



NORFOLK 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 Norfolk State University (University) as of and for the year ended June 30, 2024, and issued our report thereon, dated November 18, 2025. Our report, included in the University's basic financial statements, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov and at the University's website at www.nsu.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;
- 15 additional internal control findings requiring management's attention; ten of which also represent instances of noncompliance with applicable laws and regulations or other matters 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 two 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 internal control findings requiring management's attention and instances of noncompliance in relation to this testing.

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 audits 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	1-16
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS	17-19
APPENDIX – FINDINGS SUMMARY	20
UNIVERSITY RESPONSE	21-26

INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

Improve Internal Controls over Financial Reporting

Type: Internal Control

Severity: Material Weakness

First Reported: Fiscal Year 2023

Norfolk State University's (University) Controller's Office should continue to improve internal controls over its financial reporting process to ensure timely and accurate financial statements. During our review, we noted several areas where the University should improve controls to reduce the risk of material errors in the financial statements and related disclosures. We identified the following issues in our review of the financial statements and related control environment:

- The Controller's Office did not finalize all required information for inclusion in the University's fiscal year 2024 financial statements until February 2025. The delay in finalizing information was due to turnover in key financial reporting roles and the absence of a clearly defined cut-off period for posting adjustments in the University's accounting and financial reporting system.
- As a result of our review, the Controller's Office made significant changes to the financial statements and corresponding footnotes. These adjustments include but are not limited to an accounting error related to early revenue recognition within State Appropriations, an understatement to accounts payable, component unit and financial statement misclassifications, and adjustments to amounts and wording in several footnote disclosures including cash and cash equivalents and investments, capital assets, non-current liabilities, and long-term debt and liabilities. In addition, the Controller's Office inaccurately revised the University's financial statements to account for audit adjustments which resulted in numerous revisions of the statements.
- The Controller's Office has not fully implemented the requirements of Governmental Accounting Standards Board Statement No. 96, which prescribes proper accounting and financial reporting for subscription-based information technology arrangements (SBITA). The Controller's Office did not properly enter multiple required elements into the Commonwealth's lease system, resulting in inaccurate present value calculations, amortization schedules, liability measurements, and interest expenses. Additionally, the Controller's Office did not retain adequate supporting documentation for SBITAs for four of the nine (44%) long-term SBITAs reviewed, six of the ten (60%) short-term SBITAs reviewed, and one prepaid expense reviewed. A lack of adequate supporting documentation impacts our ability to determine whether the University properly classified and accurately reported these SBITAs within the financial statements.

Management is responsible for designing and maintaining a system of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements in accordance with generally accepted accounting principles. Additionally, higher education institutions in the Commonwealth are responsible for providing accurate financial data for inclusion in the Commonwealth's Annual Comprehensive Financial Report by September of each fiscal year. The issues noted increase the risk that users of financial statements may misinterpret the University's financial position and performance.

Since the prior audit the University experienced turnover in the Controller position, which is responsible for financial reporting. This turnover along with an inadequate review of the statements contributed to the audit adjustments identified during our review. As the financial statement adjustments and deficiencies depict, management's internal control environment did not detect, prevent, or correct material misstatements in a timely manner, hence, we consider this a material weakness in internal control. The lack of proper internal controls over financial reporting, however, is not necessarily an indicator of poor financial health or inadequacy of financial resources of the University.

The Controller's Office should look for opportunities to improve the efficiency of its financial reporting process. Additionally, management should strengthen the financial statement review process by performing periodic reviews while compiling the financial statements, including a final analytical review to identify unusual or unexpected financial correlations. Management should also ensure sufficient succession planning takes place for key financial reporting positions. Lastly, when there are new accounting standards affecting the operations of the University, management should sufficiently prepare prior to implementation to ensure the correct financial reporting.

Improve Controls over Terminated Employees

Type: Internal Control and Compliance

Severity: Significant Deficiency

First Reported: Fiscal Year 2019

The University does not have adequate internal controls over the employee termination process. Management does not hold individual departments accountable for following its offboarding procedures, resulting in departments not submitting Human Resources' electronic offboarding checklist (HR Clearance Form) timely. We identified the following deficiencies:

- For 16 of the 16 (100%) employees sampled, the supervisor did not timely notify the Office of Information Technology (Information Technology) through the HR Clearance Form of employee termination resulting in the University removing system and building access between three to 366 days after employees' termination dates.
- For 13 of the 16 (81%) employees sampled, Human Resources did not ensure that the HR Clearance Form was fully complete upon employee termination. As a result, Human Resources was unable to provide documentation indicating that employees returned all property by their termination date for 11 of the 16 (69%) employees sampled.

- For six of the 16 (38%) employees sampled, the employee termination date in the Commonwealth’s human resource and payroll management system (HR system) did not agree to the employee resignation letter or Human Resources’ HR-1 Form.
- For 12 of the 16 (75%) employees sampled, Human Resources did not enter the employee termination date in the HR system timely. Human Resources entered termination dates from three to 334 days after employee termination.
- For one of the four (25%) benefited employees sampled, the Payroll Department (Payroll) did not pay the employee’s leave balance timely in accordance with Commonwealth Accounting Policies and Procedures (CAPP) Manual Topic 50320, delaying the leave payout until 10 months after the employee’s termination date.
- For two of the 19 (11%) employees sampled and six of the seven (86%) additional employees reviewed, Payroll was not timely notified through the HR Clearance Form of employee termination resulting in \$94,475 in overpayments ranging from one to 16 paychecks after their termination date.
- For four of the four (100%) Work-Study employees sampled, Human Resources did not provide the employee resignation letter, HR-1 Form, or evidence of a completed HR Clearance Form, resulting in these employees not having a completed offboarding checklist or evidence of employment termination date.
- Information Technology was not timely notified of the termination of two employees from the University, resulting in the employees retaining critical access to the HR system three to 29 days after their termination date.
- Lastly, Procurement Services (Procurement) did not remove access to the Commonwealth’s purchasing system timely for nine of the 14 employees (64%) reviewed, resulting in employees retaining access from five to 956 days after their termination date.

