REPORT ON STATEWIDE COMPLIANCE

FOR THE QUARTER ENDED
MARCH 31, 2017

OFFICE OF THE COMPTROLLER

DEPARTMENT OF ACCOUNTS

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REPORT ON STATEWIDE COMPLIANCE
Quarter Ended March 31, 2017

The *Code of Virginia* requires that the Department of Accounts (DOA) monitor and account for all transactions involving public funds. In order to carry out this mandate, the Department uses a variety of measures, including automated controls, statistical analyses, pre-audits and post-audits, staff studies and reviews of reports issued by the Auditor of Public Accounts. When taken as a whole, these measures provide an important source of information on the degree of agency compliance with Commonwealth accounting and financial management policies, internal controls, procedures, regulations, and best practices.

The Comptroller's **Report on Statewide Compliance** (the *Quarterly Report*) is a summary of measures used by DOA to monitor transactions involving public funds and report findings to the Governor, his Cabinet, and other senior State officials. The *Quarterly Report* uses exception reporting to highlight key findings.

This *Quarterly Report* includes information for the quarter ended March 31, 2017, and comparative FY 2016 data. Some information in the report is for the quarter ended December 31, 2016, which is the most current data available.

David A. Von Moll, CPA, CGFM
Comptroller

DOA
Virginia Department of Accounts
Financial Accountability. Reporting Excellence.

At the end of calendar year 2016, DOA working with 201 state agencies and institutions, verified and printed 119,599 W-2s. This was a slight decrease from the number of W-2s printed in 2015.

	CY 2016	CY 2015
W-2s Printed	119,599	120,198
W-2Cs Printed	58*	73
Agencies Making Adjustments	59	47
Employee Records Requiring Year-End Adjustments	180	154

*# of W-2C's printed as of the date of this report.

The streamlined reconciliation process promulgated by DOA at the end of the fourth quarter freed staff time for earlier attention to W-2 processing. In addition, many agencies improved the timeliness of payroll updates during the year.

As a result, required processing deadlines continue to be met without difficulty.

Submissions of certified year-end reports continue to follow the same trend as last year.

Agencies adjusted 154 employee records. Late notification of non-cash awards resulting in additional taxable income accounted for twenty-three percent of all correcting entries. Fourteen percent of all adjustments were attributable to corrections in name/address/social security numbers. Another thirteen percent of all adjustments were attributable to adjustments for uncollected employment taxes.

W-2s are printed at the Department of Treasury using self-mailers. Upon return from Treasury, agencies are notified that the W-2s are ready for pickup. CIPPS W-2s were available in Payline by January 19 for 197 agencies. W2s for the remaining 4 agencies were in Payline by January 20. All paper copies were picked up by January 25th for subsequent delivery to employees.

Reasons for W-2 Adjustments
Calendar Year 2016
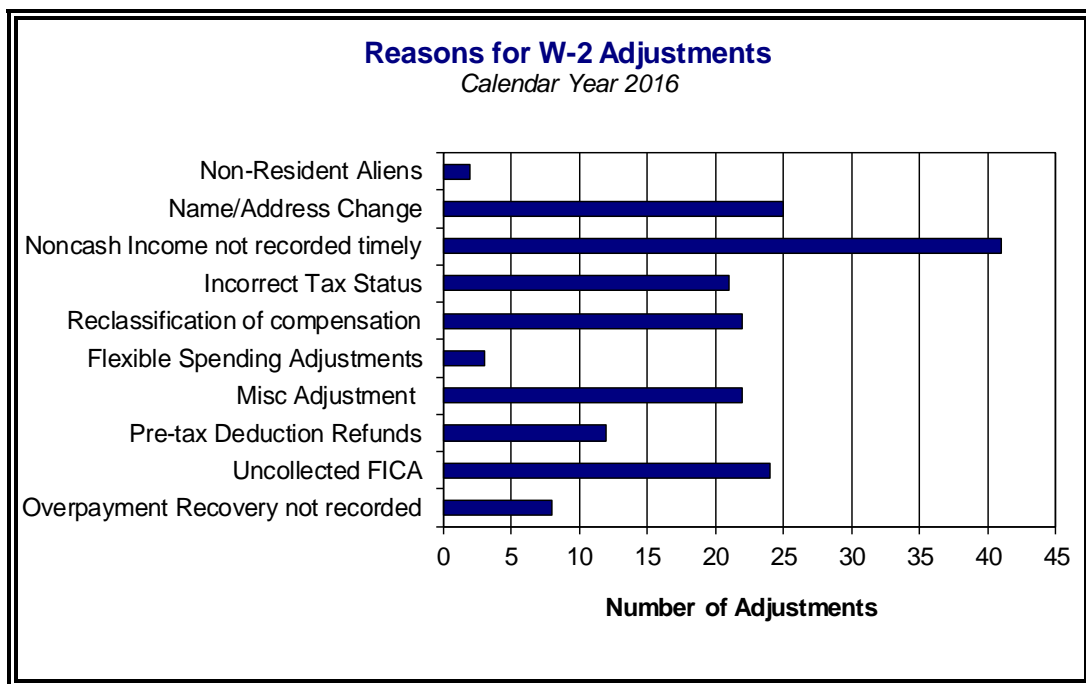
Auditor of Public Accounts Reports - Executive Branch and Independent Agencies

Agency audit reports issued by the Auditor of Public Accounts (APA) may contain findings because of noncompliance with state laws and regulations. Agencies may also have internal control findings considered to be control deficiencies. Control deficiencies occur when the design or operation of internal control does not allow management or employees to prevent or detect errors that, in the Auditor's judgment, could adversely affect the agency's ability to record, process, summarize, and report financial data consistent with the assertions of management.

Each agency must provide a written response that includes a Corrective Action Workplan (CAW) to the Department of Planning and Budget, the Department of Accounts, and the agency's Cabinet Secretary when its audit report contains one or more audit findings. Workplans must be submitted within 30 days of receiving the audit report. Commonwealth Accounting Policies and Procedures (CAPP) manual, Topic No. 10205, *Agency Response to APA Audit,* contains instructions and guidance on preparing the workplan.

