



LONGWOOD UNIVERSITY

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2023

Auditor of Public Accounts
Staci A. Henshaw, CPA

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AUDIT SUMMARY

We have audited the basic financial statements of Longwood University (Longwood) as of and for the year ended June 30, 2023, and issued our report thereon, dated February 26, 2024. Our report, included in Longwood's basic financial statements, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov and at Longwood's website at www.longwood.edu. Our audit found:

- the financial statements are presented fairly, in all material respects;
- internal control findings requiring management's attention; however, we do not consider them to be material weaknesses;
- instances of noncompliance or other matters required to be reported under Government Auditing Standards; and
- adequate corrective action with respect to prior audit findings identified as complete in the Findings Summary included in the Appendix.

Our audit also included testing over federal Student Financial Assistance in accordance with the U.S. Office of Management and Budget Compliance Supplement Part 5 Student Financial Assistance Programs; and found internal control deficiencies 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 developing and appropriately implementing adequate corrective actions to resolve the findings as required by the Department of Accounts in Section 10205 – Agency Response to APA Audit of the Commonwealth Accounting Policies and Procedures Manual. Those corrective actions may include additional items beyond our recommendations.

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INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

Improve Internal Controls over Reporting Leases

Type: Internal Control

Severity: Significant Deficiency

First Issued: Fiscal Year 2022

Longwood University (Longwood) did not fully comply with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 87 (GASB 87), which prescribes the applicable accounting standards surrounding the proper accounting and financial reporting for leases. This complex standard was new for fiscal year 2022, requiring significant preparation and effort from Longwood's Department of Accounting and Financial Reporting (Financial Reporting) prior to implementation. For fiscal year 2023, Financial Reporting updated and implemented policies and procedures related to the incremental borrowing rate and proper financial reporting of leases. However, even with ongoing significant efforts to implement GASB 87, we identified the following errors:

- Financial Reporting incorrectly recorded the commencement date of one of the seven (14%) leases reviewed in the Commonwealth's lease accounting system (lease system), resulting in an incorrect useful life of the right-to-use lease asset.
- For three of the eight (38%) leases reviewed, Financial Reporting incorrectly reported the lease termination date in the lease system, resulting in an incorrect useful life of the right-to-use lease assets.
- Financial Reporting recorded the payment timing inaccurately in the lease system for four of the eight (50%) leases reviewed.
- For one of the seven (14%) leases reviewed, Financial Reporting inappropriately used the prime interest rate to calculate the present value of the future payments and the resulting right-to-use lease asset and liability, instead of the incremental borrowing rate assessed by Longwood.
- Financial Reporting improperly excluded one right-to-use building/land lease from the lease system. As a result, Financial Reporting did not account for the lease in the lease system or the fiscal year 2023 financial statements.
- Financial Reporting incorrectly reported the useful life of one of the seven (14%) leases reviewed with an automatic annual renewal clause with a related party. This lease has been in place for years and Longwood will continue to use it for many years in the future. Since this lease was between Longwood and a related party, Financial Reporting should recognize the substance of the transaction rather than merely its legal form. Financial Reporting reassessed the useful life of the lease.

Commonwealth Accounting Policies and Procedures (CAPP) Manual Topics 31205 through 31220 state all agencies must follow guidelines as required by GASB 87, and users of the lease system should review the specific requirements of the statement. CAPP Manual Topic 31220 requires agencies to input all lease transactions directly into the lease system. Lastly, paragraph 90 of GASB 87, requires consideration of the substance of the lease when it occurs between related parties.

Financial Reporting designed and implemented internal controls relevant to GASB 87, which Longwood implemented in fiscal year 2022. During fiscal year 2023, Financial Reporting made additional progress to ensure proper reporting in accordance with GASB 87; however, Financial Reporting made multiple reporting errors in the lease system and financial statements due to misunderstanding of the Department of Accounts' (Accounts) guidance and GASB 87 requirements. Misapplication or misinterpretation of GASB 87 can result in inaccurate financial reporting, which can affect the long-term planning and decision making of individuals or other institutions that rely on the financial information.

