separate letter to management titled "Richard Bland College Internal Control Questionnaire Review Results as of June 2025."

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 Topic 10205 – Agency Response to APA Audit of the Commonwealth Accounting Policies and Procedures Manual. Those corrective actions may include additional items beyond our recommendations.

## - TABLE OF CONTENTS -

	<u>Pages</u>
AUDIT SUMMARY	
INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS	1-5
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS	6-8
APPENDIX – FINDINGS SUMMARY	9
WILLIAM & MARY RESPONSE	10-11
RICHARD BLAND RESPONSE	12-13

## INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

### WILLIAM & MARY

#### **Identify Title IV Unofficial Withdrawals**

**Applicable to:** William & Mary

**Type:** Internal Control and Compliance

**Severity:** Significant Deficiency

The College of William & Mary (William & Mary) does not have a process to identify unofficial student withdrawals. Although William & Mary policy states that the semester midpoint will serve as the last date of attendance for students who stop attending classes, William & Mary has not implemented a control to identify these students. As a result, staff do not perform the required return of Title IV calculations for unofficial withdrawals. Consequently, William & Mary risks failing to return unearned Title IV funds to the U.S. Department of Education (Education) and incurring questioned costs and potential noncompliance with federal regulations. William & Mary attributes the lack of internal control to the absence of clearly assigned responsibility, documented procedures, and a formal cross-departmental process to identify unofficial withdrawals.

In accordance with Title 34 U.S. Code of Federal Regulations (CFR) § 668.22(f)(2)(i), when a recipient of Title IV grant or loan assistance withdraws from an institution during the payment period or 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. The total number of calendar days in a payment period of enrollment includes all days within the period that student was scheduled to complete, except for scheduled breaks of at least five consecutive days.

William & Mary management should assign clear responsibility for identifying unofficial withdrawals and require the Financial Aid Office to coordinate with the Registrar's Office and other appropriate staff to implement a documented, cross-departmental process. This process should exclude any students that have academic failures at the end of each semester or attended beyond the threshold for earning 100% of their Title IV aid. William & Mary should perform return of Title IV calculations for unofficial withdrawals and return any unearned funds to Education as required.

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

**Applicable to:** William & Mary

**Type:** Internal Control and Compliance

**Severity:** Significant Deficiency

William & Mary Student Financial Services staff did not return unclaimed student financial aid funds to Education within the required timeframe. We reviewed all 16 students with unclaimed aid and found that William & Mary did not return a total of \$16,711 to Education in a timely manner. Of this amount, \$3,711 is considered questioned costs as Student Financial Services has not returned the

unclaimed funds to Education. The Director of Student Financial Services indicated the noncompliance is a result of employee turnover.

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 to Education no later than 240 days after the date it issued that check or no later than 45 days after the rejection of an electronic funds transfer (EFT). By not returning funds to Education timely, the institution is subject to potential adverse actions that may affect its participation in Title IV aid programs.

William & Mary should implement cross training to ensure continuity of operations and timely return of unclaimed funds to Education in the event of staff turnover.

### **Improve Return of Title IV Calculation Process**

**Applicable to:** William & Mary

**Type:** Internal Control and Compliance

**Severity:** Significant Deficiency

William & Mary Financial Aid Office staff did not properly perform return of Title IV funds calculations and/or disburse the accurate amount of loan funds. The University indicated the errors are the result of inadequate review of the enrollment period and miscommunication between staff performing the return of Title IV calculation and posting the loan disbursement. As a result, we identified the following instances of noncompliance:

- For one of nine (11%) students tested, the Financial Aid Office used an incorrect enrollment period when calculating the return of Title IV funds, which caused a \$200 overpayment.
- For one of nine (11%) students tested, the Financial Aid Office determined the student was eligible for a \$1,376 post-withdrawal disbursement but disbursed \$4,948 to the student's account, causing a \$3,572 overpayment.

In accordance with 34 CFR § 668.22(f)(2)(i), when a recipient of Title IV grant or loan assistance withdraws from an institution during the payment period or 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. The total number of calendar days in a payment period of enrollment includes all days within the period that student was scheduled to complete, except for scheduled breaks of at least five consecutive days. In accordance with 34 CFR § 668.22 (a)(5), if the total amount of Title IV grant or loan assistance, or both, that the student earned as calculated is greater than the total amount of Title IV grant or loan assistance, or both, that was disbursed to the student or on behalf of the student in the case of a federal direct plus loan, as of the date the institution's determination that the student withdrew, the difference between these amounts must be treated as a post-withdrawal disbursement.

William & Mary Financial Aid Office staff should perform a formal review for all return of Title IV calculations including verification of the period of enrollment and post-withdrawal amounts. Additionally, Financial Aid Office staff should establish a structured process to ensure staff accurately record calculated amounts in the student information system. Management should perform periodic monitoring to confirm compliance and prevent future errors.