CAPP Manual Topic 50320 states that agencies must verify that human resource system information concerning terminating employees is complete, properly authorized, and entered accurately into the System. Fiscal officers must ensure proper and accurate issuance of all payments. Further, CAPP Manual Topic 50320 states that final payments to terminating employees should be issued on the payday for the pay period following the last pay period worked. Additionally, the Commonwealth’s Security Standard, SEC530, states that an organization must disable information system access within 24 hours of employment termination and the Commonwealth’s purchasing system security standard requires the deactivation of terminated users’ access within 24 hours of employment termination. The University’s logical access control policy and purchasing system user access policy requires system owners to remove access within 24 hours of notification of employment termination. Lastly, Human Resources created an offboarding policy outlining the responsibilities of the University upon an employee’s termination. The terminating employee’s manager or supervisor is responsible for submitting an electronic HR Clearance

Form within 24 hours of notification of termination, which automatically notifies appropriate departments of an employee's departure from the University. In addition, the terminating employee's manager or supervisor is responsible for ensuring the return of departmental equipment and informing the employee of their responsibility to return Information Technology's borrowed equipment.

For the terminated employees sampled with access to the University network and HR system, Information Technology began the deactivation process within 24 hours of notification, but the department supervisors submitted the HR Clearance Forms untimely for the initial notification. Regarding the Commonwealth's purchasing system, Procurement is not one of the departments that receive an automated notification when departments start or complete the HR Clearance Form, resulting in late access removal. Users can access the Commonwealth's purchasing system via the internet without University network access, which increases the risk of unauthorized users having access to this system upon termination.

The underlying cause of these deficiencies is management not holding department supervisors accountable to Human Resources' terminated employee offboarding process. In addition, the University did not have an offboarding process for Work-Study employees during fiscal year 2024, with the Work-Study Coordinator being responsible for communicating employee separations. Performing termination checklists through the HR Clearance Form immediately upon employee termination provides confirmation of the collection of all Commonwealth property assigned to the employee and increases the likelihood that termination dates in the HR system are accurate and timely. It also ensures proper and timely notification to Information Technology to ensure proper removal of access to the University's critical information systems. Not adequately completing the HR Clearance Form increases the risk of misappropriation of Commonwealth assets and overpayments due to improper notification of employee terminations. Additionally, untimely removal of user access increases the risk of unauthorized transactions and could compromise the integrity of the University's critical information systems.

Management should hold all departments accountable for completing HR Clearance Forms timely and completely. Human Resources should provide training for department supervisors on the offboarding process. Lastly, Human Resources should consider including Procurement in the HR Clearance Form automated notification to ensure timely removal of access to the Commonwealth's purchasing system.

Comply with Prompt Payment Provisions

Type: Internal Control and Compliance

Severity: Significant Deficiency

First Reported: Fiscal Year 2019

The University's individual departments continue to not update purchase orders or submit payment authorizations to the Accounts Payable Department (Accounts Payable) timely, resulting in late payments and noncompliance with the prompt payment requirements of the Virginia Public Procurement Act (VPPA). We identified the following deficiencies:

- Accounts Payable did not process 12 of 18 (67%) vouchers sampled timely, resulting in late payments ranging from 13 to 131 days.
- Accounts Payable did not process two of the late payments within the correct fiscal year.

The VPPA (§ 2.2-4300 et seq. of the Code of Virginia) requires state agencies to pay for delivered goods and services within 30 calendar days after receipt of a proper invoice, or 30 days after receipt of the goods or services, whichever is later. Not following prompt payment requirements established by the Code of Virginia may harm the University's reputation as a buyer, damage relationships with vendors, and potentially result in late fees. Additionally, by not properly recording expenses in the correct fiscal year, the University is at risk of misrepresenting its financial position at fiscal year-end.

The underlying cause of these deficiencies is University management not holding department managers and supervisors accountable for following its payment process. Without an accurate and properly approved purchase order or an authorization of payment from the purchasing department, Accounts Payable cannot process payment for the respective vendor charges.

University management should review existing processes and policies to ensure they clearly reflect the responsibility and expected time frame for individual departments to approve and submit required documentation to Accounts Payable for payment processing. Additionally, University management should hold department supervisors accountable and consistently enforce the policy University-wide. Taking these corrective actions, will assist in the University's ability to process all vendor payments in compliance with the prompt payment requirements of the VPPA and in the correct fiscal year.

Ensure Accurate Reporting of Retirement Census Data

Type: Internal Control

Severity: Significant Deficiency

First Reported: Fiscal Year 2023

Human Resources does not have adequate controls surrounding reporting personnel information in the Commonwealth's retirement benefits system (Retirement System). During our review of changes to employee retirement records including salary changes, new enrollments, and terminations, we identified the following discrepancies:

- For two of the 19 (11%) employees reviewed with a Virginia Retirement System (VRS) Plan, Human Resources was unable to provide personnel information to properly support the current annual salary start date reflected in the Retirement System.
- For one of the seven (14%) VRS Plan employees reviewed, Human Resources was unable to provide documentation supporting the employee's gender listed in the Retirement System.
- For one of the five (20%) Optional Retirement Plan employees reviewed, Human Resources entered an inaccurate employment status in the Retirement System.

