

MEMORANDUM

TO: VSCS Audit Committee
Linda Milne, Chair
Dylan Giambatista
Mary Moran
David Silverman
Shawn Tester

FROM: Sharron R. Scott, Chief Financial and Operating Officer

DATE: April 13, 2021

SUBJECT: Audit Committee Meeting scheduled for April 19, 2021

The Audit Committee of the VSC Board of Trustees will meet between 1:00 p.m. and 2:30 p.m. on Monday, April 19, 2021. This meeting will be held via Zoom.

In addition to review and approval of the minutes of the meeting of February 1, there are four primary topics up for discussion:

1. Chris Evans and Kieth Goldie of O'Connor and Drew, P.C., will be joining the committee to discuss the recently completed audit work for the **Draft FY2020 Uniform Guidance Single Audit Report** and **Single Audit Corrective Action Plan**. They will also provide a preview of the **Draft Schedule for FY2021 Financial Statement and Uniform Guidance Single Audits**.
2. With the approval of the Audit Committee, the VSC sought the services of an audit firm to complete the **FY21 Payroll and Benefits Internal Audit**. While many firms were interviewed, BerryDunn was selected to complete this work based on their breadth and depth of higher education experience, as well as recent projects related to Payroll and Benefits in the Higher Education space. The Payroll and Benefits Internal Audit is expected to conclude in early May; however, Katy Balukas and Rob Smiley of BerryDunn will join the meeting to offer their preliminary insights and recommendations regarding Payroll and Benefit processing.
3. Kellie Campbell, VSC Chief Information Officer, and her team will join the Audit Committee to share information regarding **Information Technology Security Posture**.

4. Enclosed in your packet is a copy of the **Risk Assessment: Internal Controls Self-Assessment Questionnaire**. This form is used annually to assist the VSC with assessing and identifying areas of risk in advance of selection of the area of focus for the internal audit. While the form was not used this year, we will briefly discuss the purpose and uses of this document.

Should you have any questions regarding these materials, or any other matter, please contact me at Sharron.Scott@vsc.edu or 802.224.3022.

CC: VSCS Board of Trustees
Council of Presidents
Business Affairs Council

**Vermont State Colleges Board of Trustees
Audit Committee Meeting**

**April 19, 2021
1:00 – 2:30 p.m. via Zoom**

AGENDA

1. Review Minutes of the February 1, 2021 Meeting of the Audit Committee
2. Status Update for FY2020 Uniform Guidance Single Audit Report with O'Connor & Drew
3. Planning for FY2021 Financial Statement and Uniform Guidance Single Audits with O'Connor & Drew
4. Status Update for FY2021 Internal Audit Plan: Payroll & Benefits with BerryDunn
5. Discussion on Information Technology (IT) Cyber Security Risks
6. Risk Assessment Process / Review Self-Assessment Questionnaire
7. Other Business
8. Public Comment
9. Adjourn

- ATTACHMENT 1: Minutes of the February 2, 2021 Audit Committee
- ATTACHMENT 2: O'Connor & Drew Memo
Draft Single Audit Report
Draft Single Audit Corrective Action Plan
- ATTACHMENT 3: Single Audit Resolution
- ATTACHMENT 4: Information Technology Security Posture
- ATTACHMENT 5: Risk Assessment: Internal Control Self-Assessment Questionnaire

ITEM 1:
February 2, 2021 Meeting Minutes

Minutes of the VSC Board of Trustees Audit Committee held Monday, February 1, 2021 at 10:00 a.m. via ZOOM -UNAPPROVED

Note: These are unapproved minutes, subject to amendment and/or approval at the subsequent meeting.

The Vermont State Colleges Board of Trustees Audit Committee met on February 1, 2021, via Zoom

Committee members present: Linda Milne (Chair), David Silverman (Vice Chair), Dylan Giambatista, Mary Moran, Shawn Tester

Presidents: Elaine Collins, Joyce Judy, Jonathan Spiro

Chancellor's Office Staff: Renee Hunt, Controller

Katrina Meigs, System Director of HR & Benefits Administration
Jen Porrier, Administrative Director
Kathryn Santiago, Assistant General Counsel
Sharron Scott, Chief Financial/Operating Officer
Patty Turley, General Counsel
Meg Walz, Program Manager, Library Coordinator
Sophie Zdatny, Chancellor
Yasmine Ziesler, Chief Academic Officer

From the Colleges: Sarah Chambers, Coordinator of Instructional Technology, Castleton University
Laura Jakubowski, Chief Budget & Finance Officer, Castleton University
Andy Pallito, Dean of Administration, Community College of Vermont
Toby Stewart, Dean of Administration, Northern Vermont University
Littleton Tyler, Dean of Administration, Vermont Technical College
Beth Walsh, President, VSCUP, Northern Vermont University

From the Public: Christopher Evans, Audit Senior, O'Connor & Drew
Kieth Goldie, Partner, O'Connor & Drew

Chair Milne called the meeting to order at 10:00 a.m.

Clarification of Audit Committee members was made and introduction on the zoom call were completed.

1. Approval of the Minutes of the October 29, 2020 Meeting of the Audit Committee

Trustee Silverman moved and Trustee Tester seconded the approval of the October 29, 2020 meeting minutes. The minutes were approved unanimously.

2. Status Update for FY2020 Uniform Guidance Single Audit Report

Controller Renee Hunt shared that the Financial Statement Audit has been concluded for FY2020 but the Single Audit was temporarily put on hold due to federal guidance, by way of compliance supplement, not being finalized until late December. At that time work recommenced and is currently ongoing. Audit Supervisor Christopher Evans concurred and stated work should be wrapping up within the week on the Single Audit which will then enter the review process.

3. Review and approval of Contract Extension with O'Connor and Drew for External Audit Services

Controller Hunt stated that the current contract with external auditors, O'Connor and Drew, will expire in FY2020, and recommended, pursuant to VSC Policy 429, that the current contract with O'Connor and Drew for External Audit Services be extended given the ongoing Single Audit and limited available internal resources at the present time. The policy permits a one-time extension of the contract for no more than three years. Chair Milne favored extending the contract, mentioning the importance of continuity of auditors adding credibility to financial statements. Trustee Silverman concurred, stating the need for continuity and reducing the burden on staff during a time of flux.

Trustee Tester moved and Trustee Moran seconded the motion to recommend to the Board the approval of Resolution 2021-005, Extension of Agreement with O'Connor & Drew, P.C., for Audit Services. The motion passed unanimously.

4. Status Update for FY2021 Internal Audit Plan: Payroll & Benefits

Controller Hunt stated that the focus for the FY2021 Internal Audit will be on Payroll and Benefits and the audit team has been selected with representation from each institution and the Chancellor's office. Ms. Hunt pointed out that since the internal audit plan was first drawn up significant improvements have been made in UltiPro and Benefits Prime. Outfacing issues from

the previous months have been reduced substantially, which is a testament to the hard work from the payroll, finance, IT and HR groups. Consequently, Ms. Hunt and CFOO Sharron Scott discussed the idea of reducing the number of procedures in the Internal Audit plan and exploring the option of seeking external assistance in conducting the audit. An external firm could add value in making recommendations for the number and type of procedures, sampling methodologies, and conducting the test work. The Committee recognized that the immediate savings in personnel time and the long-term savings in processes and procedures recommended by an external firm could defray the additional cost of contracting with them. The Committee agreed to allow management to proceed with researching an external firm and management agreed to keep the Committee regularly apprised.

5. Other Business

Chair Milne requested that the Committee receive an update on IT risks at the April 19th meeting. CFOO Sharron Scott shared that the Information Security Officer is working with colleges across the system to improve the security.

Chair Milne provided the Committee with an update on reports received, via the VSC's whistleblower hotline, over the past few months. The EthicsPoint hotline provides faculty, staff and students, as well as external individuals, to submit anonymous reports of alleged misconduct.

6. Public Comment

There was no public comment.

7. Adjourn

Chair Milne adjourned the meeting at 10:50 a.m.

ITEM 2:

O'Connor & Drew Memo
Draft Single Audit Report
Draft Single Audit Corrective Action Plan

Memorandum



To: Vermont State Colleges – Audit Committee
From: O'Connor and Drew, P.C.
Date: April 19, 2021
Re: Fiscal Year 6-30-21 Audit Planning Meeting

Agenda:

- Introductions
- Present the 6-30-20 Single Audit Report, Schedule of Federal Expenditures (SEFA) and Findings.
- Discuss prior year audit results.
 - Prior Year Audit Approach
 - Completed 100% of the audit remotely.
 - Increased communication
 - Specific timetables and deadlines
 - Prior Year Audit Issues
 - Going Concern
 - Turnovers in key management positions
 - COVID-19 and the Higher Education Industry Struggles
- Current Year Audit Approach
 - Continued Audit Risks
 - Going Concern - Forecasts and Financial Outlooks.
 - Turnovers in key management positions - Chancellors Office/Accounting
 - COVID-19 and the Higher Education Industry Struggles - Restructuring
 - New Audit Risks
 - Any additional significant changes to any of the Colleges' Management or Processes? Other significant financial impacts?
 - Significant accounting transactions from July 1, 2020 - Present or any anticipated transactions before year end that could materially effect the financial statements.