**Complete Reconciliation of the Commonwealth’s Retirement Benefits System Timely**

**Applicable to:** William & Mary

**Type:** Internal Control

**Severity:** Significant Deficiency

William & Mary did not complete monthly reconciliations between the Commonwealth’s retirement benefits system (retirement system) and its payroll and human resources system prior to the contribution confirmation of benefits. For three months sampled, staff completed the reconciliations between two and 298 days after the contribution confirmation date. For two additional months reviewed, staff completed the reconciliations between eight and 55 days after the contribution confirmation date. Additionally, William & Mary does not retain reconciliation documentation that provides a clear audit trail of completion dates.

The Commonwealth and Accounting Policies and Procedures (CAPP) Manual, Topic 50470, as well as the Virginia Retirement System (VRS) Employer Manual’s Contribution, Confirmation and Payment Scheduling section, require universities to perform monthly creditable compensation and data elements reconciliations between the university’s payroll and human resources system and the retirement system. The contribution confirmation of benefits is due on the 10<sup>th</sup> day of the following month. The reconciliation should occur before the agency submits the contribution confirmation of benefits. Further, William & Mary’s reconciliation policy and procedure requires that Human Resources notify Payroll that the reconciliation is complete, allowing for submission of the contribution confirmation of benefits.

Not performing reconciliations timely can cause errors in the members’ retirement-related data and can cause under or overpayment of retirement contributions to VRS, which can create complications when members retire. William & Mary did not complete the reconciliations timely nor retain documentation to show a clear audit trail of completion dates due to staff turnover and delays while onboarding new staff.

Management should implement cross-training to ensure continuity of operations and compliance in the event of staff turnover. Additionally, management should retain adequate documentation of the reconciliation and the communications between Human Resources and Payroll to establish a clear audit trail supporting timely completion of the reconciliation.

## RICHARD BLAND COLLEGE

### **Improve Controls for Accounting and Reporting for Right-to-Use Subscription Assets**

**Applicable to:** Richard Bland

**Type:** Internal Control

**Severity:** Significant Deficiency

**First Reported:** Fiscal Year 2023

Richard Bland College (Richard Bland) continues to improve controls for identifying, tracking, recording and reporting Subscription Based Information Technology Arrangements (SBITA). Richard Bland's policies and procedures continue to not fully comply with Governmental Accounting Standards Board (GASB) Statement No. 96. Specifically, we noted the following deficiencies:

- Richard Bland lacks a reasonable methodology for determining the implicit and incremental borrowing rate.
- Richard Bland does not have adequate processes to properly identify, record and report SBITAs resulting from contracts with multiple components, capitalizable costs incurred prior to implementation, variable payments, commitment provisions, and SBITA terms.
- Richard Bland's capitalization threshold may result in the underreporting of SBITAs.

The lack of adequate policies and procedures prevented personnel from recording SBITAs in accordance with GASB Statement No. 96 requirements. We noted the following deficiencies in our review:

- incorrect term, subscription payment, interest rate, and useful life for four of four (100%) SBITAs;
- improper recording of subscription payments made prior to commencement for two of four (50%) SBITAs;
- improper recording of non-subscription payments and variable payments, for one of four (25%) SBITAs; and
- improper classification of a lease as a SBITA for one of four (25%) SBITAs.

Due to limited financial staff and insufficient policies and procedures, Richard Bland did not dedicate sufficient resources to gain an adequate understanding of GASB Statement No. 96 requirements and did not develop sufficient controls to appropriately identify, track, record, and report SBITAs. These deficiencies do not have a material impact on the consolidated financial statements for fiscal year 2025; however, in the event Richard Bland establishes more significant arrangements with

vendors in the future and as it becomes a separate financial reporting entity, SBITAs will have a more significant effect on the Richard Bland financial statements.

Richard Bland should continue to update, implement, and maintain the policies and procedures related to identifying, tracking, recording, and reporting SBITAs. Richard Bland should communicate the policies and procedures to all departments involved in the process to ensure timely identification and accurate recording and reporting of SBITAs. Further, Richard Bland should review any SBITAs recorded with a potential future obligation for the proper SBITA term, payments, interest rate, and useful life for adequate classification and financial reporting in accordance with GASB Statement No. 96.



Staci A. Henshaw, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

February 23, 2026

The Honorable Abigail Spanberger  
Governor of Virginia

Joint Legislative Audit  
and Review Commission

Board of Visitors  
The College of William and Mary in Virginia

Katherine A. Rowe  
President, The College of William and Mary in Virginia

## **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 **The College of William and Mary in Virginia** (University) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated February 23, 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control titled "Identify Title IV Unofficial Withdrawals," "Promptly Return Unclaimed Aid to Department of Education," "Improve Return of Title IV Calculation Process," "Complete Reconciliation of the Commonwealth's Retirement Benefits System Timely," and "Improve Controls for Accounting and Reporting for Right-to-Use Subscription Assets," which are described in the section titled "Internal Control and Compliance Findings and Recommendations," that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 and recommendations titled "Identify Title IV Unofficial Withdrawals," "Promptly Return Unclaimed Aid to Department of Education," and "Improve Title IV Calculation Process."