The APA also reports additional recommendations that can include risk alerts, efficiency issues, or any other improvements that can be made within agency operations. Risk alerts address issues that are beyond the capacity of agency management to implement effective corrective actions. Efficiency issues provide management with recommendations to enhance agency practices, processes or procedures. Additional recommendations are provided following the Audit Findings section.

The APA also issued several Special and Other Reports during the quarter. These reports are listed following the Additional Recommendations section. The full text of these reports is available at www.apa.virginia.gov.

Audit Reports – Quarter Ended March 31, 2017

The APA issued 8 reports covering 16 State Agencies for the Executive Branch and 2 reports covering 2 Independent Agencies. The last column indicates whether the CAW has been received as of the date of this publication for each agency with audit findings. Note that in some cases, the CAW may not have been received because it is not yet due.

	New Findings	Repeat Findings	Total Findings	CAW Received
Administration				
Department of Human Resource Management	0	4	4	YES
Agriculture and Forestry				
None				
Commerce and Trade				
Virginia Employment Commission	6	5	11	YES
Education				
Christopher Newport University	2	0	2	YES
Department of Education	7	0	7	YES
Southern Virginia Higher Education Center	1	0	1	YES

	New Findings	Repeat Findings	Total Findings	CAW Received
Executive Offices				
None				
Finance[1]				
Department of Accounts	2	1	3	YES
Department of Planning and Budget	0	0	0	N/A
Department of Taxation	0	0	0	N/A
Department of the Treasury[2]	2	0	2	YES
Health and Human Resources[3]				
Department of Behavioral Health and Developmental Services	4	11	15	YES
Department of Health	8	2	10	YES
Department of Medical Assistance Services	4	2	6	YES
Department of Social Services	3	0	3	YES
Independent Agencies				
Virginia Lottery	3	0	3	NO
Virginia Retirement System	0	1	1	NO
Natural Resources				
None				
Public Safety and Homeland Security				
None				
Technology				
None				
Transportation[4]				
Department of Motor Vehicles	4	4	8	YES
Department of Transportation	2	3	5	YES
Veterans and Defense Affairs				
None				

(1) *The Secretary of Finance audit included the Department of Accounts, Department of Planning and Budget, Department of Taxation, and the Department of Treasury.*
(2) *The Department of the Treasury audit included Treasury Board operations.*
(3) *The Agencies of the Secretary of Health and Human Resources for the period ended June 30, 2016 audit report included the Department of Behavioral Health and Developmental Services, Department of Health, Department of Medical Assistance Services, and the Department of Social Services.*
(4) *The Agencies of the Secretary of Transportation audit included the Department of Motor Vehicles and the Department of Transportation.*

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The following agencies had one or more findings contained in their audit report.

Administration

Department of Human Resource Management

1. Improve IT Risk Management and Disaster Recovery Planning. **This is a Repeat Finding**.
2. Improve Security Awareness and Training. **This is a Repeat Finding**.
3. Improve System Security for the Time, Attendance, and Leave System. **This is a Repeat Finding.**
4. Improve Controls over the Personnel Management Information System. **This is a Repeat Finding.**

Commerce and Trade

Virginia Employment Commission

1. Upgrade Unsupported Technology
2. Continue Improving Oversight over IT Risk Assessments. **This is a Repeat Finding.**
3. Continue Improving Oversight over Third-Party Service Providers. **This is a Repeat Finding**.
4. Continue Improving Database Security. **This is a Repeat Finding**.
5. Improve Change Management Process
6. Continue Improving Physical and Environmental Security. **This is a Repeat Finding**.
7. Improve Procedures related to Retirement Contributions
8. Submit Required Reports
9. Ensure Tax Wage Discrepancy Report is Complete
10. Document Separation of Duties of Individuals for Mission Critical Systems. **This is a Repeat Finding**.
11. Remove System Access Timely

Education

Christopher Newport University

1. Improve Database Security
2. Improve Enrollment Reporting Process

Department of Education

1. Strengthen Internal Controls over Budgeting and Fiscal Processes. **This is a Material Weakness.**
2. Improve Oversight and Review of Financial Reporting. **This is a Material Weakness.**
3. Retain Evidence of and Support for Information Reported to the Federal Government
4. Improve Access and Other Controls Related to Federal Reimbursements
5. Improve Information Security Program and IT Governance. **This is a Material Weakness.**
6. Improve Database Security. **This is a Material Weakness.**
7. Upgrade End-of-Life Technology. **This is a Material Weakness.**

Southern Virginia Higher Education Center

1. Strengthen Fixed Asset Inventory and Related Documentation

Finance

Department of Accounts

1. Continue Improving Cardinal System Security Controls. **This is a Repeat Finding**.
2. Improve Internal Controls for Creating and Updating Vendors in Cardinal
3. Adjust Practices as Needed and Request Identifying Numbers Assigned by Pass-Through Entities

Department of the Treasury

1. Maintain Adequate Staffing in Accounting and Reporting Functions
2. Improve myVRS Navigator Documentation and Procedures

Health and Human Resources

Department of Behavioral Health and Developmental Services

1. Improve Controls over Financial Reporting. **This is a Material Weakness.**
2. Continue to Improve IT Governance. **This is a Repeat Finding.**
3. Continue to Upgrade Unsupported Technology. **This is a Repeat Finding.**
4. Develop Baseline Configurations for Information Systems. **This is a Repeat Finding.**
5. Improve SQL Database Security
6. Improve Access Controls over Financial Management System. **This is a Repeat Finding.**
7. Improve Internal Controls Surrounding Sensitive Documents.
8. Improve Controls over myVRS Navigator. **This is a Repeat Finding.**
9. Improve Controls over Payroll. **This is a Repeat Finding.**
10. Improve Internal Controls Surrounding At-Will Employees
11. Comply with the Code of Virginia Economic Interest Requirements. **This is a Repeat Finding.**
12. Improve Controls over Intangible Assets. **This is a Repeat Finding.**
13. Improve Policies and Procedures over Fixed Assets. **This is a Repeat Finding.**
14. Improve Controls over Sale of Land. **This is a Repeat Finding.**
15. Improve Internal Controls over Fixed Asset Additions. **This is a Repeat Finding.**

