

Volume No. 1—Policies & Procedures	TOPIC NO. 10205 – Cardinal
Section No. 10200—Financial Management	TOPIC AGENCY RESPONSE TO APA AUDIT
	DATE May 2023

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Overview

Introduction Audits of most State agencies and institutions are performed by the Auditor of Public Accounts (APA). An audit report is issued at the completion of the audit, which may include findings as required by Government Auditing Standards and/or government audit requirements or items..

In partial fulfillment of its statutory responsibilities, the Department of Accounts (DOA) requires that agencies and institutions develop and file with DOA a response to the APA audit including a corrective action plan to address the Auditor's concerns.

Policy

Policy Agencies are responsible for developing a corrective action plan to address audit comments cited in the audit reports received from the APA. Management should closely monitor corrective actions to ensure that they are performed timely and achieve the desired results.

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Corrective Action Plan Procedures

**Agency CAP
Within 30 Days**

Within 30 days of receipt of an APA audit report by an agency, the agency head or agency designee must submit to the State Comptroller electronic documentation of the agency’s corrective action plan (CAP). The submission MUST be made to the following email address using *Excel* file below.

ComplianceAssurance@doa.virginia.gov.



CAP_10205.xlsx

The CAP must address all deficiencies noted, regardless of corrective action status at the time the initial 30-day CAP is submitted.

The CAP must include, at a minimum, the following items for each audit finding:

- title of the finding,
- proposed corrective actions and specific deliverables that will result from the proposed corrective actions,
- target dates for the completion of corrective actions, and
- names the person(s) and position(s) responsible for implementing corrective actions.

**CAP
Distribution**

Each agency will also transmit a copy of the CAP within 30 days to their Cabinet Secretary and the Auditor of Public Accounts at Auditor_of_Public_Accounts@apa.virginia.gov.

**CAP
Evaluation**

DOA will complete an evaluation of the CAP to ensure it contains the required content using the proper format. If DOA considers the CAP inadequate, DOA will notify the agency contact or designee, and the agency contact or designee will be responsible for preparing and submitting a revised CAP to DOA within 15 days from the date of notification. Copies of the revised CAP should also be sent to their Cabinet Secretary and the Auditor of Public Accounts at Auditor_of_Public_Accounts@apa.virginia.gov.

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Management's Response and Follow-Up

Filing Responses and CAP

After receiving a potential audit concern, all agencies are responsible for providing a comprehensive management response within the timeframe agreed upon by the agency and the APA. Agency management must take all steps necessary, including the scheduling of required follow-up meetings, to provide a response by the date specified by the APA.

An initial CAP is due to DOA 30-days after an APA audit is issued.

After submitting an initial 30-day CAP to the State Comptroller, the agency contact or agency designee must provide the State Comptroller with an updated CAP at the end of every quarter following the submission of the original CAP. For example, the APA issues a report on November 10, the 30-day initial CAP must be submitted by December 10, and the quarter-end CAP must be submitted by December 31. A CAP must be submitted by the end of each quarter (March 31, June 30, September 30, December 31) until all findings are certified by the agency head as being fully corrected. The quarterly CAPs must report on the progress made to date and any corrective actions still needed to be taken and must address all deficiencies which were contained in the APA Audit Report. *In addition, each quarterly CAP must indicate whether the agency is on schedule to achieve the target completion date. If the agency is not on schedule, a revised target completion date should be presented.*

All CAPs must be submitted to ComplianceAssurance@doa.virginia.gov and Auditor of Public Accounts@apa.virginia.gov and will **only** be accepted in Excel form, using the file format contained earlier in this topic

All Agencies Filing a Completed Finding Status

Prior to reporting a completed finding status to the State Comptroller, the agency must test the operational effectiveness of the controls implemented to remediate the finding. The agency designee must ensure the status accurately reflects the completion and testing of the corrective action addressing all individual deficiencies contained within the APA audit report and maintain sufficient documentation supporting the response. The agency is not required to provide an additional corrective action plan status once the finding has been fully remediated and reported within a CAP as fully completed.