- Compliance Requirements
- Improvements in audit process, what has worked in past, what can be improved upon. Results of OCD working remotely in prior year.
- New GASB Pronouncements
 - GASB 84 - *Fiduciary Activities*
 - GASB 87 - *Leases*
- Time line for audit planning and audit field work, including Single Audit of Federal Grants.
- Programs to audit for federal audit (known as the Single Audit).
- Other matters.

Dates for audit planning, field work, and review of financial statements:

Audit Planning:

- For all Colleges (In-Office)
 - Week of May 17th (Monday - Friday)
 - Week of May 24th (Monday - Friday)
 - Week of May 31st (Tuesday - Friday) - would focus on Chancellors Office this week and pulling everything together.

Will have to schedule specific times with personnel at each of the colleges (i.e. VP of Finance, Comptroller, Financial Aid Directors, etc.) during these weeks for questions and discussions.

PLEASE NOTE, WE ARE FLEXIBLE IN OUR PLANNING DATES AND CAN MAKE CHANGES TO DATES AS NECESSARY BASED ON YOUR STAFF SCHEDULING NEEDS.

Audit Field Work:

- Chancellors Office for all Colleges
 - Monday August 16th – Friday August 27th (2 Weeks)

VERMONT STATE COLLEGES

(a Component Unit of the State of Vermont)

**INDEPENDENT AUDITORS' REPORTS AS
REQUIRED BY THE UNIFORM GUIDANCE AND
GOVERNMENT AUDITING STANDARDS AND
RELATED INFORMATION**

JUNE 30, 2020

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

**Independent Auditors' Reports as Required by the Uniform Guidance and
Government Auditing Standards and Related Information**

June 30, 2020

C O N T E N T S

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1-3
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4-5
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
Vermont State Colleges
Montpelier, Vermont

Report on Compliance for Each Major Federal Program

We have audited Vermont State Colleges' (a Component unit of the State of Vermont) (the "Colleges") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2020. The Colleges major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Colleges' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Colleges' compliance.

Opinion on Each Major Federal Program

In our opinion, the Colleges complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding 2020-001, 2020-002, 2020-003 and 2020-004. Our opinion on each major federal program is not modified with respect to these matters.

The Colleges' responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Colleges' responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the Colleges is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Colleges' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Colleges' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002, 2020-003 and 2020-004, that we consider to be significant deficiencies.

Management's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Colleges' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Colleges, as of and for the year ended June 30, 2020. We issued our report thereon dated October 29, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Certified Public Accountants
Braintree, Massachusetts

DATE

(except for the Schedule of Expenditures of Federal Awards; for which the date is October 29, 2020)

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Vermont State Colleges
Montpelier, Vermont

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Vermont State Colleges (the "Colleges") which comprise the statements of net position as of June 30, 2020 and 2019, the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Colleges' basic financial statements and have issued our report thereon dated October 29, 2020.

Internal Control Over Financial Reporting

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

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Colleges' financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Colleges' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Colleges internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Certified Public Accountants
Braintree, Massachusetts**

October 29, 2020

**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

DRAFT

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

	CFDA Number	Pass-Through Entity	Pass-Through Entity Award Number	Total	Total Amounts to Sub-recipients
STUDENT FINANCIAL ASSISTANCE CLUSTER					
U.S. Department of Education:					
Direct Awards:					
Federal Supplemental Educational Opportunity Grant	84.007	N/A	N/A	\$ 1,163,653	\$ -
Federal Work-Study Program	84.033	N/A	N/A	1,157,156	-
Federal Direct Student Loans	84.268	N/A	N/A	37,926,482	-
Federal Perkins Loan Program (beginning of year)	84.038	N/A	N/A	4,685,671	-
Federal Perkins Loan Program (current year expenditures)	84.038	N/A	N/A	-	-
Federal Pell Grant Program	84.063	N/A	N/A	16,016,389	-
				<u>60,949,351</u>	<u>-</u>
Total Student Financial Assistance Cluster					
TRIO CLUSTER					
U.S. Department of Education:					
Direct Awards:					
TRIO Student Support Services	84.042A	N/A	N/A	1,595,534	-
TRIO Upward Bound	84.047A	N/A	N/A	1,074,048	-
TRIO Upward Bound NY	84.047M	N/A	N/A	284,197	-
TRIO McNair	84.217A	N/A	N/A	196,374	-
				<u>3,150,153</u>	<u>-</u>
Total TRIO Cluster					
RESEARCH AND DEVELOPMENT CLUSTER					
National Aeronautics and Space Administration:					
Passthrough Awards:					
Science - National Space Grant College and Fellowship Program	43.001	University of Vermont	29907 SUB51933	15,562	-
Experimental Program to Stimulate Competitive Research - Cubesat	43.008	University of Vermont	30018	25,000	-
Subtotal - Passthrough Awards				<u>40,562</u>	<u>-</u>
National Science Foundation:					
Direct Awards:					
Geosciences	47.050	N/A	N/A	22,380	-
Passthrough Awards:					
Experimental Program to Stimulate Competitive Research	47.073	University of Vermont	30373SUB52050	25,331	-
Experimental Program to Stimulate Competitive Research	47.073	University of Vermont	30373SUB52051	22,562	-
Subtotal - Passthrough Awards				<u>47,893</u>	<u>-</u>

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2020

	CFDA Number	Pass-Through Entity	Pass-Through Entity Award Number	Total	Total Amounts to Sub-recipients
RESEARCH AND DEVELOPMENT CLUSTER - CONTINUED					
U.S. Department of Health and Human Services:					
Passthrough Awards:					
Biomedical Research and Research Training	93.859	University of Vermont	29252SUB51796	\$ 74,310	\$ -
Biomedical Research and Research Training	93.859	University of Vermont	29252SUB52826	102,935	-
Subtotal - Passthrough Awards				<u>177,245</u>	<u>-</u>
Total Research and Development Cluster				<u>288,080</u>	<u>-</u>
CCDF CLUSTER					
U.S. Department of Health and Human Services:					
Passthrough Awards:					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.575	Vermont Department of Children & Families	03440-44001-18ECPDS	1,132,484	-
MEDICAID CLUSTER					
U.S. Department of Health and Human Services:					
Passthrough Awards:					
Medical Assistance Program	93.778	Office of Vermont Health Access	P85 - Sec. B. 605	233,260	-
Medical Assistance Program	93.778	Vermont Department of Mental Health	03420-7299S	251	-
Medical Assistance Program	93.778	Vermont Department of Mental Health	03150-A1714	29,850	-
Medical Assistance Program	93.778	Vermont Department of Mental Health	03150-A1695	177,659	-
Total Medicaid Cluster				<u>441,020</u>	<u>-</u>
ECONOMIC DEVELOPMENT CLUSTER					
U.S. Department of Commerce:					
Direct Awards					
Economic Adjustment Assistance	11.307	N/A	N/A	72,417	-
CHILD NUTRITION CLUSTER					
U.S. Department of Agriculture:					
Direct Awards:					
Summer Food Program for Children	10.559	N/A	N/A	12,952	-
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER					
U.S. Department of Agriculture:					
Direct Awards:					
Highway Planning and Construction	20.205	Vermont Agency of Transportation	N/A	5,894	-
NON-CLUSTER					
U.S. Department of Agriculture:					
Direct Awards					
Rural Business Development Grant	10.351	N/A	N/A	33,106	-
Distance Learning and Telemedicine Loans	10.855	N/A	N/A	59,448	-
Subtotal - Direct Awards				<u>92,554</u>	<u>-</u>

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2020

	CFDA Number	Pass-Through Entity	Pass-Through Entity Award Number	Total	Total Amounts to Sub-recipients
NON-CLUSTER - CONTINUED					
U.S. Department of Commerce:					
Direct Awards:					
Manufacturing Extension Partnership	11.611	N/A	N/A	\$ 714,645	\$ -
Institute of Museum and Library Services:					
Passthrough Awards:					
Grants to States - Job Hunt Helpers	45.310	VT Department of Libraries	11300.JHHLSTA17.A1	1,371	-
Small Business Administration:					
Direct Awards:					
COVID-19 - Small Business Development Centers	59.037	N/A	N/A	89,063	-
Portability Assistance	59.037	N/A	N/A	6,896	-
Small Business Development Centers	59.037	N/A	N/A	619,562	-
Subtotal - Direct Awards				<u>715,521</u>	<u>-</u>
Environmental Protection Agency:					
Passthrough Awards:					
Great Lakes Fishery	66.481	Lake Champlain Basin Program	0100-319-004	6,974	-
U.S. Department of the Interior:					
Passthrough Awards:					
Heritage Partnership	15.939	Lake Champlain Basin Program	P18AC01302J	4,630	-
Northern Border Regional Commission:					
Passthrough Awards:					
Northern Border Regional Development	90.601	Northern Border Regional Commission	NBRC16GVT	81,867	-
U.S. Department of Health and Human Services:					
Direct Awards:					
Oral Health Workforce Activities	93.236	N/A	N/A	416,491	-