Department of Health

1. Improve Inventory Valuation Procedures. **This is a Material Weakness**.
2. Improve Timely Removal of Critical Access. **This is a Repeat Finding**.
3. Complete System Access Reviews
4. Ensure Proper Segregation of Duties Exist with myVRS Navigator Access Roles
5. Ensure Oversight of Third Party Service Providers
6. Record Accurate Time and Effort Reporting. **This is a Repeat Finding**.
7. Improve Contract Procurement and Management Processes
8. Improve Controls over Period of Performance
9. Strengthen Subrecipient Monitoring Process
10. Develop and Implement Policy for Monitoring Part-time Hours

Department of Medical Assistance Services

1. Create Formal Documentation that Facilitates Controlling Privileges in the Medicaid Management Information System. **This is a Repeat Finding**.
2. Perform Information Technology Review as Required
3. Correct Operating Environment and Security Issues Identified by Their Security Compliance Audit. **This is a Repeat Finding**.
4. Review and Document Service Organization Control Reports of Third-Party Service Providers
5. Review VaCMS Access for Medical Assistance Services Employees
6. Continue Improving Accounts Receivable Collection Process

Department of Social Services

1. Improve Database Security
2. Improve Policies, Procedures, and Plans for Backup and Restoration
3. Improve Oversight of Third Party Service Providers

Independent Agencies

Virginia Lottery

1. Improve Application and Database Controls over the Dynamics AX Financial System
2. Improve IT Risk Management Controls
3. Improve System Patch Management

Virginia Retirement System

1. Improve Reporting of Cash and Investments. **This is a Partial Repeat**.

Department of Motor Vehicles

1. Improve Controls over Financial Reporting. **This is a Material Weakness.**
2. Continue to Improve Database and Application Baseline Security Configurations. **This is a Repeat Finding**.
3. Continue to Improve IT Risk and Continuity Management Program. **This is a Repeat Finding**.
4. Continue to Improve IT Software Maintenance and Management Controls. **This is a Repeat Finding**.
5. Improve Application Security Controls. **This is a Partial Repeat Finding**.
6. Improve Data Backup and Restoration Procedures
7. Improve Logical Access Security Controls
8. Improve Internal Controls over Small Purchase Charge Card Processing

Department of Transportation

1. Improve Oracle Database Security
2. Continue to Upgrade Unsupported Technology. **This is a Repeat Finding**.
3. Continue to Develop and Implement Formal IT Hardening Policies and Procedures. **This is a Partial Repeat Finding**.
4. Continue to Strengthen Internal Controls Governing the Economic Interest Disclosure Process. **This is a Repeat Finding**.
5. Retain Documentation Supporting Retirement Contribution Reconciliations

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Additional Recommendations – Quarter Ended March 31, 2017

The APA issued the following Risk Alerts:

Continue to Comply with the DOJ Settlement Agreement. **This is a Repeat**. - Department of Behavioral Health and Developmental Services

Continue to Upgrade or Decommission End-of-Life Server Operating Systems – Department of Behavioral Health and Developmental Services and Department of Health

Continue to Upgrade or Decommission End-of-Life Server Operating Systems. **This is a Partial Repeat**. - Department of Transportation

Maintain the Same Payment Transparency that Existed Prior to Cardinal – Department of Medical Assistance Services

Mitigate Server Vulnerabilities – Department of Taxation

Properly Plan for CIPPS replacement - Department of Behavioral Health and Developmental Services

Special Reports – Quarter Ended March 31, 2017

The APA issued the following "Special Report" that did not contain management recommendations:

Report to the Joint Legislative Audit and Review Commission for the quarter October 1, 2016 through December 31, 2016

The APA issued the following "Special Reports" that contained management recommendations:

Commonwealth of Virginia Single Audit Report for the year ended June 30, 2016

Report on Collections of Commonwealth Revenues by Local Constitutional Officers for the year ended June 30, 2016

Other Audit Reports – Quarter Ended March 31, 2017

The APA issued the following "Other Reports" that did not contain management recommendations:

Department of Rail and Public Transportation – High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants Federal Program for the year ended June 30, 2016

E-911 Services Board for the year ended June 30, 2015

George Mason University Intercollegiate Athletics Programs for the year ended June 30, 2016

Germanna Community College Review Report for the year ended June 30, 2016

Internal Control Report on Local Government Investment Pool, Virginia College Building Authority, Virginia Public Building Authority, and Virginia Public School Authority for the year ended June 30, 2016

James Madison University Intercollegiate Athletics Programs for the year ended June 30, 2016

Longwood University Intercollegiate Athletics Programs for the year ended June 30, 2016

Lord Fairfax Community College Review Report for the year ended June 30, 2016

New River Community College Review Report for the year ended June 30, 2016

Norfolk State University Intercollegiate Athletics Programs for the year ended June 30, 2016

Old Dominion University Intercollegiate Athletics Programs for the year ended June 30, 2016

Patrick Henry Community College Review Report for the year ended June 30, 2016

Radford University Intercollegiate Athletics Programs for the year ended June 30, 2016

Southside Virginia Community College Review Report for the year ended June 30, 2016

The College of William and Mary in Virginia Intercollegiate Athletics Programs for the year ended June 30, 2016

University of Virginia Intercollegiate Athletics Programs for the year ended June 30, 2016

Virginia Commonwealth University Intercollegiate Athletics Programs for the year ended June 30, 2016

Virginia Highlands Community College Review Report for the year ended June 30, 2016

Virginia Military Institute Intercollegiate Athletics Programs for the year ended June 30, 2016

Virginia Polytechnic Institute and State University Intercollegiate Athletics Programs for the year ended June 30, 2016
Virginia State University Intercollegiate Athletics Programs for the year ended June 30, 2016

Virginia Tourism Authority for the fiscal year ended June 30, 2016

The APA issued the following "Other Reports" were received which contained management recommendations:

Departments for Aging and Rehabilitative Services and the Blind and Vision Impaired – Disability Insurance/Social Security Income, Aging Cluster, and the Vocational Rehabilitation federal programs for the fiscal year ended June 30, 2016

Social Services Block Grant Office of Children's Services for the year ended June 30, 2016

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Auditor of Public Accounts Reports - Executive Branch Agencies

Summary of Prior Audit Findings

The policy governing the Agency Response to APA Audits requires follow-up reports on agency workplans every quarter end until control findings are certified by the agency head as corrected. The status of corrective action information reported by agencies under this policy is summarized in this report.