- For five of the 13 (38%) VRS Plan employees reviewed, Human Resources was unable to provide documentation to support employment and VRS coverage start dates. Human Resources was unable to provide accurate personnel documents to support three employees' start dates within the Retirement System and two employees had an inaccurate start date reflected in the Retirement System.
- For two of the six (33%) VRS Plan employees reviewed, Human Resources was unable to provide personnel information to properly support employment and VRS coverage end dates reflected in the Retirement System.
- For two of the three (67%) Optional Retirement Plan employees reviewed, Human Resources was unable to provide documentation to support employment and VRS coverage end dates. Human Resources was unable to provide accurate personnel records to support one employee's employment and VRS coverage end dates within the Retirement System. Further, Human Resources did not enter an employment or VRS coverage end date for one employee although the individual had terminated employment during the current fiscal year.
- For one of the five (20%) Optional Retirement Plan employees reviewed, Human Resources entered an inaccurate VRS coverage start date within the Retirement System.

CAPP Manual Topic 50425 and the VRS Confirmation and Payment Scheduling Employer Manual require creditable compensation and data elements reconciliation between the human resource and retirement benefits systems monthly before certifying the contribution. Inaccurate or incomplete personnel records and information reported within the Retirement System are due to staff turnover and employment vacancies in Human Resources. Not reporting accurate data can affect the integrity of the information in the Retirement System that determines pension liability calculations for the entire Commonwealth and can result in a misstatement in the Commonwealth's financial statements. Additionally, errors in members' retirement related data can cause under or overpayment of retirement contributions to the Retirement System and can create errors when members retire.

Human Resources should review existing processes and policies and update as necessary to ensure Human Resources accurately reports personnel information and Retirement System data. Additionally, Human Resources should ensure it properly tracks and retains employees' personnel records.

Comply with Employment Eligibility Requirements

Type: Internal Control and Compliance

Severity: Significant Deficiency

First Reported: Fiscal Year 2022

During the fiscal year 2022 audit, we identified instances where Human Resources did not comply with state and federal requirements issued by U.S. Citizenship and Immigration Services of the U.S. Department of Homeland Security regarding completion of Employment Eligibility Verification (Form I-9) and cases creation in the employment eligibility verification system (E-Verify). The noncompliance

resulted primarily from the decentralized nature of hiring and onboarding of employees, staff turnover, a shortage of trained Human Resources employees, and untimely submission of documents by newly hired employees. As of June 30, 2024, the University's corrective action remained ongoing with an estimated completion date of March 31, 2025. Due to ongoing corrective action, we did not perform a detailed review of employment eligibility.

The Immigration Reform and Control Act of 1986 requires that employers complete Form I-9 to verify both identity and employment eligibility for all employees. U.S. Citizenship and Immigration Services sets forth federal requirements for completing Form I-9 in the Handbook for Employers M-274 (Handbook). Chapter 3 of the Handbook requires the employee to complete and sign Section 1 of Form I-9 by the first date of employment. Chapter 4 of the Handbook requires the employer to complete Section 2 of Form I-9 within three business days of the first date employment. The E-Verify User Manual M-775 (Manual), Chapter 2.2 requires the employer to create a case for each newly hired employee no later than the third business day after he or she starts work for pay. If an employee presents a U.S. passport, Chapter 2.1 of the Manual requires the employer to retain a copy with Form I-9. Additionally, § 40.1-11.2 of the Code of Virginia requires all agencies to use the E-Verify program for each newly hired employee who is to perform work within the Commonwealth. Noncompliance with federal regulations related to employment verification could result in civil and/or criminal penalties and debarment from government contracts.

Since the fiscal year 2022 audit, the University has established draft procedures for onboarding newly hired employees, and the University has provided training to Human Resources on the E-Verify process. Management should finalize and implement the procedures for onboarding newly hired employees. Additionally, management should continue to monitor the implementation of its corrective action plan to resolve this finding and ensure compliance with state and federal requirements.

Strengthen Internal Controls over Physical Inventory

Type: Internal Control

Severity: Significant Deficiency

The Controller's Office and Financial Services Department (Financial Services) do not have adequate internal controls over the capital asset physical inventory process. The University conducts physical inventory based on the building in which the asset resides. We identified the following deficiencies during our audit of the capital asset physical inventory process:

- The Controller's Office and Financial Services excluded capital assets for the following six of 52 (12%) buildings during the biannual capital asset physical inventory process: Sports Annex, Residential Complex South, Residential Complex North, Amenity Building, Park Place, and University Shoppes.
- The Controller's Office did not fully complete inventory forms for two of the five (40%) buildings sampled. In addition, for one building the Controller's Office could not provide evidence of a physical inventory review.

- For two of two (100%) buildings sampled that included inventory changes, the Controller's Office and Financial Services did not obtain inventory change forms. As a result, the Controller's Office and Financial Services did not make the necessary capital asset adjustments within the University's accounting and financial reporting system for a total of 289 assets resulting in an overstatement of capital assets in the financial statements of approximately \$52,000.

CAPP Manual Topic 30505 states that entities are required to complete a physical inventory of capital assets at least once every two years to safeguard assets and maintain fiscal accountability. Further, and in accordance with the University's Physical Inventory and Fixed Asset Accounting policies and procedures, any items found to be unrecorded or not physically existing should be listed as a discrepancy, subsequently researched, and either entered or removed by disposal from the University's accounting and financial reporting system, as appropriate. Additionally, CAPP Manual Topic 30805 states that when reporting lost or stolen inventory items, the University must key adjustments to the accounting and financial reporting system for each irretrievably stolen or lost item as soon as practicable after the event.

While the University does maintain an inventory schedule to ensure compliance with CAPP Manual Topic 30505, the University did not update the building listing to ensure it included all University buildings within the inventory schedule. Additionally, the Controller's Office and Financial Services do not oversee and hold departments responsible for completing a physical inventory and ensuring departments complete inventory change forms as necessary. Without performing physical inventory biannually and completing inventory change forms, the University increases the risk of misappropriation of Commonwealth property and may contribute to the inclusion of inaccurate information in the University's accounting and financial reporting system, which could lead to misstatements in the financial statements.