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2020

	CFDA Number	Pass-Through Entity	Pass-Through Entity Award Number	Total	Total Amounts to Sub-recipients
NON-CLUSTER - CONTINUED					
U.S. Department of Health and Human Services:					
Passthrough Awards:					
Substance Abuse and Mental Health Services	93.243	Vermont Department of Mental Health	03150-C1052	\$ 79,721	\$ -
Block Grants for Community Mental Health Services	93.958	Vermont Department of Health	03150-A1753	2,557	-
ADAP Workforce Development	93.959	Vermont Department of Health	03420-07626	16,560	-
Subtotal - Passthrough Awards				<u>98,838</u>	<u>-</u>
Corporation for National and Community Service:					
Passthrough Awards:					
AmeriCorps	94.006	Vermont Agency of Human Services	03400-16AFH-LEAP-FY20	301,402	-
U.S. Department of Labor:					
Passthrough Awards:					
H-1B Job Training Grants	17.268	Vermont Department of Labor	HG-294545-16-60-A-5	541,578	243,341
Apprenticeship State Funds	17.285	Vermont Department of Labor	N/A	233,796	-
Subtotal - Passthrough Awards				<u>775,374</u>	<u>243,341</u>
U.S. Department of Treasury:					
Passthrough Awards:					
COVID-19 - Coronavirus Relief Funds	21.019	Vermont Agency of Administration	01110CRF20001	6,575,166	-
U.S. Department of Education:					
Direct Awards:					
COVID-19 - Higher Education Emergency Relief Fund - Students	84.425E	N/A	N/A	2,649,446	-
COVID-19 - Higher Education Emergency Relief Fund - Institutional	84.425F	N/A	N/A	2,649,446	-
COVID-19 - Higher Education Strengthening Institutional Programs	84.425M	N/A	N/A	228,151	-
Subtotal - Higher Education Emergency Relief Fund				<u>5,527,043</u>	<u>-</u>
JLD Program	84.033	N/A	N/A	14,752	-
Title III	84.031A	N/A	N/A	441,643	-
Total - Direct awards from U.S. Department of Education				<u>5,983,438</u>	<u>-</u>
Passthrough Awards:					
Carl D. Perkins Vocation Education - Post Secondary	84.048A	Vermont Department of Education	PerkR2171801	240,214	-
Career and Technical Education - Basic Grants to States	84.048	Vermont Department of Education	4319R0571901	730,825	-
Career and Technical Education - Basic Grants to States	84.048	Vermont Department of Education	4322R0571901	60,000	-
Subtotal - Career and Technical Education				<u>1,031,039</u>	<u>-</u>
Gaining Early Awareness and Readiness Program	84.334S	Vermont Student Assistance Corp	P334S110006-15	254,775	-
Subtotal - Passthrough Awards				<u>1,285,814</u>	<u>-</u>
Total Non-Cluster				<u>17,054,085</u>	<u>243,341</u>
Total Federal Funds				<u>\$ 83,106,436</u>	<u>\$ 243,341</u>

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

CFDA Number	Pass-Through Entity	Pass-Through Entity Award Number	Community College of Vermont	Castleton University	Northern Vermont University	Vermont Technical College	Workforce	System Offices & Services	Total	Total Amounts to Sub-recipients	
STUDENT FINANCIAL ASSISTANCE CLUSTER											
U.S. Department of Education:											
Direct Awards:											
Federal Supplemental Educational Opportunity Grant	84.007	N/A	N/A	\$ 241,497	\$ 323,990	\$ 379,063	\$ 219,103	\$ -	\$ -	\$ 1,163,653	\$ -
Federal Work-Study Program	84.033	N/A	N/A	101,455	226,930	678,913	149,858	-	-	1,157,156	-
Federal Direct Student Loans	84.268	N/A	N/A	3,376,097	12,441,926	13,603,318	8,505,141	-	-	37,926,482	-
Federal Perkins Loan Program (beginning of year)	84.038	N/A	N/A	-	1,887,461	2,203,527	594,683	-	-	4,685,671	-
Federal Perkins Loan Program (current year expenditures)	84.038	N/A	N/A	-	-	-	-	-	-	-	-
Federal Pell Grant Program	84.063	N/A	N/A	5,903,171	3,379,726	4,494,794	2,238,698	-	-	16,016,389	-
Total Student Financial Assistance Cluster				9,622,220	18,260,033	21,359,615	11,707,483	-	-	60,949,351	-
TRIO CLUSTER											
U.S. Department of Education:											
Direct Awards:											
TRIO Student Support Services	84.042A	N/A	N/A	369,307	353,074	460,603	412,550	-	-	1,595,534	-
TRIO Upward Bound	84.047A	N/A	N/A	-	304,244	769,804	-	-	-	1,074,048	-
TRIO Upward Bound NY	84.047M	N/A	N/A	-	284,197	-	-	-	-	284,197	-
TRIO McNair	84.217A	N/A	N/A	-	196,374	-	-	-	-	196,374	-
Total TRIO Cluster				369,307	1,137,889	1,230,407	412,550	-	-	3,150,153	-
RESEARCH AND DEVELOPMENT CLUSTER											
National Aeronautics and Space Administration:											
Passthrough Awards:											
Science - National Space Grant College and Fellowship Program	43.001	University of Vermont	29907 SUB51933	-	-	-	15,562	-	-	15,562	-
Education - CubeSat Continued Development	43.008	University of Vermont	30018	-	-	-	25,000	-	-	25,000	-
Subtotal - Passthrough Awards				-	-	-	40,562	-	-	40,562	-
National Science Foundation:											
Direct Awards:											
Geosciences	47.050	N/A	N/A	-	22,380	-	-	-	-	22,380	-
Passthrough Awards:											
Experimental Program to Stimulate Competitive Research	47.073	University of Vermont	30373SUB52050	-	25,331	-	-	-	-	25,331	-
Experimental Program to Stimulate Competitive Research	47.073	University of Vermont	30373SUB52051	-	-	22,562	-	-	-	22,562	-
Biomedical Research and Research Training	93.859	University of Vermont	29252SUB51796	-	74,310	-	-	-	-	74,310	-
Biomedical Research and Research Training	93.859	University of Vermont	29252SUB52826	-	-	102,935	-	-	-	102,935	-
Subtotal - Passthrough Awards				-	99,641	125,497	-	-	-	225,138	-
Total Research and Development Cluster				-	122,021	125,497	40,562	-	-	288,080	-
CCDF CLUSTER											
U.S. Department of Health and Human Services:											
Passthrough Awards:											
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.575	Vermont Department of Children & Families	03440-34001-18-ECPDS	1,132,484	-	-	-	-	-	1,132,484	-

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2020

CFDA Number	Pass-Through Entity	Pass-Through Entity Award Number	Community College of Vermont	Castleton University	Northern Vermont University	Vermont Technical College	Workforce	System Offices & Services	Total	Total Amounts to Sub-recipients
MEDICAID CLUSTER										
U.S. Department of Health and Human Services:										
Passthrough Awards:										
93.778	Office of Vermont Health Access	P85 - Sec. B. 605	\$ -	\$ -	\$ -	233,260	\$ -	\$ -	233,260	\$ -
93.778	Medical Assistance Program	03420-7299S	-	-	251	-	-	-	251	-
93.778	Medical Assistance Program	Vermont Department of Health	-	-	29,850	-	-	-	29,850	-
93.778	Medical Assistance Program	Vermont Department of Mental Health	-	-	177,659	-	-	-	177,659	-
93.778	VCPI Operations Grant	03150-A1714	-	-	-	-	-	-	-	-
93.778	Vermont Department of Mental Health	03150-A1695	-	-	-	-	-	-	-	-
	Total Medicaid Cluster		-	-	207,760	233,260	-	-	441,020	-
ECONOMIC DEVELOPMENT CLUSTER										
U.S. Department of Commerce:										
Direct Awards										
11.307	Economic Adjustment Assistance	N/A	-	-	72,417	-	-	-	72,417	-
CHILD NUTRITION CLUSTER										
U.S. Department of Agriculture:										
Direct Awards:										
10.559	Summer Food Program for Childrer	N/A	-	12,952	-	-	-	-	12,952	-
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER										
U.S. Department of Agriculture:										
Direct Awards:										
20.205	Highway Planning and Construction	N/A	-	-	-	-	5,894	-	5,894	-
NON-CLUSTER										
U.S. Department of Agriculture:										
Direct Awards:										
10.351	Higher Education - Institution Challenge Grants Program	N/A	-	-	33,106	-	-	-	33,106	-
10.855	Rural Business Enterprise Giants	N/A	-	-	59,448	-	-	-	59,448	-
	Subtotal - Direct Awards		-	-	92,554	-	-	-	92,554	-
U.S. Department of Commerce:										
Direct Awards:										
11.611	Manufacturing Extension Partnership	N/A	-	-	-	-	714,645	-	714,645	-
Institute of Museum and Library Services:										
Passthrough Awards:										
45.310	Grants to States - Job Hunt Helpers	VT Department of Libraries	1,371	-	-	-	-	-	1,371	-
Small Business Administration:										
Direct Awards:										
59.037	COVID-19 - Small Business Development Centers	N/A	-	-	-	-	89,063	-	89,063	-
59.037	Portability Assistance	N/A	-	-	-	-	6,896	-	6,896	-
59.037	Small Business Development Centers	N/A	-	-	-	-	619,562	-	619,562	-
	Subtotal - Direct Awards		-	-	-	-	715,521	-	715,521	-
Environmental Protection Agency:										
Passthrough Awards:										
66.481	Great Lakes Fishery	Lake Champlain Basin Program	-	6,974	-	-	-	-	6,974	-
U.S. Department of the Interior:										
Passthrough Awards:										
15.939	Heritage Partnership	Lake Champlain Basin Program	-	4,630	-	-	-	-	4,630	-