It is important to note that the finding status reported is self-reported by the agencies and will be subject to subsequent review and audit. Corrective action is considered to be delayed when it has not been completed by the original targeted date. Additional detail for the status of each finding is provided in the subsequent table.

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Administration				
Department of Elections	1	3	0	0
Department of General Services	0	3	0	0
Department of Human Resource Management	0	3	0	1
Agriculture and Forestry				
Department of Agriculture and Consumer Services	0	1	0	0
Commerce and Trade				
Department of Housing and Community Development	0	0	2	0
Virginia Employment Commission	0	6	0	0
Education				
Department of Education	0	2	0	0
George Mason University	0	1	0	0
James Madison University	0	0	0	1
Longwood University	4	1	0	0
New College Institute	0	0	0	1
Norfolk State University	0	1	0	0
Radford University	0	1	0	0
Richard Bland College	6	2	0	0
Southwest Virginia Higher Education Center	0	0	1	1
The College of William and Mary in Virginia	0	2	0	0
University of Mary Washington	2	0	0	0
University of Virginia	1	1	2	1
University of Virginia Medical Center	0	0	0	1
Virginia Commonwealth University	1	1	0	0
Virginia School for the Deaf and Blind	0	1	0	0
Virginia Community College System - Central Office	3	0	1	0

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Blue Ridge Community College	0	1	0	0
Central Virginia Community College	0	1	3	1
Germanna Community College	0	1	0	3
J. Sargeant Reynolds Community College	0	0	1	0
John Tyler Community College	0	1	0	1
Mountain Empire Community College	0	1	2	0
New River Community College	0	1	4	0
Northern Virginia Community College	0	0	1	0
Patrick Henry Community College	1	0	2	0
Paul D. Camp Community College	0	1	1	0
Southwest Virginia Community College	0	1	2	0
Virginia Highlands Community College	1	1	2	0
Wytheville Community College	0	0	4	0
Finance				
Department of Accounts	0	1	0	0
Department of Taxation	0	0	0	1
Department of the Treasury	0	1	0	0
Health and Human Resources				
Department for Aging and Rehabilitative Services	0	1	0	0
Department of Behavioral Health and Developmental Services	1	6	1	1
Department of Health	0	0	0	2
Department of Medical Assistance Services	0	1	0	1
Natural Resources				
Department of Game and Inland Fisheries	7	3	0	0
Public Safety and Homeland Security				
Department of Alcoholic Beverage Control	1	1	2	0
Department of Corrections	0	1	0	0
Department of Emergency Management	0	4	0	0
Department of Military Affairs	0	2	0	0
Department of State Police	1	4	0	0
Transportation				
Department of Motor Vehicles	0	5	0	3
Department of Transportation	1	0	0	0
Virginia Port Authority	0	0	1	2
Veterans and Defense Affairs				
Veterans Services Foundation	0	1	0	0
TOTALS	31	69	32	21

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Status of Prior Audit Findings

The policy governing the Agency Response to APA Audits requires follow-up reports on agency workplans every quarter end until control findings are certified by the agency head as corrected. The status of corrective action information reported by agencies under this policy is included in this report.

It is important to note that the status reported is self-reported by the agencies and will be subject to subsequent review and audit.

The first two digits of the finding number are the fiscal year audited in which the finding occurred. The next two digits represent the number of the finding that occurred in the year audited. Multiple finding numbers for one finding represent repeat findings.

Administration

Department of Elections (ELECT)
Audit Year: 2015

Finding 15-01: Document Policies and Procedures for Critical Business Functions
Status: Review in conjunction with ARMICS.
Status Summary: In Progress (Delayed)

Finding 15-02: Improve Process for Payments for General Registrars and Electoral Boards
Status: Drafting in process 75% complete
Status Summary: In Progress (Delayed)

Finding 15-03: Improve my VRS Navigator Reconciliation Processes
Status: Drafting in process 90% complete
Status Summary: In Progress (Delayed)

Finding 15-04: Ensure Adequate Internal Controls Exist for Federal Reporting
Status: In process of reconciling.
Status Summary: In Progress (On Schedule)

Department of General Services (DGS)
Audit Year: 2015

Finding 15-01: Improve Information Security Program
Status: BIA Policy has been created. VITA has been engaged to assist with vulnerability scanning and DGS is at the top of their list to begin scans. DGS started working with the project managers and VITA to resolve the inconsistencies in sensitive systems. Initial conversations have been made regarding attaching the roles and responsibilities to DGS EWP's. DGS is engaging VITA for resources and have created a draft of the Risk Assessment Plan for sensitive systems.
Status Summary: In Progress (Delayed)

Finding 15-02: Improve Application Controls. **This is a Repeat Finding.**
Status: High risk user access has been removed. First review was conducted during April 2017.
Status Summary: In Progress (Delayed)

Finding 15-03: Improve Oversight of Third-Party Service Providers
Status: DGS continues to formalize procedures through a decision brief with the contractor. Estimated completion date is third quarter FY17. Oversight and security issues are required agenda topics during the weekly eVA Project Management Operations meeting, as well as the bi-monthly eVA Steering Committee Meetings.
Status Summary: In Progress (Delayed)

Department of Human Resource Management (DHRM)
Audit Year: 2015

Finding 15-01: Improve IT Risk Management and Disaster Recovery Planning
Status: DHRM is still planning and gathering documentation. Analysis of documentation is in progress.
Status Summary: In Progress (Delayed)

Finding 15-02: Improve Security Awareness and Training
Status: DHRM has completed documentation and training analysis is in progress.
Status Summary: In Progress (Delayed)

Finding 15-03/14-01: Improve System Security for the Time, Attendance, and Leave System.
This is a Repeat Finding.
Status: Partially completed. Looking for availability of existent staff to complete last stages.
Status Summary: In Progress (Delayed)

