

**Items of Interest for  
Comptroller's Directive No. 2-09  
Directive Compliance Guidelines for Higher Education Institutions**

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**General:**

- Questions should be addressed to the following:  
Sharon Lawrence, Director, [Sharon.Lawrence@doa.virginia.gov](mailto:Sharon.Lawrence@doa.virginia.gov) or (804) 225-2414,  
Doug Page, Assistant Director, [Doug.Page@doa.virginia.gov](mailto:Doug.Page@doa.virginia.gov) or (804) 225-3136, or  
Christy Tuck, Senior Lead Analyst, [Christy.Tuck@doa.virginia.gov](mailto:Christy.Tuck@doa.virginia.gov) or (804) 225-3180.
- The Comptroller's Directive No. 2-09, Directive Compliance Guidelines for Higher Education Institutions, has been renumbered and renamed from the prior year's Comptroller's Directive No. 2-08. The directive is available on DOA's website at [www.doa.virginia.gov](http://www.doa.virginia.gov). Click on the "Financial Statement Directives" link.
- Statement on Auditing Standards No. 112, *Communicating Internal Control Related Matters Identified in an Audit* (SAS 112), states that the identification by the auditors of a material misstatement is an indicator of a control deficiency that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control. This includes misstatements involving estimation and judgments and prior year ending balance restatements due to errors. It is possible that significant errors resulting in financial statement template adjustments, including prior year ending balance restatements, could result in either material internal control weaknesses or even a qualified opinion on the Commonwealth's Comprehensive Annual Financial Report (CAFR). **Institutions must ensure controls are in place to avoid material misstatements, restatements (due to errors), and/or misclassifications in the financial statement template for the institution and its foundations.**
- Institutions will be notified if DOA determines the information provided is unacceptable. The deficiency will be identified and a revised due date will be provided. The *Code of Virginia, §2.2-5004 A3*, identifies "substantial compliance with all financial reporting standards approved by the State Comptroller" as an integral part of the financial and administrative management standards. **DOA will evaluate both the timeliness and accuracy of submissions to DOA to help determine whether the higher education institutions have complied with this management standard.** In addition, failure to provide complete and accurate information by the required due dates may result in citation in the Comptroller's *Report on Statewide Financial Management and Compliance* (Quarterly Report).
- The following GASB statements are effective for the Commonwealth for fiscal year 2009: **GASBS No. 49**, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and **GASBS No. 52**, *Land and Other Real Estate Held as Investments by Endowments*.
- The following GASB statements were issued in March 2009 and are effective upon issuance: **GASBS No. 55**, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and **GASBS No. 56**, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*.

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- E-mail submissions are required for all submissions unless an individual submission indicates otherwise. DOA's e-mail submission address is as follows: [finrept-HE@doa.virginia.gov](mailto:finrept-HE@doa.virginia.gov). Institutions must copy the Auditor of Public Accounts (APA) on e-mail submissions to: [APAFinRept@apa.virginia.gov](mailto:APAFinRept@apa.virginia.gov).
- Only cells highlighted in yellow allow for data entry. If a cell requires an amount to be entered, only whole numbers are allowed. Messages that appear should provide assistance to individuals having trouble entering data when the established parameters are not being followed. **Failure to correct keying errors denoted by validation messages prior to submission will prohibit acceptance of the attachment.**
- DOA will notify institutions during the CAFR preparation and throughout the year if additional information is needed and provide a due date via e-mail correspondence. DOA will also notify institutions as needed of reporting issues. **Institutions must read and comply with separate communications from DOA.**
- DOA will offer hands-on computer work sessions in June to discuss directive changes. Each institution's directive contact should have received an e-mail regarding the sessions and how to register.

**Attachment # & Due Date Changes:**

The following attachments are required to be submitted:

Attachment Number	Attachment Name and Supplemental Information Item	Due Date
HE-1	FY 2008 Off-Balance Sheet Financial Obligations - Update	July 16
HE-2	Contact Survey	July 16
HE-3	Beginning Net Asset Reconciliation	July 30
HE-4	On-Behalf Payments	August 13
HE-5	Optional Retirement Plans	August 13
HE-6	<u>GASBS No. 14</u> Checklist Modified to Reflect <u>GASBS No. 39</u>	August 13
HE-7	Federal Schedules	August 27
HE-8	Appropriation Available and Appropriation Revenue	September 3
HE-9	Treasury's Reimbursement Programs	September 7
HE-10	Financial Statement Template & Supplemental Information Item 7 – SNA & SRECNA	Various (Note *)
HE-11	Adjustments	Various (Note *)
HE-12	Schedule of Cash, Cash Equivalents, and Investments at June 30	Various (Note *)
HE-13	Report of Financial Condition & Supplemental Information Item 8 – Final Individually Published Financial Statements (F/S)	Various (Note *)
HE-14	FY 2009 Off-Balance Sheet Financial Obligations	January 21, 2010

Note\*: See the [Staggered Due Dates](#) section that follows for the due dates.