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2020

CFDA Number	Pass-Through Entity	Pass-Through Entity Award Number	Community College of Vermont	Castleton University	Northern Vermont University	Vermont Technical College	Workforce	System Offices & Services	Total	Total Amounts to Sub-recipients
NON-CLUSTER - CONTINUED										
Northern Border Regional Commission:										
Passthrough Awards:										
	Northern Border Regional Development	NBRC16GVT	\$ 10,988	\$ -	\$ 58,698	\$ -	\$ 12,181	\$ -	\$ 81,867	\$ -
U.S. Department of Health and Human Services:										
Direct Awards:										
	Oral Health Workforce Activities	N/A	-	-	-	416,491	-	-	416,491	-
Passthrough Awards:										
	Substance Abuse and Mental Health Services	03150-C1052	-	-	79,721	-	-	-	79,721	-
	Block Grants for Community Mental Health Services	03150-A1753	-	-	2,557	-	-	-	2,557	-
	ADAP Workforce Development	03420-07626	-	-	16,560	-	-	-	16,560	-
	Subtotal - Passthrough Awards		-	-	98,838	-	-	-	98,838	-
Corporation for National and Community Service:										
Passthrough Awards:										
	AmeriCorps	03400-16AFH-LEAP-FY19	-	-	301,402	-	-	-	301,402	-
U.S. Department of Labor:										
Passthrough Awards:										
	H-1B Job Training Grants	HG-294545-16-60-A-5	-	-	-	-	541,578	-	541,578	243,341
	Apprenticeship State Funds	N/A	191,464	-	-	-	42,332	-	233,796	-
	Subtotal - Direct Awards		191,464	-	-	-	583,910	-	775,374	243,341
U.S. Department of Treasury:										
Passthrough Awards:										
	COVID-19 - Coronavirus Relief Funds	01110CRF20001	-	-	-	-	-	6,575,166	6,575,166	-
U.S. Department of Education:										
Direct Awards:										
	COVID-19 - Higher Education Emergency Relief Fund - Students	N/A	460,841	878,417	824,485	485,703	-	-	2,649,446	-
	COVID-19 - Higher Education Emergency Relief Fund - Institutional	N/A	460,841	878,417	824,485	485,703	-	-	2,649,446	-
	COVID-19 - Higher Education Strengthening Institutional Programs	N/A	-	86,096	94,217	47,838	-	-	228,151	-
	Subtotal - Higher Education Emergency Relief Fund		921,682	1,842,930	1,743,187	1,019,244	-	-	5,527,043	-
	JLD Program	N/A	-	-	14,752	-	-	-	14,752	-
	Title III	N/A	-	162,885	278,758	-	-	-	441,643	-
	Total - Direct awards from U.S. Department of Education		921,682	2,005,815	2,036,697	1,019,244	-	-	5,983,438	-
Passthrough Awards:										
	Carl D. Perkins Vocation Education - Post Secondary	PerkR2171801	-	-	-	240,214	-	-	240,214	-
	Career and Technical Education - Basic Grants to States	4319R0571901	730,825	-	-	-	-	-	730,825	-
	Career and Technical Education - Basic Grants to States	4322R0571901	60,000	-	-	-	-	-	60,000	-
	Subtotal - Career and Technical Education		790,825	-	-	240,214	-	-	1,031,039	-
	Gaining Early Awareness and Readiness Program	P334S110006-15	240,607	-	14,168	-	-	-	254,775	-
	Subtotal - Passthrough Awards		1,031,432	-	14,168	240,214	-	-	1,285,814	-
	Total Non-Cluster		2,156,937	2,017,419	2,602,357	1,675,949	2,026,257	6,575,166	17,054,085	243,341
	Total Federal Funds		\$ 13,280,948	\$ 21,550,314	\$ 25,598,053	\$ 14,069,804	\$ 2,032,151	\$ 6,575,166	\$ 83,106,436	\$ 243,341

VERMONT STATE COLLEGES (a Component Unit of the State of Vermont)

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Note 1 - **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of Vermont State Colleges (the “Colleges”) under programs of the Federal Government for the year ended June 30, 2020. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position or cash flows of the Colleges.

Note 2 - **Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Note 3 - **De Minimis Indirect Cost Rate**

The Colleges have elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 - **Federal Student Loan Program**

Perkins Loan Program

The Federal Perkins Loan Program (“Perkins”) is administered directly by the Colleges and balances and transactions relating to the program are included in the College’s basic financial statements. During the year ended June 30, 2020, no loans were advanced under the Perkins program and no administrative costs were incurred. As of June 30, 2020, loan balances receivable, net under Perkins was \$3,488,786.

There was no federal capital contribution or match by the Colleges during the current year.

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Notes to Schedule of Expenditures of Federal Awards - Continued

Year Ended June 30, 2020

Note 4 - **Federal Student Loan Program - Continued**

Direct Student Loan Program

The Colleges disbursed \$37,926,482 of loans under the Federal Direct Student Loans program, which include Stafford Subsidized and Unsubsidized Loans and Parent Plus Loans. It is not practical to determine the balances of the loans outstanding to students of the Colleges under the program as of June 30, 2020. The Colleges are only responsible for the performance of certain administrative duties and, accordingly, these loans are not included in the Colleges' financial statements.

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VERMONT STATE COLLEGES (a Component Unit of the State of Vermont)

Schedule of Current Year Findings and Questioned Costs

Year Ended June 30, 2020

Section I – Summary of Auditors’ Results:

Financial Statements

Type of auditors’ report issued:		Unmodified
Internal control over financial reporting:		
• Material weaknesses identified?	_____ yes	___x___ no
• Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	___x___ no
Noncompliance material to the financial statements noted?	_____ yes	___x___ no

Federal Awards

Type of auditor’s report issued:		Unmodified
Internal control over major programs:		
• Material weaknesses identified?	_____ yes	___x___ no
• Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	___x___ no
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	___x___ yes	_____ no

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Schedule of Current Year Findings and Questioned Costs - Continued

Year Ended June 30, 2020

Identification of Major Programs:

Name of Federal Program or Cluster	CFDA Number
Student Financial Assistance Cluster:	
Federal Supplemental Educational Opportunity Grant Program	84.007
Federal Work-Study Program	84.033
Federal Perkins Loan Program	84.038
Federal Pell Grant Program	84.063
Federal Direct Student Loans	84.268
Non-Cluster:	
COVID-19 - Coronavirus Relief Funds	21.019
COVID-19 - Higher Education Emergency Relief Fund - Students	84.425E
COVID-19 - Higher Education Emergency Relief Fund - Institutional	84.425F
CARES Act Higher Education - Strengthening Institutional Programs	84.425M
Title III - Strengthening Institutions	84.031A

Dollar threshold used to distinguish
 Between type A and type B programs:

\$750,000

Auditee qualified as a low-risk auditee?

 x yes no

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Schedule of Current Year Findings and Questioned Costs - Continued

Year Ended June 30, 2020

Section II – Financial Statement Findings:

None

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**VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)**

Schedule of Current Year Findings and Questioned Costs - Continued

Year Ended June 30, 2020

Section III – Federal Award Findings and Questioned Costs:

Finding number: 2020-001
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.007, 84.033, 84.038, 84.063, 84.268
Award year: 2020

Criteria

According to 34 CFR 685.309(b)(2):

Unless [the institution] it expects to submit its next updated enrollment report to the Secretary within the next 60 days, a school must notify the Secretary within 30 days after the date the school discovers that –

- (i) A loan under title IV of the Act was made to or on behalf of a student who was enrolled or accepted for enrollment at the school, and the student has ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended; or
- (ii) A student who is enrolled at the school and who received a loan under title IV of the Act has changed his or her permanent address.

The Dear Colleague Letter GEN-12-6 issued by the U.S. Department of Education (“ED”) on March 30, 2012 states that in addition to student loan borrowers, Enrollment Reporting files will include two additional groups of students: Pell Grant and Perkins Loan recipients.

According to 2 CFR Part 200, Appendix XI Compliance Supplement updated June 2019:

Under the Pell Grant and loan programs, institutions must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway mailboxes sent by ED via the National Student Loan Data System (“NSLDS”). The institution determines how often it receives the Enrollment Reporting roster file with the default set at a minimum of every 60 days. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS website. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

VERMONT STATE COLLEGES (a Component Unit of the State of Vermont)

Schedule of Current Year Findings and Questioned Costs - Continued

Year Ended June 30, 2020

Condition

The Federal Government requires the Colleges to report student enrollment changes to the National Student Loan Data System (“NSLDS”) within 60 days. During our testing of forty students with enrollment status changes who graduated or withdrew from the institution, we noted the following:

1. One student's status change was never reported to NSLDS.
2. Five students' status changes were reported with the incorrect effective date.
3. Seven students' status changes were not reported to NSLDS within the 60-day required timeframe.

Cause

The Colleges did not have adequate procedures in place to ensure that students with status changes had their effective date correctly reported to NSLDS and were reported in the required timeframe.

