



## MEMORANDUM

**TO:** VSCS Audit and Risk Management Committee  
Sue Zeller, Chair  
David Durfee, Vice-Chair  
Bob Flint  
David Silverman  
Shawn Tester

**FROM:** Sharron Scott, Chief Financial & Operating Officer

**DATE:** May 2, 2024

**SUBJECT:** Audit & Risk Management Committee Meeting scheduled for May 6, 2024

The Audit and Risk Management Committee of the VSC Board of Trustees will meet at 1:00 p.m. on Monday, May 6, 2024. The meeting will be held virtually at <https://www.vsc.edu/botzoom>.

In addition to review and approval of the minutes of May 12 Audit and Risk Management Committee, the committee will review the results of the FY24 internal audit. This audit, conducted jointly between Finance and Human Resources across the Vermont State Colleges focused on the payment of on-going stipends and one-time payments to individuals. A copy of the results can be found in this packet as ITEM 2. Following the briefing, the committee will vote to accept the findings of the internal audit.

Zach Laflash, Audit Partner for Withum, will join the Committee to share the FY24 single and financial audit schedule. A preliminary version of the schedule can be found as ITEM 3 in this packet.

Lastly, the committee will receive a brief update on the single audit findings from FY2023. Updated management comments from Vermont State University can be found as ITEM 4 in this packet.

Should you have any questions regarding these materials, or any other matter, please contact me at [Sharron.Scott@vsc.edu](mailto: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 and Risk Management Committee Meeting

May 6, 2024

1:00 p.m. via Zoom at <https://www.vsc.edu/botzoom>

## AGENDA

1. Call to order
2. Comments from public - signup for public comment at [www.vsc.edu/signup](http://www.vsc.edu/signup) <sup>1</sup>
3. Review and approve minutes from February 12, 2024
4. Review and acceptance of *Internal Audit Plan for FY2024: Stipends & One-Time Payments*
5. Review & Discussion: Single Audit and Financial Audit Schedule with Withum
6. Review progress on *Uniform Guidance Single Audit Findings for FY2023*
7. Other Business
8. Adjourn

<sup>1</sup> To make a public comment you must be logged into the live session at <https://www.vsc.edu/botzoom>. The rules for public comment may be found on the VSC website at <https://www.vsc.edu/wp-content/uploads/2022/08/VSC-BOT-Rules-for-Public-Comment.pdf>

# Meeting Materials

**ITEM 1:** February 12, 2024 Audit & Risk Management Committee Minutes

**ITEM 2:** FY24 Internal Audit Results

**ITEM 3:** FY24 Preliminary Single and Financial Audit Schedule

**ITEM 4:** Uniform Guidance Progress Update

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**ITEM 1:       Minutes of Minutes of February 12, 2024**

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**Minutes of the VSC Board of Trustees Audit & Risk Management Committee meeting held  
Monday, February 12, 2024 at 1:00 p.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 & Risk Management Committee met on February 12, 2024, via Zoom

Committee members present: Sue Zeller (Chair), David Silverman (Vice Chair), David Durfee

Absent: Bob Flint, Shawn Tester

Presidents: David Bergh, Joyce Judy

Chancellor's Office Staff: Beth Mauch, Chancellor  
Jen Porrier, Administrative Director

Shared Services: Donny Bazluke, Network/Security Analyst  
Kellie Campbell, Chief Information Officer  
Sarah Chambers, Director, Learning Technologies  
Tony Hashem, Director of Information Security  
Gayle Malinowski, Director of IT Operations  
Sharron Scott, Chief Financial/Operating Officer  
Toby Stewart, System Controller  
Patty Turley, General Counsel  
Meg Walz, Director, Program Management

From the Colleges: Nolan Atkins, Provost, VTSU  
Kelley Beckwith, Vice President of Student Success, VTSU  
Barb Flathers, Executive Assistant to the President, VTSU  
Nicole Mace, Dean of Administrations, CCV  
Sarah Truckle, Vice President of Business Operations, VTSU  
Littleton Tyler, Assistant Vice President of Finance & Compliance, VTSU  
Beth Walsh, President VSCUP, VTSU

1. Chair Zeller called the meeting to order at 1:01 p.m.

2. Public Comment

There was no public comment.

3. Review and approve minutes

- a. October 16, 2023
- b. January 15, 2024

**Trustee Silverman moved and Trustee Durfee seconded the motion to approve the minutes of October 16, 2023. The motion was approved unanimously.**

**Trustee Zeller moved and Trustee Silverman seconded the motion to approve the minutes of January 15, 2024. The motion was approved unanimously.**

4. Review and approve: *Internal Audit Plan for FY2024: Stipends & One-Time Payments*

CFOO Scott explained that each year the internal audit plan focuses on a different financial area with the goal of furthering the work of improving the organization's control and governance processes, as well as reducing risk. This year there is ongoing work to improve internal processes as part of transformation as well as streamlining existing processes to reduce inconsistencies as we transition from four to two institutions. This year's internal audit will assess the controls around stipends and one-time payments including reviewing the approval and reconciliation processes and monitoring for compliance. Further details can be found [here](#) on pages 13-18.