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**Staggered Due Dates:**

The staggered due dates are as follows:

Attachments HE-10, HE-11, SNA & SRECNA (Supplemental Information Item 7)	Attachment HE-12	Attachment HE-13 & Final Individually Published F/S (Supplemental Information Item 8)	HEI acronyms
<b>September 24</b>	<b>September 29</b>	<b>October 8</b>	GMU, IALR, ITA, JMU, NCI, RU, RHEA, SVHEC, SWVHEC
<b>September 28</b>	<b>October 1</b>	<b>October 12</b>	CNU, LU, UMW, NSU, ODU, VMI, VPI&SU, VSU
<b>September 30</b>	<b>October 5</b>	<b>October 14</b>	CWM, UVA, VCU, VCCS

**Supplemental Information & Due Dates:**

Supplemental information requirements listed in the **Supplemental Information** section of the Comptroller's Directive 2-09 have been assigned item numbers and are summarized below. These requirements are primarily the same as last year with the following exceptions: 1) The prior year's internal control statement requirement has been replaced by the requirements of the Comptroller's Directive 1-08, Required Implementation of Agency Risk Management and Internal Control Standards, which are due June 30, 2009; 2) The current year's Item 1a and Item 9 were requested in separate communications last year; and 3) Revenue source code 09076 has been added to Item 2.

Item #	Applicable	Description	Due Date
1a, 1b, 2, 3	Tier III institutions	Cash basis data to be used for indirect cost statistics or quarterly reporting	July 30
4	All institutions	Information regarding rebates, vendor surcharges, and other information	July 30
5, 6	CWM & VCCS	Supporting schedules for template	See Attachment HE-10 due date
7	All institutions*	Statement of Net Assets (SNA) & Statement of Revenues, Expenses, and Changes in Net Assets (SRECNA)	See Attachment HE-10 due date
8	All institutions*	Final Individually Published Financial Statements (F/S)	See Attachment HE-13 due date
9	CWM, UVA, VCU, VPI&SU	Investment & Variable Rate Debt Subsequent Disclosures	November 23

Note\*: Items 7 & 8 are required for those institutions that issue individually published financial statements.

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**Overall Changes to Directive & Attachments:**

The directive and the instructions to the Attachment HE-10 have been revised and reformatted to be less duplicative and more informative. Each year the **directive, attachment instructions and any applicable documents on DOA's website should be read** to ensure the institution complies with the requirements of the directive. If applicable, the following documents provide information on certain parts of the Attachment HE-10 and are available on DOA's website along with the Attachment HE-10 instructions.

- **Additional Information: Attachment HE-10–TAB 3–Part 4 regarding GASBS No. 42:** This information was previously included in the Attachment HE-10 instructions and provides information regarding impairment of capital assets and insurance recoveries.
- **Additional Information: Attachment HE-10-TAB 7-Part 16 regarding GASBS No. 49:** This information is **new** and provides information regarding pollution remediation obligations.

**Certifications** – The certification tabs that are found in most attachments have been expanded to also include a statement that the instructions have also been read and are understood.

**Changes to Attachments HE-1, HE-3, HE-7, HE-10 & HE-12:**

The following are some of the changes that have been made to the Attachments HE-1, HE-3, HE-7, HE-10, and HE-12:

- **Attachment HE-1:** The Attachment HE-1 has a similar name as the prior year's Attachment HE-14. However, the current year's Attachment HE-1 is in a different format and does not require the same previously submitted information to be resubmitted. The current year's attachment is to verify whether any revisions are needed to the prior year's Attachment HE-14 submission.
- **Attachment HE-3 – TAB 1, HEI:** This tab has been revised to include two beginning net asset restatement categories for the implementation of GASBS No. 49 and GASBS No. 52. If the institution has any restatements as a result of implementing these new GASB statements, the restatements should be provided on these new line items.
- **Attachment HE-7:** The instructions and schedules provide additional information regarding the new CARS fund/fund details and template requirements relevant to the American Reinvestment and Recovery Act of 2009 (ARRA) reporting requirements.
- **Attachment HE-10 - TAB 1B, GASBS 31 & 52:** Part 3 is **new** and has questions regarding GASBS No. 52, *Land and Other Real Estate Held As Investments by Endowments* (Note: Last year's Attachment HE-10 TAB 7 – Part 18 had a question regarding this statement.)

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- **Attachment HE-10 - TAB 7, Miscellaneous: Part 16 has been revised** and has questions regarding **GASBS No. 49**, *Accounting and Financial Reporting for Pollution Remediation Obligations*. Per **GASBS No. 49** paragraph 5, a **pollution remediation obligation** is defined as an obligation to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. Below are some examples; however, this listing is not all inclusive:
  - Asbestos or lead based paint abatement from old buildings
  - Clean-up related to leaking underground fuel storage tanks
  - Clean-up related to hazardous wastes or hazardous substances

It is imperative that the institution's fiscal staff coordinate with appropriate personnel to obtain all relevant input regarding the institution's real property and buildings in order to identify polluted sites and properly implement this new statement.

- **Attachment HE-10 - TAB 7, Miscellaneous: Parts 17, and 18** are to obtain general information regarding the following: **GASBS No. 51**, *Accounting and Financial Reporting for Intangible Assets* (effective FY 2010), and **GASBS No. 53**, *Accounting and Financial Reporting for Derivative Instruments* (effective FY 2010). **DOA does not want the HEI to early implement these statements.** These new parts were added to help DOA plan the future implementation of these statements.
- **Attachment HE-12 – Cash Equiv, & Inv. Not w Tr** tab is no longer password protected. Institutions should be able to insert rows and/or copy & paste information into the applicable sheet from their own records. When adding rows or copying/pasting information, care must be taken to preserve the existing spreadsheet layout including column and row titles. If rows are inserted, also copy the “Type” and “Investment” descriptions in columns A and B and the formulas in columns N and P.

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