



VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSITY

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2024

Auditor of Public Accounts
Staci A. Henshaw, CPA

www.apa.virginia.gov

(804) 225-3350



AUDIT SUMMARY

We have audited the basic financial statements of Virginia Polytechnic Institute and State University (Virginia Tech) as of and for the year ended June 30, 2024, and issued our report thereon, dated November 18, 2024. Our report, included in Virginia Tech's Annual Financial Report, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov and at Virginia Tech's website at www.vt.edu. Our audit found:

- the financial statements are presented fairly, in all material respects;
- one matter involving internal control and its operation necessary to bring to management's attention that also represents an instance of noncompliance with applicable laws and regulations or other matters that is required to be reported; and
- adequate corrective action with respect to prior audit findings and recommendations identified as complete in the [Findings Summary](#) included in the Appendix.

Our audit also included testing over the major federal program of the Student Financial Assistance Programs Cluster for the Commonwealth's Single Audit as described in the U.S. Office of Management and Budget [Compliance Supplement](#); and found one internal control finding requiring management's attention and an instance of noncompliance in relation to this testing.

In the section titled "Internal Control and Compliance Finding and Recommendation" we have included our assessment of the conditions and causes resulting in the internal control and compliance finding identified through our audit as well as recommendations for addressing that finding. 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 finding 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 recommendation.

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INTERNAL CONTROL AND COMPLIANCE FINDING AND RECOMMENDATION

Properly Complete Federal Verification Prior to Disbursing Title IV Aid

Type: Internal Control and Compliance

Severity: Significant Deficiency

Virginia Tech personnel did not properly complete the federal verification process prior to disbursing Title IV aid. Management indicated the errors were due to a combination of factors including an error by the third-party vendor and an internal error in the computer logic that assigns students to specific tracking groups for required follow-up. We noted the following instances of noncompliance:

- For two out of 33 (6%) students flagged for verification, Virginia Tech staff did not request or obtain appropriate documentation to verify applications prior to awarding Title IV aid totaling \$11,877.
- In one of 25 (4%) students tested, the third-party vendor verified an incorrect amount for the Education Tax Credit.

In accordance with Title 34 U.S. Code of Federal Regulations (CFR) § 668.54 through 34 CFR § 668.57, an institution must require an applicant whose Free Application for Federal Student Aid (FAFSA) information has been selected for verification to verify the information required by the Secretary. Free Application for Federal Student Aid (FAFSA) Information to be Verified for the 2023–2024 Award Year, Federal Register 87 F.R. 40826 outlines the information the Secretary requires to be verified and the acceptable documentation by Verification Tracking Flag and Verification Tracking Group. Further, in accordance with U.S. Department of Education (ED) Electronic Announcement GRANTS 24-04, published on April 12, 2024, Virginia Tech is required to verify all recipients selected for verification by ED's Central Processing System (CPS) unless a recipient is exempt from verification in accordance with the exclusions from verification provided for in the regulations at 34 CFR 668.54(b). By not performing or improperly performing the necessary verification, Virginia Tech may provide financial aid disbursements to students based upon inaccurate information.

Management should ensure the logic used in the student information system to assign students to Verification Tracking Groups is accurate. Management should implement corrective action to prevent future noncompliance and should consider implementing a quality control review to ensure that University personnel obtain, review, and retain acceptable documentation for audit purposes.



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

November 18, 2024

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
Virginia Polytechnic Institute and State University

Timothy D. Sands
President, Virginia Polytechnic Institute and State 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 discretely presented component unit of **Virginia Polytechnic Institute and State University** (Virginia Tech) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Virginia Tech's basic financial statements and have issued our report thereon dated November 18, 2024. Our report includes a reference to another auditor who audited the financial statements of the component unit of Virginia Tech, as described in our report on Virginia Tech's financial statements. The other auditors did not audit the financial statements of the component unit of Virginia Tech 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 unit of the University.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Virginia Tech'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 Virginia Tech's internal control. Accordingly, we do not express an opinion on the effectiveness of Virginia Tech'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 a deficiency in internal control titled "Properly Complete Federal Verification Prior to Disbursing Title IV Aid," which is described in the section titled "Internal Control and Compliance Finding and Recommendation," that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Virginia Tech'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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the section titled "Internal Control and Compliance Finding and Recommendation" in the finding titled "Properly Complete Federal Verification Prior to Disbursing Title IV Aid."

The University's Response to Findings

We discussed this report with management at an exit conference held on November 21, 2024. 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 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

MBR/vks

FINDINGS SUMMARY

Finding Title	Status of Corrective Action*	First Reported for Fiscal Year
Improve Compliance over Enrollment Reporting	Complete	2018
Properly Complete Federal Verification Prior to Disbursing Title IV Aid	Ongoing	2024

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



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January 21, 2025

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

Dear Ms. Henshaw:

We have reviewed the audit finding and recommendation resulting from the 2024 audit by the Auditor of Public Accounts. The university concurs with the finding and provides the following response.

University Response:

Virginia Tech updated the Banner tracking group logic to ensure verification is requested timely and reviewed all 2023-24 verification files ensuring required documents were on file. The university will include a weekly random sample of files flagged for verification and confirm that documentation is complete prior to disbursement. The university will provide additional annual training and a documentation requirements checklist to improve Specialist completion of the verification process and ensure consistent handling and retention of all required documents.

Responsible Person: Nicci Ratcliff, Associate Director for Processing Operations

Completion Date: July 31, 2025

Sincerely,

DocuSigned by:
A handwritten signature in black ink that reads 'Melinda West'.

FC2A3844762F4FF...

Melinda J. West, MBA CPA
Associate Vice President for Finance and
University Controller