



WYTHEVILLE COMMUNITY COLLEGE STUDENT FINANCIAL ASSISTANCE PROGRAMS CLUSTER

FOR THE YEAR ENDED
JUNE 30, 2024

Auditor of Public Accounts
Staci A. Henshaw, CPA

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AUDIT SUMMARY

We audited the Student Financial Assistance Cluster of federal programs administered by Wytheville Community College (Wytheville) for the year ended June 30, 2024. We found:

- proper recording and reporting of all transactions, in all significant respects, in Wytheville's accounting and financial reporting system, U.S. Department of Education's federal student financial assistance systems, and the federal attachment submitted to the Department of Accounts (Accounts);
- four matters involving internal control and its operation necessary to bring to management's attention that also represent instances of noncompliance with applicable laws and regulations or other matters that are required to be reported; and
- adequate corrective action with respect to the prior audit findings identified as complete in the [Findings Summary](#) included in the Appendix.

In the section titled "Audit 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 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	
AUDIT FINDINGS AND RECOMMENDATIONS	1-3
AUDIT SCOPE OVERVIEW	4
INDEPENDENT AUDITOR'S REPORT	5-7
APPENDIX – FINDINGS SUMMARY	8
COLLEGE RESPONSE	9-11

AUDIT FINDINGS AND RECOMMENDATIONS

Promptly Return Unclaimed Aid to the Department of Education

Type: Internal Control and Compliance

First Reported: Fiscal Year 2020

Wytheville Community College's (Wytheville) Business Office staff did not return unclaimed student financial aid funds to the U.S. Department of Education (Education) within the required timeframe. We reviewed all 43 students with unclaimed aid and found Wytheville personnel did not return a total of \$9,128. The Business Office experienced staff turnover, which led to a lack of knowledge and understanding of the federal requirements related to unclaimed student financial aid.

In accordance with Title 34 U.S. Code of Federal Regulations (CFR) § 668.164(l), if an institution attempts to disburse the funds by check and the recipient does not cash the check, the institution must return the funds 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 timely, the institution is subject to potential adverse actions that may affect its participation in Title IV aid programs.

Wytheville should ensure all staff responsible for tracking unclaimed student financial aid receive comprehensive and ongoing training on the federal requirements. If the Business Office is unable to contact the federal aid recipient, and the check remains uncashed or the banking institution rejects the EFT, the Business Office should return the unclaimed funds to Education within the required timeframe. The Business Office should implement cross-training to ensure continuity of operations and compliance in the event of staff turnover.

Reconcile Federal Funds Timely

Type: Internal Control and Compliance

First Reported: Fiscal Year 2020

Wytheville Business Office staff did not perform federal bank reconciliations timely. Management attributed the noncompliance to staff turnover in the Business Office. We noted the following instances of noncompliance.

- For two out of three (67%) reconciliations sampled, the Business Office did not identify and/or resolve reconciling differences timely.
- For one out of three (33%) reconciliations sampled, the Business Office did not perform the reconciliation timely.

In accordance with 34 CFR 685.300(b)(5), institutions shall establish, maintain, and reconcile program and fiscal records at least monthly. The Federal Student Aid Handbook states schools must reconcile, at least monthly, the campus-based draws recorded in Education's grant management system to the funds received in the bank account the school has designated to receive electronic transfers and

account for any discrepancies. Frequent reconciliation is an important internal control that increases the overall integrity of the federal student assistance programs. By not reconciling federal student aid programs monthly as required, Wytheville increases its risk of not identifying issues and resolving them before they become a systemic problem. Systemic problems may lead to potential adverse actions and impact participation by the institution in Title IV programs.

The Business Office should implement cross-training to ensure continuity of operations and compliance in the event of staff turnover.

Improve Federal Direct Loan Borrower Notification Process

Type: Internal Control and Compliance

First Reported: Fiscal Year 2020

Wytheville's Financial Aid Office staff did not notify timely three out of 22 (14%) federal Direct Loan borrowers sampled in accordance with federal regulations. The Financial Aid Office manually enters data into the student information system; however, the Financial Aid Coordinator did not run the system process timely to generate and send the required notifications to borrowers.