The Controller's Office and Financial Services should update inventory procedures and the inventory schedule to include all buildings. Additionally, the Controller's Office and Financial Services should ensure each department performs a physical inventory and completes inventory change forms in accordance with University policy. Lastly, the Controller's Office and Financial Services should record all capital asset adjustments timely within its accounting and financial reporting system.

Properly Record Capital Assets

Type: Internal Control

Severity: Significant Deficiency

The University is not properly recording capital assets within its accounting and financial reporting system. During our review of capital asset activity during the fiscal year, we identified the following discrepancies:

- For 24 of the 24 (100%) new equipment assets sampled, the University recorded the incorrect acquisition date in the accounting and financial reporting system. The recorded acquisition

dates for the assets tested are between 14 to 542 days after the physical receipt of the asset. As a result, the University recorded two assets in the incorrect fiscal year.

- For one of the 24 (4%) new equipment assets sampled, the University recorded an incorrect useful life within the accounting and financial reporting system .
- For 24 of the 24 (100%) new equipment assets sampled, the University did not record the asset timely in the accounting and financial reporting system, recording the assets between 120 to 1,007 days after the physical receipt of the asset.
- For four of 25 (16%) property, plant and equipment purchases sampled, the Controller's Office incorrectly expensed purchases that it should have capitalized. Three assets exceeded the University's capitalization threshold for equipment and the Controller's Office should have included one asset as part of construction in progress.

CAPP Manual Topic 30205 requires entities to record assets in the accounting and financial reporting system within 30 days after receipt and acceptance of the asset and in the fiscal year the asset was acquired. Further, Topic 30205 defines capitalized assets as an asset or group of assets that have an expected useful life of greater than one year and where the asset individually or in a group has a value or cost of \$5,000 or more at the date of acquisition. Additionally, the University's Fixed Asset Policy states that the University enters asset useful lives within the financial system based on CAPP Manual Topic 30605 nomenclature tables. Lastly, CAPP Manual Topic 30610 requires proper recording of the asset acquisition cost, acquisition date, and useful life to accurately calculate depreciation for inclusion in the financial statements.

Without proper recording of equipment assets, the University increases the risk of inaccurate reporting of capital assets in its financial statements. Further, not identifying and tracking assets increases the risk of misappropriation of University property. The University calculates depreciation based on the asset acquisition cost, acquisition date, and useful life. When the University records the incorrect acquisition date or useful life in the financial system, it impacts the depreciation calculation. Additionally, by the University using the payment date as the asset acquisition date, the University is at risk of recording an asset in the incorrect fiscal year. The University does not specifically outline the definition of an asset's acquisition date in its Fixed Asset Policy. Staff turnover at the University also contributed to these errors.

The Controller should review existing processes and dedicate the necessary resources to properly identify, capitalize, and accurately report equipment purchases during the fiscal year. Additionally, the University should update its Fixed Asset Policy to ensure it records acquisition dates based on the physical receipt of the asset.

Improve Oversight of Small Purchase Charge Cards

Type: Internal Control

Severity: Significant Deficiency

Procurement does not have adequate internal controls in place over Small Purchase Charge Cards (SPCC). We identified the following deficiencies during our review of SPCC activity during the fiscal year:

- Three cardholders split the payment of six purchases to exceed their single transaction limits. Procurement did not identify these split purchase transactions which ranged from approximately \$3,600 to \$13,200.
- One cardholder purchase exceeded the card's single transaction limit without a temporary or permanent limit increase approval. The cardholder's single transaction limit was \$10,000; however, the SPCC purchase was approximately \$17,800. This purchase occurred after the cardholder returned their SPCC to Procurement. The University was unable to provide supporting documentation or proper approval for this purchase.
- Procurement did not deactivate and close three cardholders SPCCs when the cardholder terminated employment during the fiscal year. This resulted in five transactions on the associated SPCCs after the employees' termination dates, totaling approximately \$4,500 in purchases. The University was unable to provide supporting documentation or proper approvals for these purchases.
- Procurement did not prepare and approve four of the seven (57%) manual SPCC reconciliations timely, ranging from five to 14 days late.

A split purchase occurs when a cardholder or vendor processes a payment in multiple smaller transactions when the total of the transaction exceeds the card's single transaction limit. CAPP Manual Topic 20355 states that Program Administrators are responsible for setting appropriate transaction and credit limits on each card based on the cardholder's needs, monitoring transactional data for the SPCC to ensure compliance to policy (i.e., split purchase), training cardholders annually in the card policy, and promptly cancelling cards and deactivating user accounts as appropriate (card accounts must be closed no later than the last working day of the cardholder). Further, CAPP Manual Topic 20355 states that if a cardholder authorizes a charge in excess of the per transaction limit established for that card, whether by splitting the invoice, encouraging the vendor to circumvent the Bank of America denial, or any other means, the agency should revoke the card for a minimum of three months. The same process applies for cardholders that share their purchasing card or number with another individual. Additionally, the University's SPCC policy states cards can only be used by the cardholder, and cardholders may never lend their cards to another person or use another individual's card for any reason. Lastly, CAPP Manual Topic 20355 states that individual SPCC monthly reconciliations are to be prepared before receipt of the following month's card statement. In addition, University Internal Policy 43-13 states that cardholders are directly responsible for reconciling card activity and cardholder supervisors are responsible for the review and approval of these transactions monthly.