Effect

The Colleges did not report the students' correct effective dates to NSLDS or were not reported within the required timeframe, which may impact the students' loan grace periods.

Questioned Costs

Not applicable

Perspective

Our sample was not, and was not intended to be, statistically valid. Of the forty students selected for testing, eleven students, or 27.5% of our sample, had either incorrect effective dates reported to NSLDS or were not reported to NSLDS within the required timeframe.

Identification as a Repeat Finding, if applicable

See finding 2019-001 included in the summary schedule of prior year findings.

Recommendation

We recommend that management review its control procedures for reporting student financial aid data to the NSLDS to ensure proper controls are in place to ensure that all information is reported is correct and done with the required timeframe.

View of Responsible Officials

The Colleges agree with the finding.

VERMONT STATE COLLEGES (a Component Unit of the State of Vermont)

Schedule of Current Year Findings and Questioned Costs - Continued

Year Ended June 30, 2020

Finding number: 2020-002
Programs: Student Financial Assistance Cluster
CFDA #: 84.007, 84.033, 84.038, 84.063, 84.268
Award year: 2020

Criteria

According to 34 CFR 690.83(b)

(1) An institution shall report to the Secretary any change for which a student qualifies including any related Payment Data changes by submitting to the Secretary the student's Payment Data that discloses the basis and result of the change in award for each student. The institution shall submit the student's Payment data reporting any to the Secretary by the reporting deadlines published by the Secretary in the Federal Register.

(2) An institution shall submit, in accordance with the deadline dates established by the Secretary, through publication in the Federal Register, other reports and information the Secretary requires and shall comply with the procedures the Secretary finds necessary to ensure that the reports are correct.

According to the Federal Register (Volume 83, Number 233):

An institution must submit Pell Grant, Iraq and Afghanistan Service Grant, Direct Loan, and TEACH Grant disbursement records to COD, no later than 15 days after making the disbursement or becoming aware of the need to adjust a previously reported disbursement. In accordance with 34 CFR 668.164(a), title IV, Higher Education Act ("HEA") program funds are disbursed on the date that the institution:

- (a) Credits those funds to a student's account in the institution's general ledger or any subledger of the general ledger; or
- (b) pays those funds to a student directly.

Title IV, HEA program funds are disbursed even if an institution uses its own funds in advance of receiving program funds from the Department.

Condition

Federal regulations require the Colleges to report to the Federal Government's Common Origination and Disbursement System ("COD") Federal Pell Grant and Direct Loan disbursements made to students within fifteen days of the funds being disbursed to the student. During our testing, we noted five students, out of a sample of forty, who were not reported within the required timeframe by a range of two to twenty-nine days.

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Schedule of Current Year Findings and Questioned Costs - Continued

Year Ended June 30, 2020

Cause

The College did not have procedures in place to ensure these students were being reported within the required timeframe.

Effect

The Colleges did not report disbursements to the COD within the required time frame.

Questioned Costs

Not applicable

Perspective

Our sample was not, and was not intended to be, statistically valid. Of the forty students selected for testing, five students, or 12.5% of our sample, was determined to be reported late to the COD by a range of two to twenty-nine days.

Identification as a Repeat Finding, if applicable

2019-002

Recommendation

We recommend that management of the Colleges review, and if necessary, update the policies and procedures to ensure all Pell Grant funds and Direct Loans are reported within the required timeframe.

View of Responsible Officials

The Colleges agrees with the finding.

VERMONT STATE COLLEGES (a Component Unit of the State of Vermont)

Schedule of Current Year Findings and Questioned Costs - Continued

Year Ended June 30, 2020

Finding number: 2020-003
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.007, 84.033, 84.038, 84.063, 84.268
Award year: 2020

Criteria

According to 34 CFR 668.22(e)(4):

Total amount of unearned title IV assistance to be returned. The unearned amount of title IV assistance to be returned is calculated by subtracting the amount of title IV assistance earned by the student as calculated under paragraph (e)(1) of this section from the amount of title IV aid that was disbursed to the student as of the date of the institution's determination that the student withdrew.

Condition

The Financial Aid Office is responsible for completing the Return of Title IV calculation to determine how much Title IV aid the student earned and how much must be returned to the Department of Education. Once the Return of Title IV calculation is completed, the Colleges are responsible for adjusting the student's billing statement and returning unearned Title IV funds through the U.S. Department of Education's Grant Management System ("G5"). The Colleges have 45 days from the date they determined the student withdrew to return any unearned portions of Title IV funds. During our testing, we noted four students, out of a sample of forty, where the Return to Title IV ("R2T4") form was not calculated correctly.

Cause

The Colleges did not have procedures in place to ensure the correct amount was calculated on the R2T4 form.

Effect

The Colleges did not return the correct amount of Title IV funds to the Department of Education.

Questioned Costs

\$1,278

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Schedule of Current Year Findings and Questioned Costs - Continued

Year Ended June 30, 2020

Perspective

Our sample was not, and was not intended to be, statistically valid. Of the forty students selected for testing, four students, or 10% of our sample, had the incorrect amount of Title IV funds returned.

Identification as a Repeat Finding, if applicable

2019-003

Recommendation

The Colleges should review their current policies and procedures to ensure the R2T4 form is calculated correctly.

View of Responsible Officials

The Colleges agree with the finding.

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VERMONT STATE COLLEGES (a Component Unit of the State of Vermont)

Schedule of Current Year Findings and Questioned Costs - Continued

Year Ended June 30, 2020

Finding number: 2020-004
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.007, 84.033, 84.038, 84.063, 84.268
Award year: 2020

Criteria

According to 34 CFR 668.164(l):

- (1) Notwithstanding any State law (such as a law that allows funds to escheat to the State), an institution must return to the Secretary any title IV, Higher Education Act (“HEA”) program funds, except Federal Work Study (“FWS”) program funds, that it attempts to disburse directly to a student or parent that are not received by the student or parent. For FWS program funds, the institution is required to return only the Federal portion of the payroll disbursement.
- (2) If an EFT to a student's or parent's financial account is rejected, or a check to a student or parent is returned, the institution may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the EFT was rejected or the check returned. In cases where the institution does not make another attempt, the funds must be returned to the Secretary before the end of this 45-day period.
- (3) If a check sent to a student or parent is not returned to the institution but is not cashed, the institution must return the funds to the Secretary no later than 240 days after the date it issued the check.

Condition

Federal regulations require an institution to return unclaimed Title IV funds issued by check or EFT within 240 days. During our testing, we noted two students, out of a sample of forty, that had unclaimed funds exceeding the federal day limit by 130 and 25 days.

Cause

The Colleges did not monitor the outstanding check aging to ensure that the 240-day timeframe was met.

VERMONT STATE COLLEGES
(a Component Unit of the State of Vermont)

Schedule of Current Year Findings and Questioned Costs - Continued

Year Ended June 30, 2020

Effect

The Colleges did not return Title IV unclaimed funds to the Department of Education within the required 240-day time frame.

Questioned Costs

There were two outstanding checks that totaled \$4,832, which pertained specifically to federal-sourced funds.

Perspective

Our sample was not, and was not intended to be, statistically valid. Of the forty students selected for testing, two students, or 5% of our sample, had unclaimed funds pertaining to federal sources that were not returned to the Department of Education within the 240-day required time frame.

Identification as a Repeat Finding, if applicable

N/A

Recommendation

The Colleges should examine its policies and procedures related to unclaimed funds including the process and time frame for identifying aged balances and the process for cancelling checks and returning funds to the Department of Education.

View of Responsible Officials

The Colleges agree with the finding.

VERMONT STATE COLLEGES (a Component Unit of the State of Vermont)

Management's Summary Schedule of Prior Audit Findings

Year Ended June 30, 2020

Finding number: 2019-001
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.007, 84.033, 84.038, 84.063, 84.268
Award year: 2019

Condition

The Colleges policy is to report student enrollment to a contracted third party, the National Student Clearinghouse (“NSC”). The Colleges utilized the NSC to facilitate its responsibility to notify the National Student Loan Data System (“NSLDS”) of changes in the enrollment status of students. However, the Colleges are ultimately responsible to ensure that NSLDS is properly and timely notified of all student enrollment status changes. The Colleges report an initial enrollment status and subsequent changes in enrollment status to the NSC based on a pre-determined schedule throughout each semester.

Award Year 2019:

Out of a sample of forty students with enrollment status changes, three students were not reported with the correct effective date to the NSLDS.

Award Year 2018:

Out of a sample of forty students with enrollment status changes, two students' status changes (graduated) were never reported to NSLDS. One student's status change (withdrawal) was not reported to NSLDS within the 60-day required time frame.

Award Year 2017:

Out of a sample of forty students with enrollment status changes, two students with a status change were not reported in a timely manner to the NSLDS. One student was never reported to the NSLDS and the other student took ninety-one days to report.

Award Year 2016:

Out of a sample of forty students with enrollment status changes, one student's status change was not reported in a timely manner to the NSLDS and took sixty-two days to report.