Finding 15-04/14-02: Improve Controls over the Personnel Management Information System.
This is a Repeat Finding.
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Agriculture and Forestry

Department of Agriculture and Consumer Affairs (VDACS)
Audit Year: 2013

Finding 13-01: Perform Timely Updates to IT Risk Management and Contingency Plans
Status: VDACS completed its migration to a new Oracle platform on October 1, 2016. The VITA Work Request for Disaster Recovery Services will be changed to reflect the new servers and services will be initiated. VDACS anticipates being part of the 2017 Disaster Recovery Test.
Status Summary: In Progress (Delayed)

Commerce and Trade

Department of Housing and Community Development (DHCD)
Audit Year: 2016

Finding: 16-01: Improve CAMS System Security Controls
Status: DHCD completed all five recommendations from the APA auditors to improve internal controls to protect DHCD's Centralized Application Management System (CAMS) which is a web-based grant management system.
Status Summary: Completed (On Schedule)

Finding: 16-02: Strengthen Internal Controls over Retirement Contribution Reconciliations
Status: DHCD's H.R. Manager reviewed the guidelines in the CAPP Manual and consulted with DHCD's VRS contact and developed internal procedures and is performing the monthly reconciliations.
Status Summary: Completed (On Schedule)

Virginia Employment Commission (VEC)
Audit Year: 2015

Finding 15-02: Obtain Approval to Use End-of-Life Operating Systems
Status: The exceptions have not been filed as of yet. In progress. Revised estimated completion date is March 31, 2017.
Status Summary: In Progress (Delayed)

Finding 15-03/14-03: Continue Improving Oversight over IT Risk Assessments and Security Audits. **This is a Repeat Finding.**
Status: VEC has received the additional funding for IT security and have plans to utilize the funds within 2017 for the planned risk assessment and security audits in CY 2017. All risk assessments, audits, and security plans will be completed by December 31, 2019, which will establish VEC's first full 3-year cycle of these items.
Status Summary: In Progress (Delayed)

Finding 15-04: Continue to Improve Physical and Environmental Security. **This is a Repeat Finding**.
Status: The changes identified during the review of access to the data center have been implemented. A process for reviewing the visitor logs still needs to be established. VEC plans to conduct a cost benefit analysis on the potential loss of the data center to determine the acceptable level of risk. Revised estimated completion date is December 31, 2017.
Status Summary: In Progress (Delayed)

Finding 15-05: Document Separation of Duty Conflicts for Mission Critical Systems. **This is a Repeat Finding.**
Status: All separation of duties will be documented within the security plan of each system. The security plans are on a three-year cycle, just as the risk assessments and audits, and will not be completed until December 31, 2019.
Status Summary: In Progress (Delayed)

Finding 15-06: Maintain Oversight over Third-Party Service Providers. **This is a Repeat Finding**.
Status: VEC is hiring a Deputy ISO that will assist in these efforts. Revised estimated completion date is December 31, 2017.
Status Summary: In Progress (Delayed)

Finding 15-07: Improve Database Security
Status: All patches and changes have been implemented within PROD. Although management considered their actions to address this APA finding "complete", VEC is leaving this finding open in our Tracking System until the APA completes their current year review.
Status Summary: In Progress (Delayed)

Education

Department of Education (DOE)
Audit Year: 2015

Finding 15-03: Continue to Improve Information Security Policies and Procedures. **This is a Repeat Finding**.
Status: DOE has met with Centralized ISO and Audit Teams and has tentative scheduling in place. Development of an IT security policies and procedures manual is underway. DOE is engaged commercial vendors to assist with Information Security Program and IT Governance.
Status Summary: In Progress (Delayed)

Finding 15-04/14-04: Improve Risk Management and IT Security Audit Plan Document. **This is a Repeat Finding**.
Status: DOE has met with Centralized ISO and Audit Teams and has tentative scheduling in place. Development of an IT security policies and procedures manual is underway. DOE is engaged commercial vendors to assist with Information Security Program and IT Governance.
Status Summary: In Progress (Delayed)

George Mason University (GMU)
Audit Year: 2015

Finding 15-02: Develop and Incorporate Information Transfer Policies, Procedures, and Agreements into the University's Information Security Program
Status: As of December 15, 2016, 22 of the 33 arrangements on the list have been identified as involving restricted or highly sensitive data. Two of the 22 refer to the same contract, by different names; two are mandated by the U.S. government, no changes allowed; one is with the Virginia Employment Commission, so no changes allowed; three are assigned by Commonwealth of Virginia so no changes allowed. This leaves a total of 15 contracts to be reviewed. As of December 19, 2016, University Counsel's Office has reviewed 5 of the 15 contracts identified in action item; two require some modification. Representatives from the IT Security Office, Office of University Counsel, and Purchasing met on December 14, 2016 and agreed on a strategy. As of December 19, 2016, the ASRB process has been revised to address this requirement.
Status Summary: In Progress (Delayed)

James Madison University (JMU)
Audit Year: 2015

Finding 15-03: Promptly Return Unclaimed Aid to Department of Education. **This is a Repeat Finding**.
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Longwood University (LU)*
Audit Year: 2015

Finding: 15-01: Improve IT Change Management and Patch Management Policies and Procedures
Status: No initial or subsequent corrective action plans submitted.
Status Summary: In Progress (On Schedule)

Finding: 15-02: Improve Virtual Private Network Security
Status: No initial or subsequent corrective action plans submitted.
Status Summary: In Progress (On Schedule)

Finding: 15-03: Improve Server Operating System Security
Status: No initial or subsequent corrective action plans submitted.
Status Summary: In Progress (On Schedule)

Finding: 15-04: Improve Oversight of Third-Party Service Providers
Status: No initial or subsequent corrective action plans submitted.
Status Summary: In Progress (On Schedule)

DOA did not receive an updated Corrective Action Workplan status by the time period required.