In accordance with 34 CFR § 668.165(a)(2), institutions should properly notify students receiving federal Direct Loans, in writing, of the date and amount of the disbursement, the student's right to cancel all or a portion of a loan or loan disbursement, and the procedure and time by which the student must notify the institution that he or she wishes to cancel the loan. Additionally, 34 CFR § 668.165(3)(i – ii) indicates that for Direct Loans, the institution must provide the notice in writing no earlier than 30 days before, and no later than 30 days after, crediting the student's account.

Not properly notifying students in accordance with federal regulations may result in adverse actions and impact participation in Title IV programs. Additionally, improper notification could limit the amount of time necessary for a student or parent to make an informed decision on whether to accept or reject a loan. The Financial Aid Office should enhance its process to ensure staff run the batch process consistently and on schedule and send the required notification to borrowers.

Implement Information Security Program Requirements for the Gramm-Leach-Bliley Act

Type: Internal Control and Compliance

First Reported: Fiscal Year 2020

Prior Title: Perform Risk Assessment as Required by the Gramm-Leach-Bliley Act

Wytheville does not comply with certain elements of the Gramm-Leach-Bliley Act (GLBA) related to its information security program. Public Law 106-102, known as the GLBA, classifies institutions of higher education as financial institutions due to their involvement in financial assistance programs. Related regulations in 16 CFR §§ 314.3 and 314.4 require organizations to develop, implement, and maintain an information security program to safeguard customer information. Specifically, Wytheville does not comply with the following GLBA requirements:

- Wytheville does not have a documented and approved policy and procedure to conduct a periodic inventory of data. The GLBA requires organizations to include as part of their written information security program, a requirement for identifying and managing data, personnel, devices, systems, and facilities that support an organization's business mission, in accordance with their relative importance and the organization's risk strategy. Without a documented and approved policy and procedure, Wytheville increases the risk that it may misplace or improperly account for data within its systems, which could result in the lack of appropriate security controls and the compromise of the college's confidential data. Wytheville is implementing a new security platform to assist with the data inventory, causing a delay in developing the required policies and procedures.
- Wytheville does not have a documented, approved, and implemented policy and procedure to conduct and document its review, revisions, and approvals of the college's information security program. The GLBA requires organizations to evaluate and adjust their information security programs based on testing and monitoring results; material changes to business operations or processes; risk assessments; or any other circumstances that could materially impact the program. The absence of a formal process to consistently perform and document the review, modification, and approval of its policies and procedures could lead to inconsistent reviews, unauthorized modifications, or the policies and procedures missing key elements to support business processes. Insufficient management oversight led to Wytheville not having a documented, approved, and implemented policy and procedure.

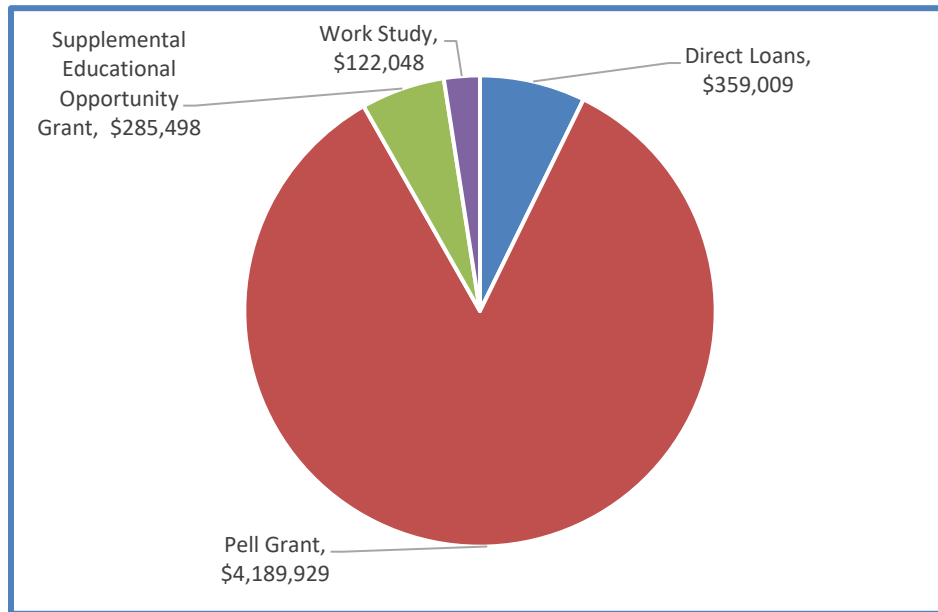
Wytheville should document and approve a policy and procedure for conducting a periodic inventory of data based on the implementation of its new security platform. Additionally, Wytheville should document, approve, and implement a policy and procedure to conduct and document its reviews, modifications, and approvals of its information security program. Ensuring compliance with GLBA requirements will support Wytheville in evaluating its information security practices and help maintain the confidentiality, integrity, and availability of customer information within its environment.