**Trustee Silverman moved and Trustee Durfee seconded the motion to approve the Internal Audit Plan for FY2024: Stipends & One-Time Payments. The motion was approved unanimously.**

5. Review progress on *Uniform Guidance Single Audit Findings for FY2023*

Chair Zeller reminded the committee that in October it received the Uniform Guidance Single Audit Report which included several findings that required follow-up. Details on the progress of these items can be found [here](#) on pages 20-31.

6. Other Business

There was no other business.

7. Executive Session to report on progress on *FY2023 Internal Audit on Cyber Security and GLBA*

**At 1:15 pm Trustee Zeller moved that the Audit and Risk Management Committee of the VSC Board of Trustees enter executive session, pursuant to 1 VSA 313(a)6) to discuss records exempt from access to public records for which public knowledge of these discussions would place VSC at a substantial disadvantage. Along with the members of the Board present at this meeting, the Committee invited the VSC Chancellor, VSC Chief Financial Officer, VSC Chief Information Officer, VSC Director of Information Security, Director of IT Operations, VSC General Counsel, VSC Controller, the Chief Business Officers and Presidents of Community College of Vermont and Vermont State University to attend. Trustee Silverman seconded the motion and it was approved unanimously.**

The committee exited executive session at 1:52 pm and took no action.

Chair Zeller adjourned the meeting at 1:52 p.m.

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**ITEM 2:      FY24 Internal Audit Results**

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# FY24 Internal Audit Results: Stipends & One-Time Payments

## Acknowledgements

This report is being written to fulfill the FY24 Internal Audit obligations of the Vermont State Colleges System. I would like to thank the individuals who made themselves available to discuss the current process, make sampled transaction back-up available to me, and to share the work that is already underway to address gaps and inconsistencies amongst the System institutions. Human Resources staff-initiated process improvement efforts regarding stipends several months ago, having found similar issues to the ones I list below as recommendations. Progress has been made to address those issues, which will be elaborated upon within the management responses to each recommendation, where appropriate.

## Background

The Vermont State College system is comprised of two institutions of higher education, Community College of Vermont and Vermont State University, as well as Shared Services and a small Office of the Chancellor. Currently, each of the institutions operates as a single business unit in that most administrative functions exist at each location.

The recent creation of Vermont State University is the perfect opportunity to review and highlight the practices and procedures related to stipend and one-time payment processes. Despite its best intentions, the VSC's use of an efficient, equitable, and consistent practice for the management and issuance of stipends and one-time payments has diverged across the system with the result being both inconsistent and inefficient practices. These inconsistencies and inefficiencies have a negative impact on the overall system.

## Objectives

The overall objectives of an internal audit are to determine whether the colleges:

- Managed and used resources in an efficient, effective, and economical manner.
- Administered funds in compliance with applicable laws, regulations, policies and procedures.
- Implemented internal controls to prevent or detect material errors and irregularities.

The specific objective in this audit was to:

- Assist management with the assessment of the recurring payroll stipend/one-time payment processing systems

## Scope

The scope of the FY24 internal audit was to assess the Vermont State College's recurring payroll stipend/one-time payment processing systems. The population was identified using general ledger expenditures on specific account numbers incurred in the current fiscal year. Assignment contracts are processed using similar system functionality in the payroll system, but were not considered in scope for this audit.

## Methodology

A controls audit was performed, utilizing several audit methods. The first step was to review written policies and procedures regarding stipends and one-time payments. The second step was to interview those involved in the process – from request to payment – including institutional and central Human Resources personnel, Payroll processing, Finance & Budget managers and Accounts Payable personnel. The third step is transaction sampling from a set population and comparison of actual results to expectations created in the preceding steps. Finally, observations are developed from the audit work and recommendations are made to Management.

## Sampling and Testing Transactions

Sampling is a cornerstone of audit work and is used to test less than one hundred percent of transactions. General ledger transactions from the first FY24 payroll through February, 2024, were made available for the testing population. This totaled 4,385 payroll transactions. A sample of 20 transactions for each academic institution, and 5 transactions from Shared Services/the Chancellor's Office, were selected for testing. These samples were made across payroll dates, employee and payment types. Entries coded in the general ledger outside of this population would not be captured for sampling, although the population was considered representative. This may mean there could be items outside of this population that would lead to differing results.

Each institution responded timely to the sample requests. Some information from the legacy Vermont State University institutions was not available over the course of the testing portion of the audit, per responses from current leadership. This resulted in over half of the samples not accompanied by requested FormStack and HelpDesk ticket submission information. As of the date of the final report, leadership has indicated access to legacy information has been resolved.

