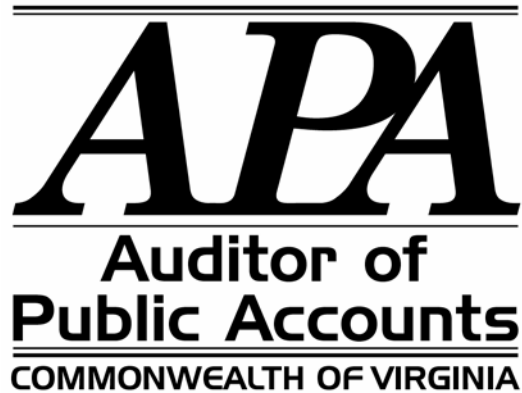


VIRGINIA COLLEGE SAVINGS PLAN

**REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2006**



AUDIT SUMMARY

Our audit of the Virginia College Savings Plan (Plan) for the year ended June 30, 2006, found:

- the financial statements are presented fairly, in all material respects;
- no internal control matters that we consider material weaknesses; and
- no instances of noncompliance or other matters that are required to be reported.

The Plan is issuing its own Annual Report, which it anticipates releasing on or around December 15, 2006. We have audited the financial statements of the enterprise fund, which is a major fund, and the private-purpose trust funds of the Plan as of and for the year ended June 30, 2006. We issued our report on the financial statements, dated November 15, 2006, and it is included in the Plan's Annual Financial Report.

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Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

November 15, 2006

The Honorable Timothy M. Kaine
Governor of Virginia

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

Board Members
Virginia College Savings Plan

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

We have audited the financial statements of the Virginia College Savings Plan as of and for the year ended June 30, 2006, and have issued our report thereon dated November 15, 2006. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Virginia College Savings Plan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Virginia College Savings Plan'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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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, Board members 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.

EXIT CONFERENCE

We discussed this report with management at an exit conference held on December 11, 2006.

AUDITOR OF PUBLIC ACCOUNTS

SLM:sks

Sks:33

VIRGINIA COLLEGE SAVINGS PLAN

BOARD MEMBERS
As of June 30, 2006

Mr. Frank M. Conner III, Chairman

Mr. David A. Von Moll, Vice-Chairman

Mr. J. Braxton Powell, Secretary/Treasurer

Dr. Glenn DuBois

Daniel J. LaVista, Ph.D.

Mr. Geary Davis

Mr. Maurice Jones

Ms. Cindy M. Roberts

EXECUTIVE DIRECTOR

Ms. Diana F. Cantor