Audit Year: 2014

       Finding: 14-01: Improve Information Security Management and Prioritization
       Status: The University's ITS department has reviewed the findings and is taking a proactive approach to the findings. Some of the findings have already been addressed, some are requiring procurement, and others are requiring process change. Items that are the direct responsibility of the ITS department are anticipated to be completed May 2016.
       Status Summary: In Progress (Delayed)

New College Institute (NCI)
Audit Year: 2014

       Finding 14-02: Improve Information Security Management and Prioritization
       Status: Corrective action plan has been completed.
       Status Summary: Completed (Delayed)

Norfolk State University (NSU)
Audit Year: 2015

       Finding: 15-02: Improve IT Server Maintenance Management Controls
       Status: The University has completed the update of the IT systems running on outdated software as of March 31, 2017. NSU continues to work to migrate data onto the new software. NSU anticipates to have all the data fully transferred by April 2017.
       Status Summary: In Progress (Delayed)

Radford University (RU)
Audit Year: 2015

       Finding: 15-03: Promptly Process Return of Title IV Calculations
       Status: During the validation it was confirmed that proper determination had been made, however an error was found in the calculation performed regarding a date used. Therefore, the action date will be revised until June 30, 2017 to ensure all corrective action has been taken in the Spring 2017 term.
       Status Summary: In Progress (Delayed)

Richard Bland College (RBC)*
Audit Year: 2015

       Finding: 15-01/14-02: Improve Controls over Financial Reporting. **This is a Repeat Finding**.
       Status: No initial corrective action plan submitted.
       Status Summary: In Progress (On Schedule)

       Finding: 15-02: Improve Controls to Information Systems
       Status: No initial corrective action plan submitted.
       Status Summary: In Progress (On Schedule)

       Finding: 15-03: Comply with the Department of Human Resource Management Policy for Wage Employees. **This is a Repeat Finding**.
       Status: No initial corrective action plan submitted.
       Status Summary: In Progress (On Schedule)

       Finding: 15-04: Improve Controls over Expenditure Vouchers
       Status: No initial corrective action plan submitted.
       Status Summary: In Progress (On Schedule)

       Finding: 15-05: Improve Controls over Small Purchase Charge Cards
       Status: No initial corrective action plan submitted.
       Status Summary: In Progress (On Scheduled)

    __DOA did not receive an updated Corrective Action Workplan status by the time period required.__

Finding: 15-06: Continue to Improve Information Security Program. **This is a Repeat Finding**.
Status: No initial corrective action plan submitted.
Status Summary: In Progress (On Schedule)

Audit Year: 2014

Finding: 14-03: Continue to Improve Information Security Program
Status: The CIO will execute a team re-design to improve the quality of the resources needed to address the FOIAE recommendation. The CIO will continue to address the weaknesses discussed in the provided FOIAE recommendation.
Status Summary: In Progress (Delayed)

Finding: 14-05: Improve the myVRS Navigator Reconciliation Process
Status: Director-Finance Operations and Director-Human Resources and Compliance will develop procedures in concert with the APA Payroll Service Bureau. RBC is procuring the services of the Payroll Service Bureau effective August 1, 2015. RBC will outline the appropriate individuals responsible for performing this function.
Status Summary: In Progress (Delayed)

Southwest Virginia Higher Education Center (SWVHEC)
Audit Year: 2015

Finding: 15-01: Perform Fixed Asset Inventory
Status: Corrective action plan has been completed.
Status Summary: Completed (On Schedule)

Finding: 15-03: Complete the Disaster Recovery Plan
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

The College of William and Mary in Virginia (CWM)
Audit Year: 2015

Finding: 15-02: Improve the Reconciliation of Retirement Contributions. **This is a Repeat Finding**.
Status: A new procedure for reviewing manual data entry into VNAV has been implemented during this quarter. Control of data integrity related to SNAPSHOT batch auto loads into VNAV is addressed in Finding 3 below. A review of data inconsistencies between BANNER and VNAV has been completed and a plan for addressing the reconciliation of prior years' data developed. Additional resources have been identified and assigned to the reconciliation project.
Status Summary: In Progress (Delayed)

Finding: 15-03: Improve Controls over Retirement Census Data. **This is a Repeat Finding**.
Status: The revised procedure for certifying that BANNER data identified for monthly upload into VNAV is complete and correct in SNAPSHOT has been implemented. HR/IT continues to evaluate/enhance BANNER reports developed as part of the new procedure.
Status Summary: In Progress (Delayed)

University of Mary Washington (UMW)
Audit Year: 2015

Finding: 15-01: Improve Policies and Procedures for Granting and Restricting Elevated Workstation Privileges
Status: New processes and tools for compliance have been finalized. Authorization and approval in process and implemented on May 1.
Status Summary: In Progress (On Schedule)

Finding: 15-02: Improve Virtual Private Network Security Controls
Status: New processes and tools for compliance have been finalized. Authorization and approval in process and implemented on May 1.
Status Summary: In Progress (On Schedule)

University of Virginia (UVA/AD)
Audit Year: 2016

Finding: 16-01: Improve Virtual Private Network Security Controls
Status: During the 4Q a risk assessment was done concerning the audit finding on the use of split tunnels for the Joint VPN. UVA has moved ITS/EA staff who have access to sensitive ERP data in the Oracle E-Business Suite to full tunnel mode. Remaining users of split tunneling have not been moved to full tunnel mode at this point due to performance issues. Specifically, having every workstation in full tunnel mode when using Joint VPN would likely cause a serious degradation of performance across the user base requiring secure VPN access until we increase the Joint VPN capacity.

As an alternative, UVA investigated the possibility of using some of the projects within the Security Enhancement Program (SecureUVA) as a compensating control in lieu of making this change. It was determined that, even though workstation controls like application whitelisting (Carbon Black Protect), additional monitoring, and network segmentation could be effective, the best solution is to remove the split tunnel and clearly avoid the risk of a workstation being used as a transit node in an attack from the internet.