## Results

In conducting the controls audit, the following questions posed in the audit plan have been answered:

1. How are stipends and one-time payments reviewed, approved, and reconciled by the institution? Are there adequate controls in place to identify and correct for data entry and or other errors before implementation?
  - Each institution has a process to review, approve and reconcile stipends and one-time payments. At CCV, the Human Resource department oversees all stipend and one-time payment requests, maintains the contract documents in a shared space and forwards the request onto central Human Resources and Payroll to initiate payment. Certain signatures are required based on the dollar amount and type of payment being made. General Ledger numbers are identified and assigned consistently, based on the nature of the payment, and the Business Office and Grants Manager reviews the requests received for accuracy. CCV monitors requests for payment made to central Human Resources and Payroll using a spreadsheet to ensure processing has taken place. At a high level, the Business Office monitors the budget for comparing the plan to actuals.
  - At VTSU, the Human Resource department receives stipend and one-time payment requests using Formstack forms. Human Resources at VTSU is not involved in Faculty stipend or one-time payment requests; the Academic Affairs department oversees this process. The stipend and one-time payment requests submitted via Formstack are approved by the pertinent Vice President, the institutional Human Resources department and the Budget office, in that order. The Budget Manager or Budget Analysts review the General Ledger number and the budget in their approval process to ensure accuracy and available budget exists. At a high level, the Budget department and Associate Vice President for Finance and Compliance monitors the budget for comparing the plan to actuals.
  - At Shared Services, there are few stipend or one-time payments. A process of documenting with a form or contract is not utilized across the board. Requests and approvals are documented using emails.
  - The Payroll Manager receives and processes all stipend and one-time payment requests, ensuring all approvals are in place. The Payroll Manager also spot checks various coding within the payroll system.
2. Are regular reports run and data analyzed after payments are processed to identify trends for equity, policy compliance, budget forecasting, and systemic issues (such as miscoding)?
  - There are reports including an Informer payroll detail report and a UKG Work Contracts report that can be run for these purposes. In my discussion with the various areas, these reports are run sporadically and analyzed for various purposes. Particularly, these reports are used to answer questions from departments on who was paid from their budget and by how much, which contracts exist for the fiscal year, and to identify necessary changes.
  - Miscoding is a multi-step correction process wherein errors are identified using the reports by the Business Office or Budget Manager, a request goes to Shared

Services Human Resources to fix the general ledger account related to the related payment, and a corrective journal entry is initiated. Subsequent to the correction being completed, the budget is monitored to ensure there is not a recurrence.

3. Are stipend/one-time payments consistent with institutional practices and procedures?
  - Yes, each institution's practices and procedures are consistent.
4. Under what circumstances is it appropriate for employees with a primary role that is non-exempt to be paid via lump-sum?
  - Non-exempt employees have been paid via a lump-sum in the past, but the total contractual hours documented for IRS reporting purposes. Generally speaking, Human Resources tries to discourage the practice of paying non-exempt employees a lump sum where they can in favor of hourly assignments.
5. Is work performed before issuance and approval of a stipend payment?
  - Some stipend payments are paid on a set rate under contractual obligations. These payments are paid according to those contracts for the period the employee is active. Some stipend payments are paid after a work product is produced and accepted by the institution. Amongst the institutions and from the sample provided, this seems to be consistent.

## Recommendations

- 1) Recommend developing consistent definitions and eligibility criteria for stipends and one-time payments, to be applied uniformly across all institutions. Review existing earnings and reason codes to clarify which are used for which purpose; establish new earnings codes, where appropriate. Where possible, align usage of reason and earnings codes amongst institutions and document for procedural consistency. Ensure the impact of reason and earnings code selection is accurately and consistently documented in the general ledger.

### Management Response to Recommendation #1:

For the past several months, a Human Resources working group made up of representatives from the Community College of Vermont, the Vermont State University, and the Office of the Chancellor have been meeting to develop consistent definitions, eligibility criteria, and reason codes for stipends and one-time payments for use across all institutions. Draft definitions, categories, and assignment reasons are attached (Exhibit 1). The group will continue their work refining specific reason codes and will tie these reason codes to earnings codes over the summer.

- 2) Develop decision criteria for paying an employee beyond their base pay. Such criteria should consider their bargaining unit, FLSA status, etc. Develop record retention procedures for stipend and one-time payments, including such decision criteria, that is readily available, even if turnover occurs.

Management Response to Recommendation #2:

We agree. The group considers it critical that we develop training and guidance documents around stipend and one-time payments, not only for the approvers but for the initiators. The VSCS has payments that are negotiated terms within the collective bargaining agreement(s) as well as ad hoc payments for assigned additional work that is beyond the scope of an employee's primary responsibilities. By contextualizing the payment, i.e., what the payment is for, who the payment is for, what the person's employment relationship is with the institution, who is responsible for the budget that the payment is being charged to, we provide clarity not only for the specific payment but collect data that can be analyzed later. A copy of our decision tree and information flow is attached (Exhibit 2).