The SPCC internal control deficiencies are the result of insufficient training of employees and enforcement of policy. Without performing an adequate review of cardholders' SPCC transactions, there is an increased risk of misuse or fraudulent use of SPCCs. Additionally, untimely completion of SPCC reconciliations increases the risk of not detecting unauthorized or accidental charges in a timely manner. Further, unauthorized purchases can lead to the University paying for goods or services that may be the result of fraud or waste. The University's SPCC policy states that SPCC violations, such as splitting orders and misuse, result in a 30-day suspension for the first offense, 45-day suspension for the second offense, and card cancellation for the third offense. These penalties do not align with CAPP Manual Topic 20355 requiring the University to revoke the card for a minimum of three months (90 days) after the first offense and to permanently revoke the card for repeat offenses.

Procurement should review and modify the University's SPCC policy to adequately address unauthorized purchases and align it with CAPP Manual Topic 20355. Procurement should exercise proper oversight over SPCC cards, cardholders, and transactions to prevent and/or detect unauthorized purchases. Additionally, Procurement should properly train cardholders on their responsibilities and SPCC guidelines to enforce the University's SPCC policy and any violations.

Improve Controls over Retirement Benefit System Reconciliations

Type: Internal Control

Severity: Significant Deficiency

Human Resources and Payroll did not adequately perform and document reconciliations between the Commonwealth's human resource and payroll management system (Human Resource and Payroll System) and the Retirement System. Insufficient documented procedures outlining the reconciliation process and staff turnover in Human Resources contributed to the insufficient reconciliations and associated documentation. Payroll confirmed the accuracy of the retirement data monthly; however, Human Resources and Payroll did not perform reconciliation procedures between the Human Resource and Payroll System and the Retirement System prior to confirming the data. The lack of reconciliation resulted in an excessive number of exceptions listed on the post-certification automated reconciliation reports. In addition, Human Resources could not provide evidence that it reviewed the Cancelled Records report as required. Human Resources and Payroll are currently in the process of developing procedures over the retirement benefit reconciliation process.

Insufficient reconciliation processes can result in incorrect employee payroll deductions and can affect the integrity of the information in the Retirement System, which VRS uses for pension liability calculations for the financial statements of the Commonwealth's agencies and institutions. The VRS Employer Manual requires agencies to perform a monthly creditable compensation and data elements reconciliation between the agency's payroll system and the Retirement System. The reconciliation should occur before the agency submits a contribution confirmation of benefits and after receiving the billing from the Retirement System. Additionally, CAPP Manual Topic 50470 states that agencies must review and clear transactions on the Cancelled Records report in the Retirement System at least monthly. By performing this reconciliation and reviewing Cancelled Records reports prior to confirming the snapshot, the University can identify required payroll adjustments and take corrective action before processing the last payroll of the month. Further, CAPP Manual Topic 50470 states that the agency must

complete a timely review of the monthly reconciliation reports, ensure any automated amounts are accurate, and complete any corrective actions that are necessary.

Human Resources and Payroll should use the VRS Employer Manual and CAPP Manul Topic 50470 to aid in the development of documented procedures over the monthly retirement benefit reconciliations. Additionally, Human Resources and Payroll should perform and document monthly reconciliations between the Human Resource and Payroll System and the Retirement System and review the Cancelled Records report prior to confirming the accuracy of retirement data.

Improve Reporting to the National Student Loan Data System

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

First Reported: Fiscal Year 2015

Prior Title: Improve Compliance over Enrollment Reporting

The University's Office of the Registrar personnel did not report accurate and timely enrollment data to the Department of Education (ED) using the National Student Loan Data System (NSLDS) in accordance with Title 34 U.S. Code of Federal Regulations (CFR) § 685.309 and the NSLDS Enrollment Guide for students that graduated, withdrew, or changed enrollment levels. University management indicated the errors were due to staff turnover in the Office of the Registrar and programming issues within the student information system. From our sample of 39 students, we noted the following instances of noncompliance:

- The University reported an inaccurate enrollment status for six students (15%);
- The University reported an inaccurate effective date for 26 students (67%);
- The University did not report enrollment status changes timely for one student (3%); and
- The University reported inaccurate information in at least one campus or program level field deemed critical for 17 students (44%).

In accordance with 34 CFR § 685.309 and further outlined in the NSLDS Enrollment Guide published by ED, the University must report enrollment changes to NSLDS within 30 days when attendance changes, unless it will submit a roster file within 60 days. The accuracy of Title IV enrollment data depends heavily on information reported by institutions. Inaccurate and untimely enrollment data submissions to the NSLDS can affect ED's reliance on the system for monitoring purposes and may interfere with establishing a student's loan status, deferment privileges, and grace periods. In addition, noncompliance may also impact an institution's participation in Title IV programs.

University management should evaluate its current enrollment reporting procedures and implement corrective action to ensure that it reports accurate and timely student enrollment data to NSLDS to prevent future noncompliance. Management should also consider implementing a quality control review process to monitor the accuracy of campus and program-level batch submissions.

Properly Identify Title IV Withdrawals

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

University Financial Aid Office personnel did not identify Title IV withdrawals timely. For six of 25 students (24%), the University did not timely identify all students requiring a return of Title IV calculation. At the end of the spring 2024 term, turnover in Office of the Registrar management contributed to the dissemination of inaccurate withdrawal information to the Financial Aid Office. As a result, the Financial Aid Office experienced delays in identifying students requiring a return of Title IV calculation due to the initial inaccuracies.

In accordance with 34 CFR § 668.22(j)(2) and Volume 5 of the federal Student Financial Aid Handbook, for institutions that are not required to take attendance, an institution must determine the withdrawal date for a student who withdraws without providing notification to the institution no later than 30 days after the end of the earlier of the (i) payment period or period of enrollment; (ii) academic year in which the student withdrew; or (iii) the educational program from which the student withdrew. By not identifying students who withdraw timely, the University is not in compliance with federal requirements and may be subject to potential adverse actions affecting its participation in Title IV programs.