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Management's Response and Follow-Up, Continued

Single Audit Agencies Filing a CAP for Prior Year Audit Findings

The agency's CAP to Single Audit comments will be included in the Commonwealth of Virginia (COV) Single Audit Report. The CAP should be concise and well documented. DOA relies upon agencies to provide accurate corrective action statuses for all prior year Single Audit findings. The quarter ending June 30th status of each prior year Single Audit finding is reported centrally to the federal government to comply with [eCFR :: 2 CFR 200.511](#) -- Audit findings follow-up. In addition to the minimum CAP requirements listed above, the agencies must also provide a brief description outlining why the prior year audit finding is ongoing.

Agencies will utilize columns included under "For Previous Single Audit Findings Not Corrected OR Partially Corrected" of the formatted Excel file linked in this policy to provide a CAP that:

- summarizes the reason the audit finding recurs in the subsequent Single Audit Report,
- summarizes the corrective action taken to date (as of June 30 of the most recently completed State fiscal year), and
- summarizes any significant differences between the previously reported corrective action and the actual corrective action taken.

Misrepresenting the status to DOA may cause the Commonwealth to materially misrepresent the finding's status to the federal government. Agencies must ensure the CAP accurately summarizes the action taken to remediate deficiencies contained within the COV Single Audit Report.

Federal Recipient Agencies

Federal recipient agencies **should not** forward copies of their audit reports or corrective action plans to federal awarding agencies. However, if an audit of a federal recipient agency is deemed "severe," the APA will apprise that agency of the audit's severity and of possible actions to be taken.

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Compliance and Restricted Information

Failure to Respond

In the event an agency fails to respond within the specified timeframe, the APA will contact DOA. At that time, DOA will address this noncompliance with the specific agency and determine the appropriate course of action.

Restricted Information

The information included in the agency’s CAP will be used in publicly available publications, including the Comptroller’s Statewide Financial Management and Compliance (Quarterly) Report and the COV Single Audit Report; therefore, **no** Freedom of Information Act Exempt (FOIAE) or Personally Identifiable Information (PII) should be included in CAPs submitted to DOA.

Agencies should avoid including system names, abbreviations, and other FOIAE information such as what is described in Code of Virginia § 2.2-3705.2 (9): “information describing the design, function, operation, or implementation of internal controls over the Commonwealth’s financial processes and systems, and the assessment of risks and vulnerabilities of those controls...”

For more information on FOIA Exempt information, please refer to the FOIA Council’s website: <http://foiacouncil.dls.virginia.gov/>.

For more information about PII, please refer to the National Institute of Standards and Technology’s publication 800-122: <https://nvlpubs.nist.gov/nistpubs/Legacy/SP/nistspecialpublication800-122.pdf>.

Internal Control

Internal Control

Refer to CAPP Topic No. 10305—*Internal Control*

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Records Retention

Time Period Records of fiscal activity, such as audit reports, corrective action workplans, and supporting documentation, should be retained for a period of at least three years. The retention period generally starts at the date of the audit report.

For pending, ongoing, or unresolved litigation, audits or claims, retain documentation until completion, resolution, or negotiation of settlements and retain according to standard schedules. The retention period generally starts at the date of resolution, completion, or negotiation.

Destruction of records must be in accordance with policies and procedures of the Library of Virginia. (See CAPP Topic No. 21005, *Records Retention and Disposition*.)

Contacts

DOA Contact Compliance Oversight and Federal Reporting
Voice: (804) 692-0246
E-mail: ComplianceAssurance@doa.virginia.gov

Subject Cross References

References CAPP Topic No. 10305—*Internal Control*
CAPP Topic No. 20605—*Federal Grants Management*
CAPP Topic No. 21005—*Records Retention and Disposition*