- 3) Recommend defining and documenting, where possible, roles and responsibilities in the process from origin of request to Payroll; particularly, consider documenting the universal roles of institutional human resources, shared services human resources and payroll.

Management Response to Recommendations #3, #5, and #6:

The Human Resources working group mapped the existing roles and process for making an extra payment from the CCV initiator through to Payroll. CCV has also created a new electronic form to replace our manual spreadsheet, which we intend to launch as a pilot before the end of the fiscal year. Ultimately, we expect to work with a computer programmer to further automate the process and connect our siloed systems. (Exhibit 3)

It is our intention that the new electronic form and automated process will eventually address extra payment requests for all VSCS employees.

- 4) Recommend developing a strategy to implement changes in the independent contractor determination process from the IRS. One-time payees may not be employees and can potentially save some time and tax liability if coded as independent contractors. Where possible, document process and procedure updates.

Management Response to Recommendation #4:

Guidelines for managers to assist with determining whether the work being performed by an individual may be considered "independent contractor" and a process for reviewing these determinations are yet to be developed. This work will need to be taken up as a group project with Human Resources, Finance, and General Counsel.

- 5) Require consistent usage of accounts payable payment request form, specifically for non-employees who performed services, and offer training for those responsible for submitting such requests. Where possible, document process and procedure updates.

Management Response to Recommendations #3, #5, and #6:

See above.

- 6) At VTSU, explore and document the role of Human Resources in faculty one-time and non-assignment contract stipend payments and grant payments. This would create control within the institutions processes and create consistency with the other institutions and enable implementation of the other recommendations.

Management Response to Recommendations #3, #5, and #6:

See above.

- 7) Recommend Shared Services Human Resources explore utilizing a request form to consistently document stipends and/or one-time payments of those personnel, as well as approval signatures.

Management Response to Recommendation #7:

With the realignment of responsibilities of Shared Services Human Resources to the institutions, CCV's request form will be amended for use by OC/Shared Services staff.

EXHIBIT 1: Extra Pay Workbook Terms and Definitions

Term	Synonyms	Definition	Notes
Primary Position		<b>The main relationship</b> that a person has with the organization, it is the bulk of an employee's work, based on their position type. A person can have <b>ONLY</b> one primary position.	For continued discussion: need consistent approach to categorizing primary vs. secondary appointment(s). In addition to hours worked, the nature of the appointment matters - is it continuous? time-limited? Is it benefits eligible? Are they are a retiree? etc.
Secondary Position		<b>An additional on-going or renewable appointment</b> that a person has with the organization that cannot be classified as being within or related to the work of the primary position and <b>does not require time entry</b> . One cannot have a secondary position without a primary position.	Example: Regular Staff who also teach as Part-Time Faculty, Faculty at both VTSU and CCV.  An employee may hold more than one secondary position.
Secondary Temporary Work Assignment	TWA	<b>An additional limited time, hourly appointment</b> that a person has with the organization that cannot be classified as being within or related to the work of the primary position and <b>requires time entry</b> . One cannot have a secondary TWA without a primary position.	Example: Part-Time Faculty who also tutor.  A time mangement record needs to be set up to track their hours. Supervisor of record approves hours on bi-weekly basis.
Assignment Reason		The label/justification given for extra pay, needed for tracking and reporting purposes.	
Employee Base Pay	Wages Salary	Monies paid for working in the employee's Primary Position.	Applies to regular, student, faculty and/or temporary/seasonal work
Employee Extra Pay	Stipend Bonus Award	Compensation for work outside of/on-top of an employee's Base Pay; may require set-up of a secondary position or secondary TWA	Base pay = primary position. Extra pay are monies separate from the primary position (or is the pay for the secondary position)  Includes non-work payments, such as bonus payments and severance. Also called pay for additional assignments and is compensated separately from (on top of) the employee's primary position.
Non-Employee Payment		Compensation for one-time work/one-time payment of a person who is not an employee of the Vermont State College System.	Examples include independent contractors (guest speakers, artists, etc.) for any amount. Need further discussion about one-time payment for students who are not active employees.  Suggestion to explore: if the total payment for a student is less than \$600 (such as for a student asked to work a single event), send through AP. Will need need to establish rules about how to confirm to-date wages earned for the calendar year. If the total payment (or combined yearly wages earned) is over \$600, must hire as an employee.
Trainer Pay		Base Pay for instructional work provided by Trainer	Trainers are employees; they are set up with an employment type and are paid on an ad hoc basis as contracted.
Extra Pay: Instructional Faculty Assignments		Faculty work that is on top of an employee's regular workload and qualifies for extra pay.	For FT Faculty, these are overload courses. This as"Examples for Faculty: Substitutes, Pro-Rated Courses, Overload Courses, Small group guided studies, Independent studies  Examples for Staff: Regular courses, Workforce courses,Small group guided studies, Independent studies. This assignment reason does not apply to primary position PT faculty; used for Staff with Secondary Appointments who teach when the course is not part of their regular responsibilities.
Extra Pay: Instructional-Related Faculty Assignments		Faculty work that supports or is related to instruction and is in addition to the employee's primary assignment and qualifies for extra pay.	Examples: Course Design or Course Development
Extra Pay: Non-Instructional Faculty Assignments		Faculty work that is administrative or managerial in nature and is in addition to the employee's primary assignment and qualifies for extra pay.	Examples: Departmental Chair Stipends or Program Director Appointments, Committee
Extra Pay: Staff Assignments		Staff work that is in addition to an employee's primary assignment and qualifies for extra pay.	Examples: Committee co-chair stipend, Acting/Interim Duties, Extra work assignment such as Lead Users, Train the Trainers
Extra Pay: Student Assignments		Student work that is in addition to a student's primary assignment and qualifies for extra pay.	Example: Committee work
Extra Pay: Non-Work Payments		Payment that is <b>not</b> in exchange for doing work, i.e., severance and settlement payments, awards/bonuses, housing vouchers, cell phone stipend	
Extra Pay: Union Officer Payments		Payment in exchange for serving in a union role as negotiated by the parties.	PTFF and CCVUF only today
Employment Type		Category of employment. Existing categories are: CCV Instructor/PT Faculty, FT Faculty Instructor (Non-CCV), PT Instructor (Non-CCV), Intern, Regular (Staff), NVU ONLINE INSTRUCTOR, Part-Time Faculty (NON-CCV), Regular (Staff), Student, Temporary Employee, Trainer, Work Study Student	There may be multiple job titles within an employment type.
ACA Creditable Hours		If it is compensation for additional work assignment, the employer must estimate and track hours worked for Affordable Care Act (ACA) purposes, including start and end dates. Non-work payments like severance and bonuses are not included in ACA tracking.	