University management should implement necessary corrective measures to ensure business continuity, including the proper identification of Title IV students that have withdrawn in a timely manner. In addition, the Office of the Registrar should follow written policies and procedures to ensure compliance with federal requirements during management and staff turnover.

Properly Perform Return of Title IV Calculations

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

University Financial Aid Office personnel did not perform return of Title IV calculations correctly. University management indicated the errors were due to a combination of factors including staff not following established written policies and procedures and improper setup of academic periods in the student information system. As a result, we noted the following instances of noncompliance:

- For one of 25 students (4%) tested, Financial Aid Office staff incorrectly returned direct loans totaling \$1,732 to ED after determining the student earned the funds.
- For two of 25 students (8%) tested, Financial Aid Office staff did not perform the return calculation in accordance with federal regulations because staff inappropriately excluded scheduled break days from the calculations resulting in underpayments of Pell grants to PD totaling \$241.

In accordance with 34 CFR § 668.22 and Volume 5 of the federal Student Financial Aid Handbook, when a recipient of Title IV grant or loan assistance withdraws from an institution during a 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 includes all days within the period that the student completed, excluding scheduled breaks of at least five consecutive days. By not performing accurate return of Title IV calculations, the University is not in compliance with federal requirements and may be subject to potential adverse actions affecting its participation in Title IV programs.

Management should properly train staff on the University's written policies and procedures for setting up term information in the student information system and performing the return of Title IV calculation accurately. Further, management should ensure staff correctly enter the scheduled breaks into the student information system to prevent future noncompliance.

Promptly Return Unearned Title IV Funds to Department of Education

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

University Financial Aid Office staff did not return unearned Title IV funds to ED within the required timeframe. For five of 18 students (28%), the date of return for unearned funds was greater than 45 days after the date of determination. Staff turnover in the Financial Aid Office was the primary cause of the delay in returning the funds.

In accordance with 34 CFR § 668.21(b) and Volume 5 of the Student Financial Aid Handbook, the institution must return unearned funds for which it is responsible as soon as possible, but no later than 45 days after the date that the institution becomes aware that a student has withdrawn. By not returning funds in a timely manner, the University is not in compliance with federal requirements and may be subject to potential adverse actions affecting its participation in Title IV programs.

The Financial Aid Office should implement necessary corrective actions to ensure it returns unearned Title IV funds to ED within the required timeframe. In addition, the Financial Aid Office should train staff on the federal requirements to ensure compliance.

Properly Complete Federal Verification Prior to Disbursing Title IV Aid

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

University Financial Aid Office staff did not properly complete student verification prior to disbursing Title IV aid. University management indicated staff did not follow written verification policies and procedures which resulted in the errors. We noted the following instances of noncompliance:

- For one of 25 students (4%) tested, Financial Aid Office staff inaccurately verified the number of family members in the household resulting in the student not receiving a Pell grant of \$4,245.

- For one 25 students (4%) tested, Financial Aid Office staff inaccurately verified adjusted gross income resulting in the student receiving an over award of a Pell grant of \$675.
- For one 25 students (4%) tested, Financial Aid Office staff inaccurately verified adjusted gross income resulting in no impact to the student.

In accordance with 34 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 selected by ED. Federal Register 87 F.R. 40826 outlines the 2023 - 2024 Award Year FAFSA information ED requires to be verified and the acceptable documentation by Verification Tracking Flag and Verification Tracking Group. Further, in accordance with ED Electronic Announcement GRANTS 24-04, published on April 12, 2024, institutions are 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, the University may provide financial aid disbursements to students based upon inaccurate information and may be subject to potential adverse actions affecting its participation in Title IV programs.

Management should ensure staff are knowledgeable of the University's written policies procedures. Management should implement corrective action to prevent future noncompliance and should consider implementing a quality control review to ensure that staff obtain, review, and retain acceptable documentation for audit purposes.

Improve Notification Process for Federal Direct Loan Awards to Students

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

University Financial Aid Office staff did not provide proper federal Direct Loan notification for one of 25 (4%) borrowers. The Financial Aid Office manually enters data into the student information system which transmits the required notifications to borrowers. However, a staff member assigned to send notifications was out of the office and the Financial Aid Office did not have a designated back-up.

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 at the institution if the institution obtains affirmative confirmation and no later than seven days if the institution does not obtain an affirmative confirmation.

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 a student or parent has to make an informed decision on whether to accept or reject a

loan. The Financial Aid Office should revise its existing procedures to cross train staff, thus providing for proper back-up when staff are absent. Management should ensure each federal Direct Loan borrower receives the required notification.

Promptly Disburse Credit Balances to Students

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

University Bursar’s Office staff did not provide timely refunds of credit balances to students after posting disbursements. For two of 17 (12%) students, Bursar’s Office staff refunded credit balances up to 26 days after each student received credit on their student account. Management indicated staff shortages, training new staff, and processing a large volume of refunds at the beginning of a term contributed to the delay in refunding the students.

In accordance with 34 CFR § 668.164(d)(1)(i)(a)(ii)(a) and 34 CFR § 668.164(h)(2)(i)(ii), a school may pay a credit balance by initiating an electronic funds transfer (EFT) to a bank account the student or parent designates. A school that is paying a student his or her credit balance with a direct disbursement must pay the student within 14 days or be able to provide payment to the student upon demand within 14 days of crediting the student’s account. Regardless of the method used, a school must disburse the credit balance within the regulatory time frame.

By not disbursing the funds timely, the University may be subject to potential adverse actions that may affect participation in Title IV aid programs. Management should take necessary corrective actions to disburse credit balances to students timely, thus ensuring disbursement of Title IV aid aligns with federal requirements.



Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

November 18, 2025

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
Norfolk State University

Javaune Adams-Gaston
President, Norfolk 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 aggregate discretely presented component units of **Norfolk State 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 November 18, 2025. 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 Internal Controls over Financial Reporting,” 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,” “Comply with Prompt Payment Provisions,” “Ensure Accurate Reporting of Retirement Census Data,” “Comply with Employment Eligibility Requirements,” “Strengthen Internal Controls over Physical Inventory,” “Properly Record Capital Assets,” “Improve Oversight of Small Purchase Charge Cards,” “Improve Controls over Retirement Benefit System Reconciliations,” “Improve Reporting to the National Student Loan Data System,” “Properly Identify Title IV Withdrawals,” “Properly Perform Return of Title IV Calculations,” “Promptly Return Unearned Title IV Funds to Department of Education,” “Properly Complete Federal Verification Prior to Disbursing Title IV Aid,” “Improve Notification Process for Federal Direct Loan Awards to Students,” and “Promptly Disburse Credit Balances to Students,” 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 and recommendations titled “Improve Controls over Terminated Employees,” “Comply with Prompt Payment Provisions,” “Comply with Employment Eligibility Requirements,” “Improve Reporting to the National Student Loan Data System,” “Properly Identify Title IV Withdrawals,” “Properly Perform Return of Title IV Calculations,” “Promptly Return Unearned Title IV Funds to Department of Education,” “Properly Complete Federal

Verification Prior to Disbursing Title IV Aid,” “Improve Notification Process for Federal Direct Loan Awards to Students,” and “Promptly Disburse Credit Balances to Students.”

The University’s Response to Findings

We discussed this report with management at an exit conference held on November 25, 2025. 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 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

JDE\clj

FINDINGS SUMMARY

Finding Title	Status of Corrective Action*	First Reported for Fiscal Year
Improve Wireless Local Area Network Security	Complete	2022
Ensure Timely Information Technology Security Audits	Complete	2023
Improve Internal Controls over Financial Reporting	Ongoing	2023
Improve Controls over Terminated Employees	Ongoing	2019
Comply with Prompt Payment Provisions	Ongoing	2019
Ensure Accurate Reporting of Retirement Census Data	Ongoing	2023
Comply with Employment Eligibility Requirements	Ongoing	2022
Strengthen Internal Controls over Physical Inventory	Ongoing	2024
Properly Record Capital Assets	Ongoing	2024
Improve Oversight of Small Purchase Charge Cards	Ongoing	2024
Improve Controls over Retirement Benefit System Reconciliations	Ongoing	2024
Improve Reporting to the National Student Loan Data System**	Ongoing	2015
Properly Identify Title IV Withdrawals	Ongoing	2024
Properly Perform Return of Title IV Calculations	Ongoing	2024
Promptly Return Unearned Title IV Funds to Department of Education	Ongoing	2024
Properly Complete Federal Verification Prior to Disbursing Title IV Aid	Ongoing	2024
Improve Notification Process for Federal Direct Loan Awards to Students	Ongoing	2024
Promptly Disburse Credit Balances to Students	Ongoing	2024

* 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.

** Title of Related Prior Finding: Improve Compliance over Enrollment Reporting



We see the future in you.

VICE PRESIDENT FOR FINANCE AND ADMINISTRATION
700 Park Avenue • Suite 310 • Norfolk, Virginia 23504
P: 757-823-8011 • F: 757-823-8084 • nsu.edu

November 25, 2025

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

Dear Ms. Henshaw,

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

Attached for your consideration is a brief update as to where the University is with respect to the findings. The formal Corrective Action Workplan will be submitted within thirty days as required by CAPP Manual Topic No. 10205. Please contact Ms. Lakisha Speller, AVP for Finance and Administration/University Controller, 757-823-8345, lsspeller@nsu.edu; or me should you have any questions or require additional information.

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

Sincerely,

Gerald Ellworth Hunter, PhD
Vice President for Finance and Administration

Cc: Javaune Adams-Gaston, PhD, President
Tanya White, Ed.D, Vice President and Chief of Staff
Justin Moses, J.D., VP for Operations & Chief Strategist for Institutional Effectiveness
Lakisha Speller, AVP for Finance and Administration/University Controller
Derika Burgess, University Internal Auditor

**FY-2023-Internal Control & Compliance Findings
Management Response**

Norfolk State University has reviewed the audit findings and recommendations resulting from the fiscal year 2024 audit related to Norfolk State University (the University). The University appreciates the opportunity to address the management points and is committed to strengthening its internal controls. Below are management's responses to those findings.

Improve Internal Controls Over Financial Reporting

Type of Finding: Internal Control
Severity: Material Weakness
First Issued: Fiscal Year 2023

The University agrees with the auditors' findings and recommendations and will continue its remediation efforts. We appreciate the acknowledgement of the turnover in the Controller position, which is the position responsible for financial reporting and contributed to the adjustments and deficiencies identified during the audit. To strengthen our financial reporting processes, the University has engaged external consultants to enhance the financial statement close process, ensuring timely book closure and preparation of year-end financial statements. This includes implementing new accounting standards that impact University operations. Additional account reconciliations and reviews will be implemented to ensure financial statements accurately reflect the underlying accounting records and that reconciling items are resolved promptly. Regarding GASB Statement No. 96, the University will conduct a gap assessment to improve controls to ensure subscription-based information technology agreement information is completely and accurately captured in its lease accounting system. Lastly, ongoing recruitment efforts will continue to maintain full staffing as vacancies arise.

Improve Controls over Terminated Employees

Type of Finding: Internal Control and Compliance
Severity: Significant Deficiency
First Issued: Fiscal Year 2019

The University agrees with the auditors' findings and recommendations and will continue its remediation efforts. These efforts include an ongoing review of current policies, procedures, and practices to strengthen controls and ensure the timely completion of HR Clearance Forms for all terminated employees.