Therefore, the Joint VPN equipment will be upgraded to allow a higher capacity of traffic. ITS/EI worked with Cisco to perform single workstation tests (completed in 4th Quarter), scale tests in production with real users will be completed throughout the Summer 2016, and then deployment will take place in the early Fall 2016. The plan is to cut over all Joint VPN users to full tunnel mode, complete with a communications plan to those users, by December 31, 2016.
Status Summary: Completed (On Schedule)

Finding: 16-02/15-02: Improve Controls for Granting and Restricting Elevated Workstation Privileges
Status: UVA The University concurs with the finding and will assess the risk, implementation timing, approach, and compensating controls in place for workstations that have elevated access or access sensitive data and update policies and standards as appropriate. Considerations will be given to the recommendations of: (1) a formal authorization process, (2) limited access to administrative rights to users who have a documented job related functions that requires the elevated privileges, (3) a documented record of end-users with elevated workstation privileges, (4) an end-user agreement for users with elevated privileges, and (5) additional security training that communicates the associated end user responsibilities and the University's expectations. The University, through the SecureUVA, is implementing end-point detection tools that will enable visibility, prevention, detection and response to workstations that are used by individuals that have access to the highest risk data. Tools that are being considered are leading tools in the security industry and the project has been kicked-off. These tools will be implemented on workstations that have elevated privileges or access highly sensitive data. In addition, the University is implementing a managed workstation solution for users with elevated and privilege access to University systems and those workstations will have these controls.
Status Summary: In Progress (Delayed)

Finding: 16-03: Improve Security Awareness Training Program
Status: UVA is on track to complete the policy and procedure updates by 30 June, 2017. These policies and procedures include an annual training requirement. The start of the project to track and enforce training requirements has been delayed due to competing priorities, but is still expected to be completed by December 29, 2017.
Status Summary: In Progress (On Schedule)

Finding: 16-04: Improve and Comply with Sole Source Policies and Procedures
Status: CFO communication to clients drafted, approved, and set for release that includes items 2a&b. FP&C will post updated RFP and IFB procurement timelines online as a resource to promote understanding of required competitive timelines. Increased FP&C scrutiny has already resulted in no construction Sole Source procurements since August 22, 2016.
Status Summary: Completed (On Schedule)

Audit Year: 2015

Finding: 15-04: Improve System Activity Monitoring Controls
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

University of Virginia Medical Center (UVAH)
Audit Year: 2016

Finding: 16-01: Improve Documentation of myVRS Navigator Reconciliation Process. **This is a Repeat Finding.**
Status: In response to this finding, the Medical Center Payroll Office met with the Director of Benefits for UVA, on October 11, 2016 to discuss the challenges with reconciling the activity. Specifically, it was determined that the Medical Center did not have the appropriate access for the new payroll manager and did not have processes in place to reconcile the activity. As of November 2016, the access has been provided and the processes designed. Medical Center management has identified the reconciling items between VRS and the Payroll System for the fiscal year ended June 30, 2016, as well as for the month ended October 31, 2016. In addition, management has documented the steps being taken to resolve each of the reconciling items and expects VRS to update their system accordingly. At this point, the Medical Center is current on its reconciliation requirements.
Status Summary: Completed (Delayed)

Virginia Commonwealth University (VCU)
Audit Year: 2016

Finding: 16-01: Continue Improving Mobile Device Security. **This is a Repeat Finding.**
Status: VCU made the determination to target both areas based on the clinical operations conducted by both areas. Further deployment also included both Application Services and Information Security Office in VCU Office of Technology Services. Additional deployment will be considered for other areas as the deployment completes with the initial groups.
Status Summary: In Progress (On Schedule)

Finding: 16-02: Improve Oversight of Information Technology Third-Party Service Providers
Status: VCU Information Security Office is working with VCU's procurement office, treasury services and the controller's office on developing a plan on classifying, assessing, and reviewing the data security practices of third party service providers. Thus far, a business partners' security standard has been developed and published. All offices are working on procedures to be used to assess new vendors and initiate periodic reviews as well as an inventory of third party applications.
Status Summary: In Progress (Delayed)

Virginia School for the Deaf and Blind (VSDB)
Audit Year: 2015

Finding: 15-01: Document Firewall Policies and Procedures and Continue to Develop and Implement an Information Security Program. **This is a Repeat Finding**.
Status: The VSDB Board of Visitors (BOV) met in June 2017. The request was put before the Board to move forward with the next step of hiring a firm to write IT policies. The BOV agreed to move ahead with soliciting a bid for services pending funding.
Status Summary: In Progress (Delayed)

Virginia Community College System - Central Office (VCCS-CO)
Audit Year: 2015

Finding: 15-01: Improve Oversight of Information Technology Third-Party Service Providers
Status: The System Office will maintain a complete list of providers and assign oversight responsibility; this task has been completed. The System Office will include language in contracts requiring Providers to provide independently verified assurances of IT controls with an estimated completion date of June 30, 2017. The resulting process will be incorporated into the information security program. This task has been completed as Standard 19.1 has been approved by VCCS Governance. The System Office will align their security program to the current ISO version with an estimated completion date of the formal project plan presented and approved by VCCS Governance and conversion of ISO program update scheduled for completion on April 20, 2018.
Status Summary: In Progress (On Schedule)

Finding: 15-02: Improve Vulnerability Scanning Program
Status: Completion date has been extended to June 30, 2017 to coincide the the June 2017 Advisory Council of Presidents (ACOP) meeting. The draft security standard has been presented to the College Information Security Officers (ISO) for review and a formal recommendation at the March 2017 meeting. Upon approval, this will be presented to the Technology Council in May 2017 and ACOP in June 2017.
Status Summary: In Progress (On Schedule)

Finding: 15-03: Improve Operating System Security
Status: The System Office dedicated the necessary resources to implement and improve the controls discussed in the communication marked FOIAE to meet, at a minimum, the requirements outlined in the VCCS Security Standard and industry best practices.
Status Summary: Completed (On Schedule)

Finding: 15-04: Improve Effectiveness of Administrative Information System Access Controls
Status: Ongoing training has been provided to College personnel to promote awareness of appropriate AIS access levels based on least privilege. Fiscal Services will add to the documentation about assignment of preferences. Additionally, Fiscal Services and ITS Security will continue to refine AIS access roles in association with the implementation of the Shared Services Center.
Status Summary: In Progress (On Schedule)