EXHIBITS 2 AND 3 ARE SEPARATE DOCUMENTS

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**ITEM 3:      FY24 Preliminary Single  
                 & Financial Audit Schedule**

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# Memorandum

**To:** Vermont State Colleges – Audit Committee  
**From:** WithumSmith+Brown, P.C.  
**Date:** May 6, 2024  
**Re:** Fiscal Year 6-30-24 Financial Statement and Single Audit Planning Discussion

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## Agenda:

- **Introductions**
  - Audit Partner – Zach Laflash, CPA
  - Audit Manager - Chris Evans, CPA
- **Discuss prior year audit results - 6/30/23**
  - Prior Year Audit Approach
    - Completed the audit remotely.
    - Consistent communication
  - Prior Year Audit Issues
    - Implementation of GASB 96- *Subscription Based IT Arrangements*
    - Single audit- findings- smaller in nature- WSB will examine during the course of the 6/30/24 audit to determine if finding was resolved.
    - Turnover and consolidation of roles in key management positions
    - Continued volatility and struggles in the Vermont Higher Education System.
- **Current Year Audit Approach - 6/30/24**
  - Audit Approach
    - Emphasis to incorporate the new chart of accounts during the planning phase of the audit.
    - Improvements in audit process, what has worked in past, what can be improved upon.
    - Expanded communication and strict timetables/deadlines with an emphasis on open items, and potential single audit findings.
    - Remote Approach - complete the work remotely with scheduled meetings with management and scheduled open item/audit status updates built into the audit timeline.
    - Meet the October 14<sup>th</sup> deadline for both Financial Statements and Single Audit Report.
    - Review and communication of process improvements and efficiencies as they are identified during the audit.

- Audit Risks
  - Going Concern Assessment - Forecasts and Financial Outlooks through 1 year after financial statements are issued (*Estimated* 10/15/25). Important due finalization of COVID Relief Funding.
  - Turnovers in key management positions or significant restructuring changes (i.e., Consolidation of NVU, VTC and CSU) and staff reductions.
  - Significant changes in accounting processes or procedures. (i.e., Chart of Accounts Restructuring).
- Determining Programs to audit for federal audit (known as the Single Audit).
  - Student Financial Aid (SFA) – makes up the majority of the federal expenditures (approx. \$45m in FY2023)- will most likely need to be selected for FY2024 to obtain minimum coverage.
    - Prior year audit findings for smaller SFA compliance requirements.
  - Additional major program selections will depend on the preliminary Schedule of Expenditures of Federal Awards, “SEFA”.
- **New GASB Pronouncements**
  - GASB 100 – *Accounting Changes and Error Corrections*- no impact is anticipated.
- **Timeline for audit planning and audit field work, including Single Audit of Federal Grants.**
- **Other matters.**

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

**Audit Planning:**

- For all Colleges (In-Office)
  - Week of May 27th (Tuesday - Friday) - focus on Single Audit testing and Financial Statement Audit Planning (including assessment of internal controls)
  - Set up a meeting with management towards end of July or early August to meet and discuss planning results and audit plan for fieldwork.