Financial Reporting should prepare Longwood's financial statements in accordance with the requirements outlined in GASB 87. In doing so, management should continue to strengthen their understanding of the standard by attending comprehensive training. This will help to ensure Financial Reporting properly reports lease information in future financial statements. Lastly, Financial Reporting should frequently review contract agreements to ensure compliance with the standard.

Improve Internal Controls over Reporting Subscription-Based Information Technology Arrangements

Type: Internal Control

Severity: Significant Deficiency

Longwood did not fully comply with the requirements of GASB 96, which prescribes the applicable accounting standards surrounding the proper accounting and financial reporting for subscription-based information technology arrangements (SBITA). This standard was new and complex, requiring significant preparation and effort from Financial Reporting. However, even with Financial Reporting's significant effort to implement the new standard during fiscal year 2023, we identified the following deficiencies:

- Financial Reporting incorrectly recorded the commencement date of one of the 20 (5%) SBITAs reviewed in the lease system, resulting in an incorrect useful life of the subscription asset.
- For six of the 20 (30%) SBITAs reviewed, Financial Reporting incorrectly reported the termination date in the lease system, resulting in an incorrect useful life of the subscription assets.
- Financial Reporting recorded the payment timing inaccurately in the lease system for one of the 20 (5%) SBITAs reviewed.
- Financial Reporting recorded the incorrect useful life in the lease system for three of the 20 (15%) SBITAs reviewed.

- For seven of 21 (33%) SBITAs reviewed, Financial Reporting incorrectly included fiscal year 2022 subscription costs in the current year payment amount, which resulted in Longwood expensing the cost in fiscal year 2022 and capitalizing the costs in the current fiscal year.
- Financial Reporting did not report one long-term SBITA and four short-term SBITAs out of the 61 (9%) expense transactions reviewed in the lease system.
- Financial Reporting incorrectly expensed four out of 61 prepaid fiscal year 2024 SBITA (7%) expense transactions reviewed instead of reporting the prepayments in construction in progress.

CAPP Manual Topics 31305 through 31310 states that all agencies must follow guidelines as required by GASB 96, and users of the lease system should review the specific requirements of the statement. CAPP Manual Topic 31305 states that payments made to the SBITA vendor before commencement of the SBITA term should be recorded as a prepaid asset tracked in construction in progress. Once the term begins, this asset should be reclassified from construction in progress to an addition to the initial measurement of the subscription asset. Lastly, CAPP Manual Topics 31305 through 31310 states that each agency should implement internal control procedures to ensure that all potential contracts to use nonfinancial assets are properly evaluated to determine if the transaction is truly a SBITA.

Financial Reporting has designed and implemented internal controls relevant to the preparation of GASB 96, however, Financial Reporting made multiple reporting errors in the lease system due to human error and insufficient understanding of GASB 96 requirements. Additionally, Financial Reporting did not include certain expense account codes during their review for potential SBITAs, which resulted in multiple unidentified SBITAs. Misapplication or misinterpretation of GASB 96 can result in inaccurate financial reporting, which can affect long-term planning and the decision making of individuals or other institutions that rely on the reported financial information.

Financial Reporting should prepare Longwood's financial statements in accordance with the requirements outlined in GASB 96. In doing so, management should continue to strengthen their understanding of the standard by attending comprehensive training. Additionally, management should strengthen their review of expenses to ensure the accurate identification of all potential SBITAs. This will help to ensure Longwood properly reports SBITA activity in future financial statements.

Conduct Information Technology Security Audits

Type: Internal Control and Compliance

Severity: Significant Deficiency

First Issued: Fiscal Year 2022

Longwood does not conduct information security audits in accordance with the International Organization for Standardization and International Electrotechnical Commission Standard, ISO/IEC 27002 (ISO Standard). Additionally, Longwood does not have a policy that details their requirements and process for performing periodic independent information security audits in accordance with the ISO Standard. Longwood contracted with an external third-party service provider to perform annual penetration tests of Longwood's environment in each of the last four years. However, from fiscal years 2020 to 2023, Longwood did not conduct information security audits to assess whether information security controls implemented to mitigate risks are adequate and effective.

The ISO Standard, Section 5.35, requires that Longwood plan and initiate periodic information security reviews, and that the reviews should include the need for changes to topic-specific policies and other controls. Section 5.35 also states that the reviews should be carried out by individuals independent from the area under review, such as the internal audit function or an external organization specializing in such reviews. Section 5.1 requires that topic-specific policies should be defined, approved by management, published, communicated, and reviewed.