AUDIT SCOPE OVERVIEW

Wytheville is part of the Virginia Community College System and serves the counties of Bland, Carroll, Grayson, Smyth, and Wythe and the City of Galax. Wytheville provides federal financial assistance through Direct Loans, Pell Grants, Supplemental Educational Opportunity Grants, and Work-Study program. Chart 1 below shows the amounts comprising the Student Financial Assistance Cluster of federal program awards at Wytheville.

**Student Financial Assistance Cluster Federal Program Awards
Fiscal Year 2024**

Chart 1



For our audit covering the fiscal year ended June 30, 2024, we performed procedures over the Student Financial Assistance Cluster of federal programs in accordance with U.S. Office of Management and Budget Compliance Supplement Part 5 Student Financial Assistance Programs. In addition, we reviewed the accuracy of the Schedule of Expenditures of Federal Awards attachment information submitted to Accounts.



Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

September 2, 2025

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

State Board for Community Colleges
Virginia Community College System

David Doré
Chancellor, Virginia Community College System

Dean Sprinkle
President, Wytheville Community College

We have audited **Wytheville Community College's** (Wytheville) compliance over the Student Financial Assistance Cluster of federal programs for the year ended June 30, 2024. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objective was to audit the Student Financial Assistance Cluster of federal programs. In support of this objective, we evaluated the accuracy of recorded transactions in Wytheville's accounting and financial reporting system, U.S. Department of Education's federal student financial assistance systems, and the federal attachment submitted to the Department of Accounts (Accounts); reviewed the adequacy of Wytheville's internal controls; tested compliance with applicable laws, regulations, contracts, and grant agreements; and reviewed the adequacy of corrective action with respect to audit finding from prior year reports. See the [Findings Summary](#) included in the Appendix for a listing of prior audit findings and the status of follow-up on management's corrective action.

Audit Scope and Methodology

Wytheville's management has responsibility for establishing and maintaining internal control and complying with applicable laws, regulations, contracts, and grant agreements. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following applicable Student Financial Assistance Cluster of federal program compliance requirements.

- Cash management
- Enrollment reporting
- Title IV disbursements
- Financial reporting
- Gramm-Leach-Bliley Act
- Institutional eligibility
- Return of Title IV funds
- Student eligibility
- System access
- Verification

We performed audit tests to determine whether Wytheville's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws, regulations, contracts, and grant agreements. Our audit procedures included inquiries of appropriate personnel, inspection of documents and records, and observation of Wytheville's operations. We performed analytical procedures and tested details of transactions to achieve our objectives.

A nonstatistical sampling approach was used. Our samples were designed to support conclusions about our audit objectives. An appropriate sampling methodology was used to ensure the samples selected were representative of the population and provided sufficient, appropriate evidence. We identified specific attributes for testing each of the samples and when appropriate, we projected our results to the population.

Conclusions

We found that Wytheville has properly stated, in all material respects, the amounts recorded and reported in its financial system and the U.S. Department of Education's federal student financial assistance systems for the Student Financial Assistance Cluster of federal programs.

We noted certain matters involving internal control and its operation and compliance with applicable laws, regulations, contracts, and grant agreements that require management's attention and

corrective action. These matters are described in the section titled “Audit Findings and Recommendations.”

Wytheville has taken adequate corrective action with respect to audit findings identified as complete in the [Findings Summary](#) included in the Appendix.