**Audit Field Work:**

- Chancellor's Office for all Colleges (Fieldwork)
  - Monday August 12<sup>th</sup> – Friday August 23<sup>rd</sup> (2 Weeks)
- Review of Financial Statements, Footnotes and MD&A.
  - Monday September 2<sup>nd</sup> - Friday September 6<sup>th</sup>

Will 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.**

**OCD Summary Timeline Template**  
**Vermont State Colleges**  
**June 30, 2024**

<u>Timeline Event</u>	<u>Deadline</u>	<b>WSB task</b>	<b>VSC task</b>	<b>External Task</b>	<b>Note</b>
1 Send Planning Samples (cash disbursements/payroll/revenue) and Single Audit Samples	ASAP	X	X		
2 Single Audit Testing and Audit Planning (Testing internal controls, plan for fieldwork, etc. )	May 27th to May 31st	X	X		
3 Single Audit Testing (SFA)wrapup	June 3rd -7th	X			
4 Send out Confirmations to Bank	1st week of July	X	X		
5 WSB to send Fieldwork Workpaper package to client	7/26/2024	X			
6 Wrap up of Single Audit Testing Open Items	7/31/2024	X			
7 Pre-audit fieldwork meeting	TBD - week of 8/5	X	X		
8 Actuary Report provided by Actuary	TBD			X	
9 Client provides audit packages and fieldwork workpaper package requests support	8/11/2024		X		
10 Audit fieldwork	08/12/2024-08/23/2024	X	X		
11 Audit Fieldwork Wrap-up Meeting with Client	8/26/2024	X	X		
12 Audit Fieldwork wrap-up meeting -WSB internally	8/31/2024	X			
13 WSB prepares & reviews Financial Statements	09/16/2024-09/20/2024	X			
14 Final partner workpaper review	09/16/2024-09/20/2024	X			
15 Client provides footnote support to complete financials	09/16/2024-09/20/2024		X		
16 WSB to send along final findings for Single Audit	9/16/2024	X			
17 Reviewed financials are sent to Technical Review	9/23/2024	X			
18 Client provides Management Discussion and Analysis	10/1/2024		X		
19 QC returns financials to Technical Review	09/25/2024 to 10/04/2024	X			
20 TR points are cleared (Financials)	09/25/2024 to 10/04/2024	X			
21 TR approves cleared points (Short Form)	09/25/2024 to 10/04/2024	X			
22 Management provides single audit findings responses and Corrective Action Plan	10/1/2024		X		
23 Financials are sent to client for review	10/7/2024	X			
24 Client sends Financials by 10/15/2023 to State of Vermont	10/15/2024		X		
25 Single Audit is sent to Technical Review	10/1/2024	X			
26 TR Review reviews Single Audit and TR points are cleared	10/1/2024-10/14/2024	X			
27 Withum sends Single Audit to Client	10/14/2024	X			
28 Audit committee meeting to present financials/Single Audit	TBD	X	X		
29 Obtain signed representation letter	TBD	X	X		
30 Upload data collection form to the Clearinghouse	TBD	X	X		

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**ITEM 4:      Uniform Guidance Progress Update**

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## PROGRESS UPDATE ON FEDERAL AWARD FINDINGS & QUESTIONED COSTS

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**Finding:** 2023-01  
**Program:** Federal Pell Grants & Direct Loan Programs

### CRITERIA

- (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.
- (3) 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 College to report to the Federal Government's Common Origination and Disbursement System ("COD") Federal Pell Grant and Direct Loan disbursements made to students within 15 days of the funds being disbursed to the student. During our testing, we noted 3 students, out of a sample of 40, that was not reported within the required timeframe by 1 to 9 days.

### Cause

The Colleges have policies and procedures in place to report the disbursement records to the Department of Education through the COD system within the required fifteen calendar days, however, in this case the procedures were not completed properly.

### Effect

The Colleges did not report Pell Grant and Direct Loan disbursements to COD within the required time frame.

### Questioned Costs

Not applicable

### Identification as a Repeat Finding, if applicable

Not applicable

### Recommendation

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

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### Management Response

The Colleges agree with the finding.

#### CCV

Disbursement errors noted are isolated errors due to system issues within COD, testing of processes that resulted in an error, and a scheduling issue related to a holiday break. A new automated COD report in Colleague will be created by CCV and implemented in November 2023.

**February 2024 Update:** CCV implemented the automated COD report in October 2023 for the current award year.

**May 2024 Update:** CCV automated report is working properly as reporting in February.

#### VTSU

VTSU will continue to monitor and report weekly.

**February 2024 Update:** VTSU has implemented the automated COD report for Pell in January 2024 for the current award year and Direct Loans will begin in February 2024.