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

We discussed this report with management at an exit conference held on February 13, 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 completed 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 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

DLR/vks

## FINDINGS SUMMARY

Finding Title	Status of Corrective Action*	Fiscal Year First Reported
<b>William &amp; Mary</b>		
Identify Title IV Unofficial Withdrawals	Ongoing	2025
Promptly Return Unclaimed Aid to Department of Education	Ongoing	2025
Improve Return of Title IV Calculation Process	Ongoing	2025
Complete Reconciliation of the Commonwealth's Retirement Benefits System Timely	Ongoing	2025
<b>Richard Bland</b>		
Develop and Implement a Service Provider Oversight Process	Complete	2021
Improve Database Security	Complete	2022
Improve IT Risk Management Program	Complete	2022
Implement Information Security Program Requirements for the Gramm-Leach-Bliley Act	Complete	2023
Improve Reporting to National Student Loan Data System	Complete	2023
Return Unearned Title IV Funds Timely	Complete	2023
Improve Controls for Accounting and Reporting for Right-to-Use Subscription Assets	Ongoing	2023

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



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February 13, 2026

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

Dear Ms. Henshaw:

William & Mary (University) has reviewed the Internal Control and Compliance Findings and Recommendations provided by the Auditor of Public Accounts for the fiscal year ended June 30, 2025. I hereby provide the following responses for inclusion in the audit report:

**Identify Return of Title IV Unofficial Withdrawals**

Management concurs with this finding. The University is developing and implementing a formal, cross-departmental process involving Financial Aid, the Registrar's Office, and other academic units to ensure timely identification of unofficial withdrawals.

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

Management concurs with this finding. The University has initiated cross-training within Student Financial Services to ensure continuity of operations, appropriate monitoring of stale-dated disbursements, and timely return of funds in accordance with federal regulations.

**Improve Return of Title IV Calculation Process**

Management concurs with this finding. The Financial Aid Office is enhancing review procedures to ensure accurate enrollment period validation, consistent review of post-withdrawal disbursements, and timely communication with Student Accounts before loan amounts are posted.

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

**Complete Reconciliation of the Commonwealth's Retirement Benefits System Timely**

Management concurs with this finding. Human Resources and Payroll have strengthened internal communication protocols and established more structured monthly reconciliation workflows. Additional cross-training and process documentation are being implemented to ensure reconciliations are completed before contribution confirmations, and documentation will be maintained to support compliance with requirements.

Please contact me should you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Sean Galloway', with a long, sweeping flourish extending to the right.

Sean Galloway  
Chief Financial Officer

cc: Michael Todd  
Ed Aractingi  
Christopher Crawford  
Lisa Keegan



# Richard Bland College

Office of Finance

February 23, 2026

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

Dear Ms. Henshaw:

Richard Bland College has reviewed the Internal Control and Compliance Findings and Recommendations provided by the Auditor of Public Accounts for the fiscal year ended June 30, 2025. I hereby provide the following response for inclusion in the audit report:

Improve Controls for Identifying, Tracking, Recording, and Reporting Subscription Based Information Technology Arrangements

Management concurs with the auditor's finding and acknowledges the need for continued improvement to fully comply with GASB Statement No. 96. The College notes that initial implementation occurred during a period of operational transition, including staffing changes and evolving responsibilities related to technology procurement and contract management. As a small institution with limited administrative capacity, additional time was required for training, process development, and policy adjustments.

Resource constraints and competing financial reporting priorities during fiscal year 2025 also affected the College's ability to comprehensively review legacy contracts, interpret new GASB requirements, and finalize SBITA-related procedures. Several technology agreements included complex or mixed components that required substantial interpretation, and staff had limited prior experience applying GASB 96 to such contracts.

While the audit identified recording and classification errors, these issues did not materially affect the Commonwealth's fiscal year 2025 consolidated financial statements. The College agrees that strengthening processes now is essential to ensuring future compliance.

Richard Bland College has already begun implementing corrective actions, including establishing a formal incremental borrowing rate methodology, strengthening contract intake and SBITA classification procedures, reassessing previously recorded SBITAs, and

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providing targeted GASB 96 training. The College continues to collaborate with internal audit partners to enhance policies, procedures, and internal controls supporting accurate and compliant financial reporting.

Please contact me should you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Stacey Sokol". The signature is written in a cursive style with a large initial 'S'.

Stacey A. Sokol  
Chief Business Officer