VERMONT STATE COLLEGES **(a Component Unit of the State of Vermont)**

Management's Summary Schedule of Prior Audit Findings

Year Ended June 30, 2020

Current Year Status:

During our testing of forty student with enrollment status changes who graduated or withdrew from the institution, we noted the following:

1. One student's status change was never reported to NSLDS.
2. Five students' status changes were reported with the incorrect effective date.
3. Seven students' status changes were not reported to NSLDS with the 60-day required timeframe.

The Colleges are looking to strengthen its controls in this area. See finding 2020-001 for more information and corrective action plan.

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VERMONT STATE COLLEGES (a Component Unit of the State of Vermont)

Management's Summary Schedule of Prior Audit Findings

Year Ended June 30, 2020

Finding number: 2019-002
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.007, 84.033, 84.038, 84.063, 84.268
Award year: 2019

Condition

Federal regulations require the Colleges to report to the Federal Government's Common Origination and Disbursement System ("COD") Federal Pell Grant disbursements made to students within fifteen days of the funds being disbursed to the student. During our testing, we noted seven students, out of a sample of forty, were not reported within the required timeframe by a range of four to fifty-seven days.

Current Year Status:

During our current year testing, we noted five students, out of a sample of forty, were not reported within the required timeframe by a range of two to twenty-nine days. The Colleges are looking to strengthen its controls in this area. See finding 2020-002 for more information and corrective action plan.

VERMONT STATE COLLEGES (a Component Unit of the State of Vermont)

Management's Summary Schedule of Prior Audit Findings

Year Ended June 30, 2020

Finding number: 2019-003
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.007, 84.033, 84.038, 84.063, 84.268
Award year: 2019

Condition

The Financial Aid Office is responsible for completing the Return of Title IV calculation to determine how much Title IV aid the student earned and how much must be returned to the Department of Education. Once the Return of Title IV calculation is completed, the Colleges are responsible for adjusting the student's billing statement and returning unearned Title IV funds through the U.S. Department of Education's Grant Management System ("G5"). The Colleges have 45 days from the date they determined the student withdrew to return any unearned portions of Title IV funds. During our testing, we noted one student, out of a sample of forty, where the aid returned was different than the amount correctly calculated on the Return to Title IV ("R2T4") form.

Current Year Status:

During our current year testing, we noted four students, out of a sample of forty, who did not have the correct amount of Title IV funds returned. The Colleges are looking to strengthen its controls in this area. See finding 2020-003 for more information and corrective action plan.

Management's Corrective Action Plan

Finding number: 2020-001
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.007, 84.033, 84.038, 84.063, 84.268
Award year: 2020

Corrective Action Plan:

To correct this, one of the Colleges has modified our policy around withdrawals. In our new policy, official withdrawals are based upon the date the student began the withdrawal process or officially notified of the intent to withdraw, while unofficial withdrawals are based upon the last date of academic activity or the midpoint of the term. We believe this change will eliminate the need for the verification process.

Timeline for Implementation of Corrective Action Plan:

CCV implemented and is currently using this policy as of September 2020, the beginning of the 2020-2021 academic year.

Contact Person

Sharron Scott, CFO

Management's Corrective Action Plan

Finding number: 2020-002
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.007, 84.033, 84.038, 84.063, 84.268
Award year: 2020

Corrective Action Plan:

To correct this, the College is reducing the amount of post-withdrawal disbursements it makes by disbursing aid earlier and in batch to a student's account. The College has also increased the frequency of its COD reporting and has structured staff schedules to make sure there is uninterrupted time for the uploading and verification of COD reporting.

Timeline for Implementation of Corrective Action Plan:

CCV implemented and are currently employing these changes as of September 2020, the start of the Fall 2020 semester.

Contact Person

Sharron Scott, CFO

Management's Corrective Action Plan

Finding number: 2020-003
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.007, 84.033, 84.038, 84.063, 84.268
Award year: 2020

Corrective Action Plan:

To correct this, the College has changed our withdrawal policy so official withdrawals do not rely upon last academic activity as the withdrawal date. For unofficial withdrawals, we have moved nearly all unofficial withdrawals to being processed at the end of the term to make sure we have the most accurate reporting from the faculty member on a student's attendance.

Timeline for Implementation of Corrective Action Plan:

CCV implemented and is currently using this policy as of September 2020, the beginning of the 2020-2021 academic year.

Contact Person

Sharron Scott, CFO

Management's Corrective Action Plan

Finding number: 2020-004
Federal agency: U.S. Department of Education
Programs: Student Financial Assistance Cluster
CFDA #: 84.007, 84.033, 84.038, 84.063, 84.268
Award year: 2020

Corrective Action Plan:

To correct this, the Colleges will ensure we are keeping and tracking accurate records of outstanding checks and respond to them in a timely manner prior to the 240 days.

Timeline for Implementation of Corrective Action Plan:

CCV implemented and is currently employing changes as of July 2020.

Contact Person

Sharron Scott, CFO

ITEM 3:
Single Audit Resolution

VERMONT STATE COLLEGES SYSTEM

BOARD OF TRUSTEES

RESOLUTION 2021-008

Acceptance of the FY2020 Uniform Guidance Single Audit Report

- WHEREAS, The Vermont State Colleges has contracted with O'Connor & Drew to perform its FY2020; and
- WHEREAS, O'Connor & Drew delivered, and the Audit Committee accepted, the draft financial statements at the October 29, 2020 meeting of the Audit Committee; and
- WHEREAS, O'Connor & Drew have delivered the Uniform Guidance Single Audit report and Advisory Comments to the Audit Committee; and
- WHEREAS, The Board's Audit Committee has reviewed these materials and recommended that the Board accept them; therefore, be it
- RESOLVED, That the Board of Trustees of the Vermont State Colleges hereby accepts the FY2020 Uniform Guidance Single Audit report.

ITEM 4:
Information Technology Security Posture

INFORMATION TECHNOLOGY SECURITY POSTURE

Kellie Campbell, Chief Information Officer for the Vermont State Colleges, will join the committee to present a high-level overview of the Vermont State College System's security posture.

Kellie will provide a general overview of threats, both internal and external, facing the organization and an assessment of the technology the VSCS uses to protect its environment. She and her team will also share the steps Information Technology is taking today to address these internal and external threats. She will also offer insights into the ways in which the system expects to address risks, and take advantage of opportunities, as it looks forward towards system transformation.

ITEM 5:

Risk Assessment: Internal Control Self-Assessment Questionnaire

RISK ASSESSMENT: Internal Control Self-Assessment Questionnaire

PURPOSE:

The internal controls self-assessment questionnaire:

- Identifies operating areas within departments where required business policies, administrative processes and regulatory compliance are important;
- Assesses the adequacy of existing policies and procedures and other internal controls that are designed to ensure compliance in each of the identified areas; and
- Raises awareness concerning certain efficiencies and cost saving opportunities that result from complying with Vermont State College policies and procedures.

FREQUENCY:

Typically completed each fall, the internal controls self-assessment questionnaire identifies areas of risk in preparation for selecting the area of interest for the internal audit.

The attached internal control self-assessment questionnaire was provided to the Audit Committee of the Board of Trustees at the February 3, 2020 committee meeting. Based on the review of this questionnaire, and a recommendation from the Chief Financial Officer, the Audit Committee approved an internal audit of Payroll and Benefits systems at the February 2020 meeting. The internal audit was delayed due to the pandemic; therefore, the self-assessment process was waived for FY2021 in favor of completing the Payroll and Benefits Internal Audit. The next self-assessment process will begin November 2021.

SELF-ASSESSMENT PROCESS:

The System Controller, at the direction of the Chief Financial Officer, leads the self-assessment process. Each Dean of Administration leads their institution's self-assessment. Each Dean works in close consultation with directors and department heads of the key functional areas. Respondents complete the questionnaire by checking the appropriate box beside each question (yes/no/not known/do not know) and adding comments where necessary.

Once complete the self-assessments are summarized by the System Controller for further review by the Internal Audit team. The team identifies key themes and areas of interest for the year's internal audit. Once analysis is complete the results of the self-assessments are shared, in aggregate, with the Audit Committee of the Board of Trustees along with a recommendation for an area of focus for the current year's Internal Audit.