Exit Conference and Report Distribution

We discussed this report with management on August 6, 2025. Management’s response to the findings identified in our audit is included in the section titled “College Response.” We did not audit management’s response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Governor and General Assembly, Wytheville Community College management, the Virginia Community College System Chancellor, the State Board for Community Colleges, and the citizens of the Commonwealth of Virginia and is a public record.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

DLR/clj

FINDINGS SUMMARY

Finding Title	Status of Corrective Action*	Fiscal Year First Reported
Enhance Notification for Borrowers that have not Completed Exit Counseling	Complete	2020
Ensure an Accurate FISAP is Submitted to Department of Education	Complete	2020
Ensure Student System Roles are Assigned Properly	Complete	2020
Ensure Student Status Changes are Reported Accurately and Timely	Complete	2020
Improve Direct Loan Quality Assurance Program	Complete	2020
Perform Federal Direct Loan Reconciliations Timely	Complete	2020
Promptly Return Unclaimed Aid to Department of Education	Ongoing	2020
Reconcile Federal Funds Timely	Ongoing	2020
Improve Federal Direct Loan Borrower Notification Process	Ongoing	2020
Implement Information Security Program Requirements for the Gramm-Leach-Bliley Act**	Ongoing	2020

* A status of **Complete** indicates management has taken adequate corrective action. A status of **Ongoing** indicates existing findings that require management's corrective action as of the date of the audit.

** Title of prior year finding was Perform Risk Assessment as Required by the Gramm-Leach Bliley Act.

September 18, 2025

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

Dear Ms. Henshaw,

In response to the 2024 APA Student Financial Aid audit findings, Wytheville Community College accepts and agrees with all findings. The following outlines management's response to the issues raised with appropriate corrective action to address and resolve each of the findings.

Promptly Return Unclaimed Aid to the Department of Education

Previously, the responsibility for returning unclaimed aid to the Department of Education was assigned to a part-time cashier position. Due to frequent turnover and limited hours, individuals in this role were unable to gain sufficient familiarity with the process, resulting in inefficiencies.

To improve consistency and compliance, WCC has reassigned this responsibility to the full-time Student Financial Accountant. This position offers greater stability and is more directly involved with student financial aid operations. The Student Financial Accountant, in collaboration with the Business Office Manager, has implemented a structured process that includes regular reviews of outstanding disbursements, proactive follow-ups with students, and timely returns of funds to the Department of Education to ensure adherence to federal regulations. The Business Office Manager's familiarity with the process also provides continuity during any staffing transitions.

Position Responsible: Student Financials Accountant
Business Manager

Estimated Completion Date: Completed

Reconcile Federal Funds Timely

The instances of noncompliance noted were during a period of transition in which reconciliation responsibilities were being transferred to the Business Manager. This transition, coupled with staff turnover, contributed to delays in identifying and resolving reconciling differences.

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To address these concerns and strengthen internal controls, the Business Manager has implemented a goal to complete reconciliations for the previous month's federal bank account by the first half of each month. This proactive timeline is intended to ensure timely identification and correction of errors and to maintain compliance with federal regulations.

Additionally, the Vice President of Finance and Administrative Services has set a recurring calendar reminder to review reconciliations by the 20th of each month. This added layer of oversight reinforces accountability and ensures that reconciliations are completed as scheduled. The Vice President is also familiar with the reconciliation process and is capable of performing reconciliations if needed to maintain continuity.

Position Responsible: Business Manager
Vice President of Finance and Administrative Services

Estimated Completion Date: Completed

Improve Notification Process for Federal Loan Awards to Students

WCC Financial Aid Office is currently using the VCCS Message Center Process to notify students of loans disbursed. The Financial Aid Coordinator that runs the notification will make sure to add reminder to calendar when loans are being disbursed to run this notification to students. This will be placed on the calendar for a reminder during each semester.

Position Responsible: Financial Aid Coordinator
Estimated Completion Date: Completed

Implement Information Security Program Requirements for the Gramm-Leach-Bliley Act

Wytheville is currently in the process of identifying the data owners within our organization. Additionally, we are developing a comprehensive policy and procedure to address this matter, with the goal of having it fully implemented by the end of the year.

Position Responsible: CIO
Estimated Completion Date: December 2025

Wytheville has developed a new Standard Operating Procedure (SOP) that will ensure the review and update of all SOPs on a quarterly basis. This new SOP will be fully reviewed and implemented by December 2025 and will include a formal process to consistently perform and document the review, modification, and approval of our policies and procedures. This will help

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us maintain consistent reviews, prevent unauthorized modifications, and ensure that our policies and procedures support our business processes effectively.

Position Responsible: CIO

Estimated Completion Date: December 2025

Sincerely,

David Dickens Digitally signed by David Dickens
Date: 2025.09.18 11:51:49 -04'00'

David Dickens,
Vice President of Finance and Administrative Services

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