Not performing information security audits increases the risk of potential undiscovered weaknesses in Longwood's sensitive systems and environment. Additionally, without having a defined policy that outlines the requirements and process for performing periodic independent information security audits in accordance with the ISO Standard, Section 5.35, Longwood cannot ensure that the audits are properly planned and executed.

Longwood tasks the Office of Internal Audit (Internal Audit) with performing audits, including information security audits. However, Longwood has only recently filled the information technology (IT) Auditor position within Internal Audit by a part-time employee. As such, Longwood is in the process of performing an IT risk assessment, then plans to create a three-year future audit plan based on the IT risk assessment that includes information security audits. Additionally, not having an established policy that documents Longwood's requirements for information security audits contributed to Longwood's lack of information security audits.

Longwood's Information Security Department should establish policies and procedures that detail Longwood's requirements for planning and performing periodic information security audits based on the ISO Standard. Longwood should then develop a plan that includes information security audits and complete the planned information security audits, either through its Internal Audit function or through the acquisition of external third-party services. Compliance with the ISO Standard will help to ensure the confidentiality, integrity, and availability of sensitive and mission critical data.

Promptly Return Unclaimed Aid to Department of Education

Type: Internal Control and Compliance

Severity: Significant Deficiency

Longwood's Business Office personnel did not return unclaimed student financial aid funds to the U. S. Department of Education within the required timeframe. Specifically, at the time of audit, for nine of nine (100%) students reviewed, Longwood personnel did not return a total of \$8,175 for fiscal year 2023 until September 2023. The primary cause of the noncompliance is due to staff turnover.

In accordance with the Code of Federal Regulations (CFR) 34 CFR § 668.164(I), if an institution attempts to disburse the funds by check and the check is not cashed, 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 an EFT is rejected. By not returning funds timely, the institution is subject to federal non-compliance and potential adverse actions that may affect LU participation in Title IV aid programs.

Longwood should allocate the necessary resources to ensure the Business Office maintains adequate staffing levels to timely identify and return unclaimed student financial aid funds. If the business office is unable to contact the federal aid recipient, and the check remains uncashed or banking institution rejects the EFT, the Business Office should return unclaimed funds to the Department of Education within the required timeframe. In addition, the Business Office should develop policies and procedures to ensure compliance with federal requirements during times of staff turnover.

Perform an Evaluation of Student Information System Access Roles for University Personnel

Type: Internal Control and Compliance

Severity: Significant Deficiency

Longwood did not properly grant student information system roles and privileges. Specifically, we found 26 of 52 (50%) employees have access to financial aid data, however their access roles do not align with their job responsibilities. Additionally, Longwood delayed removing access for a former consultant for 10 months. The underlying cause for improper access is Longwood assigning access based on a management adopted approach, which does not fully align with the principles of least privilege. By not properly assigning access based on job responsibilities, Longwood is at risk for having employees with improper access levels that do not align with concept of least privilege nor allows for segregation of duties.

In accordance with CFR § 200.303, the non-Federal entity must take reasonable measures to safeguard protected personally identifiable information and other information the federal awarding agency or pass-through entity designates as sensitive, or the non-federal entity considers sensitive consistent with applicable, federal, state, and local laws regarding privacy and responsibility over confidentiality. In addition, the ISO Standard, Section 5.3, states that care should be taken with role-based access control systems to ensure that employees are not granted conflicting roles. Roles should be carefully designed and provisioned to minimize access problems if a role is removed or reassigned. Section 5.15 further states that care should be taken when specifying access control rules to consider establishing rules based on the premise of least privilege.

Longwood information security personnel and management should perform a thorough evaluation of employees and grant student information system roles based upon the concept of least privilege and considering job responsibilities.

Promptly Reconcile Federal Accounts

Type: Internal Control and Compliance

Severity: Significant Deficiency

Longwood's Finance Office personnel delayed the reconciliation of its automated records and the U. S. Department of Education's G5 system for the month of October 2022 until December 2022. The CFR requires that institutions complete a monthly reconciliation between federal systems and the institution's internal records. Normally, the Finance Office reconciles the accounting records weekly. Due to staff turnover, there was a delay for the month of October 2022.