**May 2024 Update:** VTSU – Automated process set up in Colleague has been running properly for both Pell and Loans.



**Finding: 2023-02**  
**Program: Student Financial Assistance Cluster**

**CRITERIA**

- (a) An institution must establish a reasonable satisfactory academic progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive assistance under the title IV, HEA programs.
- (9) If the institution permits a student to appeal a determination by the institution that he or she is not making satisfactory academic progress, the policy describes –
  - i. How the student may reestablish his or her eligibility to receive assistance under the title IV, HEA programs;
  - ii. The basis on which a student may file an appeal: The death of a relative, an injury or illness of the student, or other special circumstances; and
  - iii. Information the student must submit regarding why the student failed to make satisfactory academic progress, and what has changed in the student's situation that will allow the student to demonstrate satisfactory academic progress at the next evaluation.

**CONDITION**

The Colleges' satisfactory academic progress policy (SAP) allows for a student who fails to meet the minimum standard to be provided one semester of academic warning. If the student does not improve, as described in the Colleges' SAP, the student will be dismissed from the Colleges unless the student successfully appeals the dismissal. Our testing revealed that four students failed to meet the minimum standards established by the Colleges' SAP. Of these four students, one student did not receive notification that they were out of compliance of the Colleges' SAP.

**Cause**

The Colleges failed to have the proper review procedures in place to ensure that all students who did not meet the minimum SAP standards received proper notification.

**Effect**

Students who did not receive notification of their current academic standing and as such were unable to submit an appeal.

**Questioned Costs**

Not Applicable

**Identification as a Repeat Finding, if applicable**

Not applicable

**Recommendation**

The Colleges should continue to strengthen their controls surrounding notification to students who have failed to meet the minimum standards per the SAP.

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**Management Response**

The Colleges agree with the finding.

**VTSU**

This was an isolated instance and attributed to human error. Training with staff has been reinforced.

**February 2024 Update:** We worked with Ferrilli on writing a new Colleague SAP report to identify students who are not meeting the standard. This new process was used following Fall 2023. Student SAP standing is also now available on Self Service for students.

**May 2024 Update:** We plan to have the first large SAP review after the spring semester and the new reports in place will help identify students for communications.

**Finding: 2023-03**  
**Program: Student Financial Assistance Cluster**

### **CRITERIA**

Withdrawal date for a student who withdraws from an institution that is not required to take attendance. For purposes of this section, for a student who ceases attendance at an institution that is not required to take attendance, the student's withdrawal date is –

- (i) The date, as determined by the institution, that the student began the withdrawal process prescribed by the institution;
- (ii) The date, as determined by the institution, that the student otherwise provided official notification to the institution, in writing or orally, of his or her intent to withdraw;
- (iii) If the student ceases attendance without providing official notification to the institution of his or her withdrawal in accordance with paragraph (c)(1)(i) or (c)(1)(ii) of this section, the mid-point of the payment period (or period of enrollment, if applicable).

### **CONDITION**

When a recipient of Title IV funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution should determine the proper amount of Title IV funds to be refunded as of the recipient's withdrawal date. Once a recipient's withdrawal date is determined, an institution should complete a Return of Title IV ("R2T4") calculation. The R2T4 is used to calculate the percentage of the payment period or period of enrollment completed, establish the amount of Title IV funds earned by the recipient, and determine the amount required to be returned to the Department of Education. During our testing, we noted 1 student, out of a sample of 40, where the Return of Title IV calculation was completed using incorrect withdrawal dates.

**Cause**

When completing the R2T4 calculation, the Colleges used the date the students' withdrawal was processed by the Colleges instead of the actual date the student withdrew from the Colleges.

**Effect**

The Colleges calculated the student's percentage of earned aid incorrectly which resulted in an incorrect amount of Title IV funds returned to the Department of Education

**Questioned Costs**

Unknown

**Identification as a Repeat Finding, if applicable**

Not applicable

**Recommendation**

The Colleges should implement a formal review process of the Return of Title IV calculations to ensure an accurate calculation is made.

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**Management Response**

The Colleges agree with the finding.

**VTSU**

A new process for verifying last date of attendance by the registrar's office was implemented for the 2023-2024 academic year. The new process includes verifying last date of attendance supplied by the student on their withdrawal form with faculty. The verified date will be used for all transactions of record.

**February 2024 Update:** The new process for verifying LDA has been working smoothly with that information being verified by the Registrar's office. Once the Registrar's office verifies the LDA they provide that date to FA and we process the R2T4.

**May 2024 Update:** The process that was developed for verifying LDA continues to work for the Financial Aid and Registrar's Office.

**Finding: 2023-04**  
**Program: Student Financial Assistance Cluster**

### **CRITERIA**

Timeframe for the return of title IV funds. An institution must return the amount of title IV funds for which it is responsible under paragraph (g) of this section as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew as defined in paragraph (l)(3) of this section.