Comply with Prompt Payment Provisions

Type of Finding: Internal Control and Compliance
Severity: Significant Deficiency
First Issued: Fiscal Year 2019

The University agrees with the auditors' findings and recommendations and will continue its remediation efforts. These efforts include an ongoing review of current policies, procedures and practices to optimize processes so that invoices are paid on a timely basis. Additionally, the University will continue to provide training on the importance of timely receipts of goods and services within the University's financial system to enable Accounts Payable to release payment without delay.

Ensure Accurate Reporting or Retirement Census Data

Type of Finding: Internal Control

Severity: Significant Deficiency

First Issued: Fiscal Year 2023

The University agrees with the auditors' findings and recommendations and will continue its remediation efforts. We appreciate the acknowledgement of the turnover in its Human Resources department which is responsible for maintaining and reporting accurate personnel information. To strengthen controls, the University will continue reviewing current policies, procedures, and practices, including reconciling data between the University's system and the Virginia Retirement System to ensure personnel and retirement information is accurately reported. Lastly, ongoing recruitment efforts will continue to maintain full staffing as vacancies arise.

Comply with Employment Eligibility Requirements

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

First Issued: Fiscal Year 2022

The University agrees with the auditors' findings and recommendations and will continue its remediation efforts. The University also appreciates the acknowledgement of the turnover in its Human Resources department which is responsible for addressing this finding. To strengthen internal controls and compliance, the University will continue reviewing current policies, procedures, and practices, to ensure timely completion of Form I-9's. Additionally, the process for completing HR forms has been centralized within the HR Department, rather than individual departments, to improve consistency and timeliness. Lastly, ongoing recruitment efforts will continue to maintain full staffing as vacancies arise.

Strengthen Internal Controls Over Physical Inventory

Type of Finding: Internal Control

Severity: Significant Deficiency

The University agrees with the auditors' findings and recommendations and will update the current inventory schedule to include all buildings. The schedule will be reviewed prior to each physical inventory count to ensure that it is complete and accurate. To strengthen controls, the University will review its current policies, procedures, and practices related to physical inventory and the timely recordings of capital asset adjustments within the financial system.

Properly Record Capital Assets

Type of Finding: Internal Control

Severity: Significant Deficiency

The University agrees with the auditors' findings and recommendations and appreciates the acknowledgement of the turnover that contributed to discrepancies noted. Management will perform a gap assessment over its capital asset process and strengthen controls to ensure that capital assets are identified and capitalized completely and accurately in the University's books and records. Additionally, ongoing recruitment efforts will continue to maintain full staffing as vacancies arise.

Improve Oversight of Small Purchase Charge Cards

Type of Finding: Internal Control

Severity: Significant Deficiency

The University agrees with the auditors' findings and recommendations and will review its current policies, procedures, and practices to strengthen controls surrounding small purchase charge cards transactions.

Improve Controls over Retirement Benefit Systems Reconciliations

Type of Finding: Internal Control

Severity: Significant Deficiency

The University agrees with the auditors' findings and recommendations and will review its current policies, procedures, and practices to strengthen controls surrounding the monthly retirement benefit reconciliations.

Improve Reporting to the National Student Loan Data System

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

First Reported: Fiscal Year 2015

The University agrees with the auditors' findings and recommendations and appreciates the acknowledgement of the turnover that contributed to the discrepancies noted. Remediation efforts will continue, including an ongoing review of its current policies, procedures, and practices to strengthen controls over enrollment reporting to National Student Loan Data System (NSLDS). The University has implemented a reconciliation process to identify variances between its student information system and NSLDS in a timely manner. Lastly, ongoing recruitment efforts will continue to maintain full staffing as vacancies arise.

Properly Identify Title IV Withdrawals

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

The University agrees with the auditors' findings and recommendations and appreciates the acknowledgement of the turnover in Registrar's Office management which contributed to the delays in identifying students requiring a return to Title IV. The University will review its current policies, procedures, and practices to strengthen controls surrounding its timely identification of title IV students that have withdrawn. Lastly, ongoing recruitment efforts will continue to maintain full staffing as vacancies arise.

Properly Perform Return of Title IV Calculations

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

The University agrees with the auditors' findings and recommendations and will review its current policies, procedures, and practices to strengthen controls over entering academic periods into the student information system and ensuring the accuracy of title IV calculations. As part of these efforts, the University will implement a standardized template to identify Title IV withdrawals and calculate the amounts to be returned.

Promptly Return Unearned Title IV Funds to Department of Education

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

The University agrees with the auditors' findings and recommendations and appreciates the acknowledgement of the turnover within the Financial Adit Office, which contributed to the delays in returning Title IV unearned funds to the Department of Education. The University will provide training to Financial Aid Office personnel on the importance of adhering to established written policies and procedures. Additionally, staff will be cross trained to ensure adequate backup coverage during absences.

Properly Complete Federal Verification Prior to Disbursing Title IV Aid

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

The University agrees with the auditors' findings and recommendations and will provide training for the University's Financial Aid Office personnel on the importance of following established written verification policies and procedures.

Improve Notification Process for Federal Direct Loan Awards to Students

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

The University agrees with the auditors' findings and recommendations and will provide training for additional personnel to ensure adequate backup coverage during absences.

Promptly Disburse Credit Balances to Students

Type of Finding: Internal Control and Compliance

Severity: Significant Deficiency

The University agrees with the auditors' findings and recommendations and appreciates the acknowledgement of the turnover in the Bursar Office which contributed to the delays in returning refunds to students. The University will review its current policies, procedures, and practices to strengthen controls surrounding its student refund process. Lastly, ongoing recruitment efforts will continue to maintain full staffing as vacancies arise.