In accordance with 34 CFR § 685.300(b)(5) and 34 CFR § 685.102(b), institutions must reconcile institutional records with Direct Loan funds received and Direct Loan disbursement records submitted and accepted. By not reconciling federal student aid programs monthly as required, the university places itself at more risk of not identifying issues and resolving them before they become a systemic problem. Systemic problems could result in federal non-compliance and may lead to potential adverse actions and impact participation by the institution in Title IV programs. Finance Office personnel should reconcile Longwood's accounting records monthly and identify and resolve all reconciling differences timely and appropriately.

Properly Complete Federal Verification Prior to Disbursing Title IV Aid

Type: Internal Control and Compliance

Severity: Significant Deficiency

Longwood's Financial Aid Office did not properly complete federal verification prior to disbursing Title IV aid. Longwood management indicated the errors were due to staff's oversight. In two of 18 students (11%) tested, Longwood staff did not match the information on the documentation to the student aid applications. Financial Aid Office personnel did not subsequently correct the information and recalculate Title IV aid, resulting in a total over award of \$500 in Pell grants.

In accordance with 34 CFR § 668.54 and 34 CFR § 668.56, an institution must require an applicant whose Free Application for Student Aid (FAFSA) information has been selected for verification to verify the information selected by the Secretary. Dear Colleague Letters GEN 21-06 and GEN-22-06 outline the 2022 - 2023 Award Year FAFSA information required to be verified and the acceptable documentation by Verification Tracking Flag and Verification Tracking Group. By not performing the necessary verification, Longwood may be providing financial aid disbursements to students based upon inaccurate information.

Management should provide additional training to staff for obtaining and reviewing mandatory documentation for students selected for verification. Management should implement corrective action

to prevent future noncompliance and should consider implementing a quality control review to ensure that Longwood personnel obtain, review, and retain acceptable documentation for audit purposes.

Improve Process for Timely Removal of Terminated Employee System Access

Type: Internal Control and Compliance

Severity: Significant Deficiency

First Issued: Fiscal Year 2022

Longwood did not remove terminated users' access timely for the following systems after the users separated from the university:

- The Human Resources Department removed system access for one of two (50%) employees with access to the Commonwealth's retirement benefits system more than one day after termination.
- The Contract System Administrator removed system access for three of five (60%) employees with access to the Commonwealth's contract management system more than one day after termination.

Section PS-4 of the Commonwealth's Information Security Standard, SEC 501 (Security Standard) requires agencies to "disable information system access within 24 hours of employment termination." Not removing system access timely increases the risk of unauthorized access to highly sensitive data by individuals no longer employed by Longwood.

The untimely removal of system access was primarily the result of management oversight and policies and procedures that are not in compliance with the Security Standard. Longwood does have a control in place within its accounting and financial reporting system that removes active directory access to Longwood's virtual private network upon employee termination. Employees are not able to access the accounting and financial reporting system without this access. However, the Director of Information Security was unable to provide evidence of this removal; therefore, we cannot rely on this compensating control. In addition, it is best practice to remove employee access at the system level upon termination.

Longwood should implement a policy and develop a process that is compliant with the Security Standard to remove system access timely when the employee separates from the university. Deactivating system access timely ensures compliance with the Security Standard and reduces the risk of unauthorized transactions and potential exposure of sensitive data.

Perform and Document Commonwealth's Retirement Benefits System Reconciliations

Type: Internal Control

Severity: Significant Deficiency

First Issued: Fiscal Year 2022

Longwood did not perform and document reconciliations between the Commonwealth's human resource and payroll management system and the Commonwealth's retirement benefits system since implementing the new statewide human resource and payroll management system in October 2021. Also, Longwood did not complete two of the monthly contribution confirmations by the 10th of the following month and did not retain documentation supporting the reason the confirmation was not submitted timely.

The Retirement System Employer Manual's Contribution Confirmation and Payment Scheduling section requires agencies to perform a monthly creditable compensation and data elements reconciliation between the agency's human resources system and the Commonwealth's retirement benefits system. The reconciliation should occur before the agency submits a contribution confirmation of benefits and after receiving the billing from the retirement benefits system. Additionally, CAPP Manual Topic 50905 requires agencies to maintain reconciliation documentation for five years or until audited.