SELF-ASSESSMENT QUESTIONNAIRE

Internal Control Assessment Questionnaire Provider Information	
College:	Compiled results: CCV, CU, NVU, VTC
Department:	FY20 Internal Audit
Date:	January 2020
Name:	Stephen T. Wisloski
Phone:	802-224-3022
Email:	Stephen.wisloski@vsc.edu

		Yes	No	Not Known	Comment
A	ORGANIZATIONAL GOVERNANCE				
1	Does your department/organization have a written mission statement?	4			
2	Does management clearly communicate and demonstrate integrity and other ethical values consistent with the College's/University's business conduct policy?	4			
3	Does your department have an organizational chart that defines lines of authority and responsibility?	4			
4	Is the organizational chart up to date?	4			Always a work in process.
5	Has your department documented all internal policies and procedures that are related to performing all significant administrative processes specific to your department or division's operations?	4			
6	Are these policies and procedures reviewed and up to date?	3	1		Updates are in process.
7	Do you believe that responsible persons in your department are sufficiently familiar with Vermont State College policies related to personnel management, financial matters, use of information and related technology, and regulatory compliance?	4			
8	Are administrators within your department aware of how to access on-line policies and procedures from Human Resources, Finance, Procurement, the Public Safety Office, Research Administration and other key areas of the College/University?	4			
B	FINANCIAL PLANNING AND MONITORING				
1	Are funding sources evaluated annually to assess the sustainability of current funding levels?	4			
2	Does the budget process include key members of management?	4			

B	FINANCIAL PLANNING AND MONITORING	Yes	No	Do Not Know	Comment
3	Are one or more individuals in your department responsible for reviewing the department's monthly Synoptix financial reports?	4			
4	Are these reports reviewed: <input type="checkbox"/> Monthly <input type="checkbox"/> Every few months <input type="checkbox"/> Infrequently	4			
5	Are budget managers held accountable for financial performance?	4			
6	Are responsibilities divided among staff members (so that no single employee controls all steps of a financial transaction) thereby maintaining appropriate segregation of duties? (If inadequate segregation of duties does exist, please indicate the process or transaction affected in the <i>Comments</i> section.)	4			
7	If segregation of duties is not practical, does supervisory oversight exist at any level over these financial transactions?	4			
8	Are there any important financial reconciliations that are not being routinely performed that you think should be?		4		The responsibility has transitioned along with accounting to the chancellor's office.
C	PERSONNEL				
1	Are up-to-date position descriptions available for each employee in the organization?	3	1		Responsibility of Chancellor's Office.
2	Are sufficient training opportunities provided to improve employee work related competencies in accordance with their job responsibilities?	4			
5	Has the department established cross-training or contingency plans for significant changes in personnel?	3		1	
6	Are Time Entry records pertaining vacation and sick leave up to date?	2	2		
7	Are overtime hours, and other special work requirements (on-call, shift premium) reviewed and approved in advance by the employee's supervisor?	2	2		

C	PERSONNEL	Yes	No	Do not Know	Comment
8	Are annual performance evaluations given to departmental employees in accordance with the bargaining contracts or personnel handbook?	1	3		Nearly universal coverage. Difficult to achieve 100%.
9	Have procedures been established to ensure that terminating employees return all College/University ID cards, keys, laptops, purchasing/travel related credit cards, equipment, etc., and that appropriate systems administrators are notified to remove all logon privileges to departmental and College/University systems?	4			
10	Are forms completed promptly and submitted to the Payroll/HR for new hires and changes in employment status?	4			
12	Are employees sufficiently trained to perform assigned roles and responsibilities to support payroll processing (time reported, on-line time entry, etc.)?	3	1		
13	Are payroll reports monitored to identify unapproved time, miscodings, etc.?	2	2		
D	BUSINESS CONDUCT POLICY				
1	Are all department personnel aware of the Whistleblower Policy #211?	3		1	
2	Are all faculty and staff members in your department aware of the Vermont State College's Employee Conflict of Interest Policy that requires employees to avoid conflicts (or any appearance of conflicts) between their personal interests and those of the College/University?	4			
3	Do you know of any individual(s) in your department who, because of the nature of his or her position should be asked to complete an annual Conflict of Interest Disclosure Statement?	2	2		
4	Are all department personnel familiar with the Hospitality Policy #425?	4			Responsibility and authorization for social functions and hospitality is limited to a small number of individuals.
E	REPORTING OF FRAUD/ FRAUD INDICATORS				
1	Until completing this questionnaire are you aware of any instances of suspected fraud that should be reported to the College/University President, Chancellor or reported using the VSC's reporting hotline (see below)?		4		
2	Have any unusual trends or discrepancies in department accounts been recently detected?		4		
4	Are there any department assets (property, equipment, supplies, etc.) that you believe are not adequately protected against theft or misuse?		4		

E	REPORTING OF FRAUD / FRAUD INDICATORS	YES	NO	Not known	COMMENT
5	Have any missing numbers in sequences of numerically controlled documents been recently identified?		3	1	
6	Until completing this questionnaire were you aware that a website exists to report suspected instances of employee misconduct and that it can be done anonymously? http://www.vsc.edu/faculty-and-staff/Pages/Employee-Benefits.aspx . Access is also toll-free: (866)-215-4016	4			
F1	INFORMATION TECHNOLOGY				
1	Are all department personnel familiar with the VSC Computing and Telecommunications Technology Conditions of Use Policy #502?	4			
2	Are all department workstations upgraded with the latest security patches and virus protection?	4			
3	Is critical information backed-up and stored off-site?	4			
4	Is sensitive information protected by operator ID/password?	4			
5	Are all passwords adequately controlled and protected from unauthorized use?	4			
6	Are passwords kept confidential (i.e., not shared or posted at work sites)?	4			
7	Are you aware of any “default” passwords that are still being used for any IT applications rather than having been changed to more secure, personal passwords?	2	2		
8	Are computer applications logged-off when the user is going to be away from the terminal or PC for an hour or more?	4			Time out sessions are in place to lock PC's.
9	Are computers and servers maintained in a secure area?	3		1	
10	Are laptop computers secured when not in use?	2		2	
11	Are electrical surge suppressers used on all computer equipment?	1	1	2	
12	Is each departmental server equipped with an Uninterrupted Power Supply (UPS)?	2	1	1	
13	If a department has a critical information system that is connected to an outside network, is it protected by a firewall?	3		1	
14	Is all software properly licensed using either a site or individual licensing arrangement?	4			
15	Has a disaster recovery/business resumption plan been developed should one of your critical information business systems fail or be destroyed?	2		2	
16	Has the disaster recovery/business resumption plan been tested/simulated and if so, when (indicate in <i>Comments</i> section)?	1	1	2	

F2	INFORMATION CONFIDENTIALITY AND DATA PRIVACY	YES	NO	Do Not	COMMENT
1	Are all department personnel familiar with the requirements concerning the handling of private and confidential College/University information?	4			
2	Do your computers/applications contain any of the following combinations of confidential data elements that are considered to be “individually-identifiable” information that could be used to assist with identify theft? 1) Name & Social Security # 2) Name & Date of Birth 3) Name & Bank Account # 4) Name & Credit Card # 5) Name and Mother’s Maiden-name 6) User ID & Passwords for University Systems? (NOTE: List those combinations in use by number in the Comment section)	4			
3	Do your computers/applications contain private or confidential information about students?	4			
4	Do your computers/applications contain private or confidential information about faculty/employees?	4			
5	Do your computers/applications contain private or confidential information about donors?	2	2		
6	Does your area collect any (as defined above) individually-identifiable private or confidential University information on paper forms or records?	2	2	1	
7	Do these paper forms/records contain private or confidential information about students?	1	2	1	
8	Do these paper forms/records contain private or confidential information about faculty/employees?	1	2	1	
9	Do these paper forms/records contain private or confidential information about donors?	1	2	1	
10	Do these paper forms/records contain any of the following combinations of confidential data elements that are considered to be “individually-identifiable” information that could be used to assist with identify theft? 1) Name & Social Security # 2) Name & Date of Birth 3) Name & Bank Account # 4) Name & Credit Card # 5) Name and Mother’s Maiden-name 6) User ID & Passwords for VSC systems?	2	1	1	(list here, if any)
11	Are these paper forms/records stored in secure cabinets that prevent unauthorized personnel from gaining access to this data?	2	1	1	

F2	INFORMATION CONFIDENTIALITY AND DATA PRIVACY	YES	NO	Do Not	COMMENT
12	If you maintain information related to students, have you received FERPA training?	4			
13	If you maintain information related to patients, have you received HIPAA training?	1	1		n/a (x2)
14	Does your department accept payment via credit card?	4			
15	If you answered yes to question 14, are you utilizing Touchnet?	4			
G	BANK ACCOUNTS/PETTY CASH				
1	Does your College/University have a checking account with an outside banking institution?	4			Maintained and reconciled by the Controller's Office
2	If yes, what it is used for? (use comments section)				To receive payments and
4	Does your department maintain a petty cash fund? If yes, what is the amount of this fund? (use comments section)	3	1		\$3,700-J/\$1,350-L
5	Was this petty cash fund established with the approval of the Dean of Administration?	3		1	
6	Do more than two individuals have physical access to the petty cash fund cash box or safe? (If so, how many?) (use comments section)		3	1	
7	Is the petty cash fund maintained in a safe or lockable cash box and stored in a secured place?	3		1	
8	Is supporting documentation provided for all petty cash disbursements?	3		1	
9	Is the petty cash fund reconciled and replenished at least monthly? (If not, please indicate how often)	3		1	
10	Does a person other than the fund custodian reconcile the fund or perform an independent review of the reconciliation?	3		1	
H	CASH RECEIPTS/REVENUE				
1	Does adequate segregation of duties exist within your department between staff members responsible for receiving, depositing and reconciling cash and checks?	4			
2	Are all checks made payable to the College/University?	4			
3	Are all checks restrictively endorsed immediately upon receipt with a stamp, "For Deposit Only – College/University?"	1	3		Checks are not immediately stamped for deposit only. The digital deposit machine does this at the end of the day.
4	Is a cash receipt log maintained to create supporting documentation to which you can reconcile deposits?	3	1		
5	If cash is accepted, are pre-numbered receipts used to track payment?	4			System generated receipts.