Timely return of Title IV, HEA program funds. In accordance with procedures established by the Secretary or Federal Family Education Loan ("FFEL") program lender, an institution returns unearned Title IV, HEA program funds timely if –

- (1) The institution deposits or transfers the funds into the bank account it maintains under 34 CFR Sections 668.163 no later than 45 days after the date it determines the student withdrew;
- (2) The institution initiates an electronic funds transfer no later than 45 days after the date it determines that the student withdrew;
- (3) The institution initiates an electronic transaction no later than 45 days after the date it determines that the student withdrew, that informs a FFEL lender to adjust the borrower's loan account for the amount returned; or
- (4) The institution issues a check no later than 45 days after the date it determines that the student withdrew. An institution does not satisfy this requirement if –
  - i. The institution's records show that the check was issued more than 45 days after the date the institution determined the student withdrew; or
  - ii. The date on the cancelled check shows that the bank used by the Secretary or FFEL Program lender endorsed that check more than 60 days after the date the institution determined that the student withdrew.

### **CONDITION**

Federal regulations state that any unearned Title IV grant or loan assistance received by a student must be refunded to the Title IV programs upon a student's withdrawal from the institution. 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 3 students, out of a sample of 40, had unearned Title IV aid that was not returned to the Federal Government, within 45 days of the determined withdrawal date, by 20 to 74 days.

**Cause**

The Colleges did not consistently follow the procedures in place to monitor student withdrawals related to Title IV funds that must be returned to the Department of Education within 45 days.

**Effect**

The Colleges did not return unearned Title IV funds within the required 45-day time frame.

**Questioned Costs**

Not Applicable

**Identification as a Repeat Finding, if applicable**

Not applicable

**Recommendation**

The Colleges should strengthen their controls surrounding the review Return of Title IV calculations in a timely manner to ensure that all funds are returned to the Department of Education within the required time frame.

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**Management Response**

The Colleges agree with the finding.

**CCV**

CCV implemented new processes in March and June of 2023 to address these issues. The first process verifies that a student's aid has been updated and recalculated before closing the record. The second process ensures additional training and controls to make sure student withdrawals occur within the appropriate timeframe.

**February 2024 Update:** CCV has successfully implemented this as of June 2023, and testing in December 2023 confirmed its effectiveness.

**May 2024 Update:** CCV's implemented process continues to be effective.

**VTSU**

VTSU reprocessed the error return to the Title IV funds with the correct information and cancelled the loan completely. Training with all staff has been reinforced.

**February 2024 Update:** An updated process for R2T4 is in place to ensure date accuracy and recalculation accuracy. Also a review is done to ensure all steps have been followed.

**May 2024 Update:** The updated process for R2T4 that was put in place continues to work to ensure date accuracy and recalculation accuracy.

**Finding: 2023-05**

**Program: Student Financial Assistance Cluster**

### **CRITERIA**

Unless the Colleges 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.

### **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, 5 out of 40 students were reported late to the NSLDS by 3 to 168 days. During our testing, 2 out of 40 students reported incorrect effective dates, and 1 out of 40 students had an incorrect status reported to the NSLDS.

**Cause**

The Colleges did not have the proper review procedures in place to ensure enrollment status changes were being reported to NSLDS timely and correctly.

**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

**Identification as a Repeat Finding, if applicable**

See prior year finding 2022-001

**Recommendation**

The Colleges should strengthen their controls surrounding the review of the NSLDS reporting process to ensure they are in compliance with federal regulations.

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**Management Response**

The Colleges agree with the finding.

**CCV**

In June 2023 CCV implemented a new process to verify that student records reported to the Clearinghouse have been correctly and accurately reported to the National Student Database (NSLDS)

**February 2024 Update:** This update was implemented in June 2023 and testing indicated that it was working successfully.

**May 2024 Update:** CCV's implemented process continues to be effective.

**VTSU**

In March 2023 VTSU implemented new procedures to ensure all enrollment status changes were processed consistently. Since implementation, no new findings were identified.

**February 2024 Update:** VTSU has reported enrollments each month to the National Student Clearinghouse in a consistent manner.

**May 2024 Update:** Enrollments are reported each month by VTSU to the National Student Clearinghouse in a consistent manner,



**Finding: 2023-06**

**Program: Student Financial Assistance Cluster**

**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 3 students, out of a sample of 40, that had unclaimed funds exceeding the federal day limit by 27 to 224 days.

**Cause**

The Colleges did not have an effective proves in place to monitor the outstanding check aging to ensure that the 240-day timeframe was met.

**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 3 outstanding checks totaled \$4,729 which pertained specifically to federal-sourced funds.

**Identification as a Repeat Finding, if applicable**

Not Applicable

**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.

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**Management Response**

The Colleges agree with the finding.

New procedures to effectively collaborate and share information between financial aid and student accounts will be drafted to ensure unclaimed checks are processed within the required window.

**February 2024 Update:** This procedural update was successfully implemented for the Fall 2023 semester.

**May 2024 Update:** Student Accounts is reviewing uncashed cashed checks, notifying students and notifying financial aid of any accounts that are within the timeframe of 160 days to determine if the refund is a result of TIV funds. If so, financial aid will cancel aid and students accounts will cancel check.