Longwood implemented the new statewide human resource and payroll management system in October 2021. Although Accounts did not update all the CAPP Manual Topics related to payroll and human resources, they did provide job aids, trainings, and other guidance through email that outlined procedures each agency should perform as part of payroll operations with the new system, such as monthly and quarterly reconciliations and certification. It was management's responsibility to ensure the Human Resources and Payroll staff attended training and used the job aids to help determine how to perform reconciliations. By not performing reconciliations between the systems, changes in employment information, such as employee status or salary information, could go uncorrected and potentially result in incorrect billings for retirement benefits, incorrect calculation of pension liabilities reported in the financial statements, and incorrect retirement benefits paid to retirees.

Human Resources and Payroll staff should use information provided by Accounts in trainings, emails, and job aids to develop procedures to perform and document monthly reconciliations between the human resource and payroll management system and retirement benefits system. Management should ensure that staff perform the reconciliations and retain supporting documentation for at least five years.

Ensure Statement of Economic Interest Filers Complete Required Training

Type: Internal Control and Compliance

Severity: Significant Deficiency

Longwood's Statement of Economic Interest Coordinator (Coordinator) is not ensuring that employees within a position of trust complete the required Statement of Economic Interest (SOEI) training within two months after becoming a state filer and then consecutively at least once every two years. Out of the 7 employees tested, we found the following:

- Three employees (43%) did not complete the required training course since being in a position of trust.
- Two employees (29%) did not complete the training within the required two-year period.

Section 2.2-3128 through § 2.2-3131 of the Code of Virginia requires that each SOEI filer completes Conflict of Interest Act training within two months after becoming a state filer and then at least once every two years. This training is designed to help filers recognize potential conflicts of interest. As of December 1, 2015, the Council offers an orientation video on their website, which satisfies this requirement. Filers who register and watch the entire video get credit for taking the training.

With the Coordinator not ensuring Longwood's employees in a position of trust are completing the training as required, Longwood may be limited in its ability to hold its employees accountable for not knowing how to recognize a conflict of interest and how to resolve it. Additionally, filers could be subject to penalties for inadequate disclosure as outlined at § 2.2-3120 through § 2.2-3127 of the Code of Virginia. The Coordinator does not have written policies and procedures relating to SOEI training requirements. Although a process is in place to monitor who completed the training and send follow-up emails accordingly, there is no additional follow-up to ensure that filers complete the SOEI training timely.

The Coordinator should create, implement, and maintain written policies and procedures to meet Code of Virginia requirements for SOEI training. These policies should incorporate guidance issued by the Commonwealth's Ethics Council. Additionally, as required by the Code of Virginia, the Coordinator should monitor all employees designated in a position of trust to ensure they complete the required training within two months after becoming a state filer and once within each consecutive period of two calendar years. The Coordinator should also maintain records of such attendance.



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

February 26, 2024

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
Longwood University

Taylor Reveley, IV
Longwood 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 **Longwood University** as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and have issued our report thereon dated February 26, 2024. Our report includes a reference to other auditors who audited the financial statements of the component units of the University, as described in our report on the University's financial statements. The other auditors did not audit the financial statements of the component units of the University in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the component units of the University.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control titled "Improve Internal Controls over Reporting Leases," "Improve Internal Controls over Reporting Subscription-Based Information Technology Arrangements," "Conduct Information Technology Security Audits," "Promptly Return Unclaimed Aid to Department of Education," "Perform an Evaluation of Student Information System Access Roles for University Personnel," "Promptly Reconcile Federal Accounts," "Properly Complete Federal Verification Prior to Disbursing Title IV Aid," "Improve Process for Timely Removal of Terminated Employee System Access," "Perform and Document Commonwealth's Retirement Benefits System Reconciliations," and "Ensure Statement of Economic Interest Filers Complete Required Training," which are described in the section titled "Internal Control and Compliance Findings and Recommendations" that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the section titled "Internal Control and Compliance Findings and Recommendations" in the findings and recommendations titled "Conduct Information Technology Security Audits," "Promptly Return Unclaimed Aid to Department of Education," "Perform an Evaluation of Student Information System Access Roles for University Personnel," "Promptly Reconcile Federal Accounts," "Properly Complete Federal Verification Prior to Disbursing Title IV Aid," "Improve Process for Timely Removal of Terminated Employee System Access," and "Ensure Statement of Economic Interest Filers Complete Required Training."