6	Are all unused pre-numbered receipts/tickets accounted for?	2			N/A
7	Are deposits of funds made on the next business day?	2	1		
H	CASH RECEIPTS/REVENUE				
8	When funds cannot be deposited daily, are they transported or stored in a secure location at the end of the workday?	4			
9	Are cash and checks adequately protected when transferred to the Business Office or bank?	4			
10	Is there adequate physical security where cash handling activities occur?	4			
11	Is all information on cash or checks gifted to the College/University forwarded to the Advancement Office for gift processing?	4			
12	If you have any revenue generating activities, have you consulted with the System Controller at the Chancellor's Office to determine if any of the revenue is subject to unrelated business income tax (UBIT)?	3		1	UBIT reporting is handled by the Chancellor's office with support of the campuses as needed.
13	Has your Department consulted with the Chancellor's Office concerning whether sales tax should be charged to customers and how it should be deposited?	3		1	
I	TRAVEL AND BUSINESS EXPENSES	Yes	No	Do not Know	Comment
1	Are members of your department aware of the VSC online Travel Policies and Procedures?	4			
2	Are travel plans made sufficiently in advance to obtain the most favorable transportation rates?	3		1	
3	Is all overnight travel authorized in advance by the traveler's Department Head, Supervisor or Director?	4			
4	Do you know of any instances of non-compliance with policies for reimbursing travel and entertainment expenses in accordance with the VSC's Travel policy or Federal regulations?		4		
I	TRAVEL AND BUSINESS EXPENSES	Yes	No	Do not kNow	Comment
5	Do reimbursement requests include exchange rates for receipts submitted for international travel?	2		1	
6	When traveling internationally on federally funded grants, are any international carriers being used when departing from/to the United States?			3	N/A
7	Does someone in your department review travel and meeting expense reports to ensure alcohol expenses are not charged?	3		1	
8	Are travelers required to provide original receipts for all travel expenses over \$25 per day?	4			
9	Are copies in lieu of original receipts ever submitted by travelers in your department?	3			

10	Are all requests for business and entertainment expenses documented in terms of how the activity was College/University or business related, including a listing of attendees (with titles)?	2	1	1	The Accounts Payable personnel would be able to address this question.
J PROCUREMENT CARDS (Pcard)					
1	Have P-cards been issued to all department personnel who are responsible for procurement?	3	1		
2	Has everyone that has a p-card read the p-card policy and procedures manual?	3		1	
3	Has a formal reconciliation protocol been established for each cardholder to reconcile his or her monthly P-card statements with packing slips, invoices or register receipts? (Note: Certain charges may be automatic such as water or cell phone services.)	4			
4	Is documentation of P-card activity, including supporting documents, sorted and stored by Month and/or Cardholder and by P-card Transaction report?	3		1	The General Ledger group at the Chancellor's Office
K PROCUREMENT OF GOODS AND SERVICES		Yes	No	Do not Know	Comment
1	Does your department rely on someone outside of your department to coordinate bids for goods and services?	2	2		
2	Does the department solicit at least 3 competitive bids for any purchase that exceeds \$25,000 and perform a competitive RFP process for purchases exceeding \$100,000?	4			
3	Does the department maintain written documentation for justifying any purchasing of sole source or preferred vendor for purchases that are not bid?	4			
4	Does the department reconcile purchases/goods received to	3		1	
5	Do you ever pay a state sales tax on your purchases?		2	1	
6	Does your department split orders to avoid higher approval levels or to bypass limits, (i.e. Pcard limits or bidding levels)?		4		
L RECORDS RETENTION					
1	Does your department have a copy of the appropriate records retention policy for your area?	4			
3	Are important documents, including electronic media, stored in a secure area with adequate protection from fire and/or water damage?	4			

M	INVENTORY CONTROL	NVU inventory items are addressed in IT section above. NVU does not sell			
1	Are inventory items maintained in a secure location?	1		1	
2	Is there adequate protection from fire and water?	1		1	
3	Is inventory well organized?	1		1	
4	Is flammable material stored according to code in a special fireproof cabinet and kept in an isolated location?	1		1	
5	Are any controlled substances stored and dispensed according to Drug Enforcement Agency (DEA) regulations?	1		1	
6	Are receiving documents matched to purchase orders and invoices?	1		1	
7	Are all materials received counted and inspected prior to entry on storeroom/inventory records?	1		1	
8	Are back-ordered items properly followed up on to ensure timely receipt of items ordered?	1		1	
10	Are inventory records maintained based on periodic physical counts or a perpetual system?	1		1	
12	Have formal procedures been established for reviewing and disposing obsolete and slow-moving inventory items?			2	
13	Are there currently any items in stock that are obsolete or slow-moving?			2	
14	Is a physical inventory conducted at least annually?		1	1	
15	Are items physically counted matched against inventory records?			2	
16	Has a cycle counting program been considered?			2	
17	Are inventory records adjusted immediately based on the results of a physical inventory or cycle counting program?			2	
18	Do individuals independent of inventory custody investigate unusually large discrepancies, between inventory records and physical counts?			2	
19	Is any inventory stored or consigned at an outside location?		1	1	
N	BUILDING SAFETY & SECURITY				
1	Have all concerns about the safety of the building(s) been brought to the attention of the individual or group responsible for building safety (e.g. lack of building exit routes, trained safety monitors, regular evacuation drills)?	4			

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O	COMPLIANCE WITH FEDERAL AND STATE GOVERNMENTAL REGULATIONS				
1	Do you believe that department personnel are sufficiently informed about important federal and state laws and regulations that govern activities performed within your department?	4			
2	Please answer for each of the following that applies: Does your department participate in activities that are governed by: <ul style="list-style-type: none"> • Occupational Safety and Health (OSHA) • Environmental Protection Agency (EPA) • UG Federally Funded Research • IRS • HIPAA 	2		N/A	
	• Occupational Safety and Health (OSHA)	2		N/A	
	• Environmental Protection Agency (EPA)	2		N/A	
	• UG Federally Funded Research	4			
	• IRS	4			
	• HIPAA	4			
	If you answered 'YES' for OSHA				
1	Have employees been trained for workplace safety by the Environmental Health & Safety Office (EH&S) to comply with the appropriate regulatory requirements for their job responsibilities?	2	1		
2	Does your department have a policy of conducting (or requesting) periodic walk-through inspections of workspaces to identify and correct any unsafe or potentially hazardous conditions and work practices that could result in OSHA violations in consultation with the Office of Risk Management?	1		2	
	If you answered 'YES' for EPA				
1	Has the EH&S notified your department about how to avoid hazards in the handling of hazardous materials and emergency response procedures?	1	1	1	
2	Does your department, research or teaching labs perform any activities using bio-hazardous agents, hazardous chemicals or radioactive material?	2			
3	If so, are they properly labeled and stored?	1			
	Are records maintained concerning inventories of these materials?	2			
4	Do you believe that adequate security exists over access to any bio-hazardous, radioactive or other hazardous materials?	2			
5	Has all hazardous waste been stored and disposed of in accordance with federal regulations and College/University policy as managed by EH&S?	2			
6	Do all individuals working with radioactive materials wear monitoring badges?			2	
7	Do you know of any teaching or research labs within your college that might represent a health or safety risk due to poor housekeeping practices?		1	1	

8	Do individuals in your teaching and research labs know how to correctly respond to a hazardous spill or chemical release?	2			
9	Are you aware of any violations of any existing hazardous materials storage laws or documentation requirements for using such materials?		1	1	
If you answered 'YES' for Uniform Guidance Federally Funded Programs					
1	Are all grant proposals reviewed and approved by the appropriate programmatic Dean, Dean of Administration and President's Office before they are submitted to granting agencies?	3			
2	Are the Forms A, B & C completed in a timely manner for each grant and submitted to the Office of the Chancellor as per Policy 408?	3			
3	Do you believe that your department's principal investigators (PIs) and project directors are sufficiently familiar with Uniform Guidance cost principles governing allowable costs and activities?	1	1		
4	Do you believe that your department's principal investigators and project directors are sufficiently familiar with VSC guidelines for charging administrative or clerical salaries and other administrative costs to federal grants and contracts?	2			
5	Do you believe that principal investigators require additional training concerning effort reporting requirements to ensure that salaries charged to federal grants and contracts properly reflect the time and effort directed to the grant or contract activities?	1	1		
6	Do you know of instances where principal investigators are not signing off on Quarterly Time & Effort Reports for those individuals who work on their grants and contracts?		1		
7	Do you believe that principal investigators and project directors require additional training concerning VSC's policies and procedures regarding purchasing, procurement card usage, capital equipment requests, and travel and business expense reimbursement as they relate to charging federal grants and contracts?	1			

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If you answered 'YES' to IRS					
1	Is your head department administrator sufficiently familiar with federal and state tax regulations that pertain to department operations (e.g., HR - federal employment taxes, social security, COBRA, foreign students, pension requirements; check writing/AP functions - independent contractors, abandoned property and sales tax)?	4			
2	Has department management contacted the System Controller at the Office of the Chancellor with any questions regarding potential tax liabilities?	1	3		
If you answered 'YES' to HIPAA					
1	Does your department retain medical records for faculty, staff or students?	3		1	Immunization records for students.
2	Does your department maintain any confidential employee/student records that require special treatment for privacy protection?	2		2	
3	Do you believe that refresher HIPAA training would benefit individuals responsible for providing treatment or maintaining confidential medical records?	3		1	

Comments