The University's Response to Findings

We discussed this report with management at an exit conference held on February 28, 2024. Government Auditing Standards require the auditor to perform limited procedures on the University's response to the findings identified in our audit, which is included in the accompanying section titled "University Response." The University's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Status of Prior Findings

The University has 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 and recommendations 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

AVC/clj

FINDINGS SUMMARY

Finding Title	Status of Corrective Action	First Reported for Fiscal Year
Improve Asset System Operating System Security	Complete	2021
Develop Position Descriptions	Complete	2022
Improve Internal Controls over Reporting Leases	Ongoing	2022
Conduct Information Technology Security Audits	Ongoing	2022
Improve Process for Timely Removal of Terminated Employee System Access	Ongoing	2022
Perform and Document Commonwealth's Retirement Benefits System Reconciliations	Ongoing	2022
Improve Internal Controls over Reporting Subscription-Based Information Technology Arrangements	Ongoing	2023
Promptly Return Unclaimed Aid to the Department of Education	Ongoing	2023
Perform an Evaluation of Student Information System Access Roles for University Personnel	Ongoing	2023
Promptly Reconcile Federal Accounts	Ongoing	2023
Properly Complete Federal Verification Prior to Disbursing Title IV Aid	Ongoing	2023
Ensure Statement of Economic Interest Filers Complete Required Training	Ongoing	2023

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

LONGWOOD UNIVERSITY

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February 28, 2024

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

Dear Ms. Henshaw,

Longwood University has reviewed the Internal Control Findings and Recommendations provided by the Auditor of Public Accounts for the fiscal year ending June 30, 2023, and agrees, in principle, with all of the findings submitted.

Attached for your consideration is a brief update as to where the campus is with respect to progress on the findings. The formal Corrective Action Workplan will be submitted within thirty days as required by CAPP Manual Section 10205. Please contact me should you have any questions or require additional information.

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

Sincerely,



Matthew McGregor
Vice President for Administration and Finance

Office of the Vice President for Administration and Finance



Longwood University

FY 2023 – Internal Control Findings and Recommendations

Improve Internal Controls over Reporting Leases

- Longwood University Financial Reporting staff have worked with APA and DOA to clarify our understanding of the GASB 87 standard and have updated procedures to ensure compliance with this standard.

Improve Internal Controls over Reporting Subscription-Based Information Technology Arrangements

- Longwood University Financial Reporting staff have worked with APA and DOA to clarify our understanding of the GASB 96 standard and have updated procedures to ensure compliance with this standard.

Conduct Information Technology Security Audits

- The written information security program will be updated to reflect the International Organization for Standardization and International Electrotechnical Commission Standard, ISO/IEC 27002 requirements, specifically, the Section 5.35.

Promptly Return Unclaimed Aid to Department of Education

- Longwood University has implemented a monthly review and return process for unclaimed aid funds.

Perform an Evaluation of Student Information System Access Roles for University Personnel

- Longwood University plans to conduct a semiannual review of the security roles in addition to the annual IT review.

Promptly Reconcile Federal Accounts

- Longwood University reconciles Federal Accounts on a weekly basis and has implemented a monthly reconciliation with the Office of Financial Aid to ensure that monthly totals agree between G5 and COD.

Properly Complete Federal Verification Prior to Disbursing Title IV Aid

- Longwood University has implemented a structure of cross-training to ensure more consistency of operation when a staff turnover occurs. This began with the staff selecting 75% of all verification cases to review for accuracy of calculations and adjustments.

Improve Process for Timely Removal of Terminated Employee System Access

- Human Resources will create a better process to ensure terminated employees are removed timely.

Perform and Document Commonwealth's Retirement Benefits System Reconciliation

- Human Resources received notification from Cardinal in December 2023 that there is now a Cardinal report that shows creditable compensation. This will allow us to complete the monthly reconciliation as intended.

Ensure Statement of Economic Interest Filers Complete Required Training

- Human Resources will attempt to ensure all filers complete required training every two years.