Blue Ridge Community College (BRCC)
Audit Year: 2015

Finding: 15-01: Improve Compliance over Enrollment Reporting
Status: The Financial Aid Department provides a list of unofficially withdrawn students each term to Admissions and Records. Blue Ridge Community College has resumed the process of sending degree verify files each term. Blue Ridge will continue manually updating the last date of attendance for unofficially withdrawn students in the NSC database until such time as a revised VCCS extract has been written and tested.
Status Summary: In Progress (Delayed)

Central Virginia Community College (CVCC)
Audit Year: 2015

Finding: 15-01: Improve Compliance over Enrollment Reporting
Status: Central Virginia Community College has hired an individual to ensure compliance for the correct reporting of NSLDS updated directly outside of SIS.
Status Summary: In Progress (Delayed)

Finding: 15-02: Improve Notification of Awards to Students
Status: The College has expanded its partnership with Tidewater Community College to include the awarding of and the notification of student borrowers. This process will begin to be performed by Tidewater beginning Spring 2016 and continuing thereafter.
Status Summary: Completed (On Schedule)

Finding: 15-03: Perform and Document Monthly Reconciliations of Direct Loans
Status: CVCC hired Coordinator of Financial Aid in late FY16. Monthly reconciliation ensured as of November 30, 2016.
Status Summary: Completed (On Schedule)

Finding: 15-04: Properly Process Return of Title IV Calculations
Status: The College hired a new Coordinator of Financial Aid that works closely with the employee completing the R2T4 transactions to ensure that calculations are being completed in accordance with federal regulations. Enhanced staffing provides for management and oversight of areas of responsibility. Duties are divided between all of the full and part-time employees in the office. This allows for proper separation of duties and prevent one person from performing all of the compliant sensitive activities within the office.
Status Summary: Completed (On Schedule)

Finding: 15-05: Reconcile Federal Fund Accounts
Status: CVCC developed a reconciliation template during the 2015-16 fiscal year and began to complete monthly reconciliations after receiving the initial audit finding. There were six months of reconciliations that were submitted for review during the audit follow-up. The reconciliation process was not completed between academic terms. Since the follow-up visit, a new Business Manager has been hired and monthly reconciliations are up to date.
Status Summary: Completed (Delayed)

Germanna Community College (GCC)
Audit Year: 2015

Finding: 15-01: Improve Compliance over Enrollment Reporting
Status: A process was put in place to review the unofficial withdraws.
Status Summary: In Progress (Delayed)

Finding: 15-02: Improve Notification of Awards to Students
Status: The college created a communication item in PeopleSoft in the spring although processing issues were not resolved until the fall semester.
Status Summary: Completed (Delayed)

Finding: 15-03: Perform and Document Monthly Reconciliations of Direct Loans
Status: A process was put in place to review and document reconciliations.
Status Summary: Completed (Delayed)

Finding: 15-04: Properly Process Return of Title IV Calculations
Status: The calendar reminder was implemented to check on the prior semester for any grade changes that would cause the student to show late on the R2T4 list. A spreadsheet was created to track students as a secondary level of review to ensure that calculations are accurate. The calendar that is loaded in PeopleSoft is also reviewed and Sundays are now included in the calendar when calculating holiday breaks.
Status Summary: Completed (Delayed)

J. Sargeant Reynolds Community College (JSRCC)
Audit Year: 2015

    Finding: 15-01: Properly Process Return of Title IV Calculations
    Status: The delay in returning unearned Title IV funds was identified by the R2T4 Specialist and
    was the result of the loan disbursement records being rejected by COD. The R2T4 Specialist will
    begin reviewing each student in COD after the updated disbursement records have been sent.
    The Director of Financial Aid will review each R2T4 report once it is completed by the R2T4
    Specialist to ensure that all students have been processed and the calculations are accurate.
    Status Summary: Completed (On Schedule)

John Tyler Community College (JTCC)
Audit Year: 2015

    Finding: 15-01: Improve Compliance over Enrollment Reporting
    Status: Enrollment batches are submitted to NSC at least every thirty days.
    Status Summary: In Progress (Delayed)

    Finding: 15-02: Reconcile Federal Fund Accounts
    Status: The reconciliations are being done monthly with coordination between each Title IV
    program, G5, AIS and SIS.
    Status Summary: Completed (Delayed)

Mountain Empire Community College (MECC)
Audit Year: 2015

    Finding: 15-01: Assign System Access Based on Least Privilege
    Status: Mountain Empire Community College has modified the AIS and SIS user roles for the
    Vice President of Finance and Administration to better conform to the principle of least privilege.
    Status Summary: Completed (On Schedule)

    Finding: 15-02: Deactivate User Access Promptly Upon Employee Separation
    Status: Mountain Empire Community College has implemented procedures for the eVA Security
    Officer and Procurement Officer to routinely review all eVA users. In addition, as part of the
    internal termination checklist form/process, deactivation of eVA access will be performed and
    signed off by the IT Services department.
    Status Summary: Completed (On Schedule)

    Finding: 15-03: Improve Compliance over Enrollment Reporting
    Status: An enrollment batch is submitted to NSC at least every thirty (30) days by an Enrollment
    Services/Financial Aid staff member. Quality Control Reviews have been implemented to attempt
    to identify any problems with the data prior to submission.
    Status Summary: In Progress (Delayed)

New River Community College (NRCC)
Audit Year: 2015

    Finding: 15-01: Assign System Access Based on Least Privilege
    Status: The College performed a review of various roles and changed access for the following
    positions to adhere to the principle of least privilege: Director of Human Resources and Business
    Operations, Cashier, and Student Accounts Specialist. Access was adjusted to provide for
    proper segregation of duties. As a compensating control, the Vice President for Finance and
    Technology will review all transactions for the Business Office and Human Resources Office. The
    Interim Director of Information Technology will send audit reviews of all accesses in AIS, SIS, and
    HRMS biannually for review by the appropriate data owners and supporting documentation will be
    maintained. The College performed a review of various roles and changed access for the
    following positions to adhere to the principle of least privilege: Director of Human Resources and
    Business Operations, Cashier, and Student Accounts Specialist. Access was adjusted to provide

for proper segregation of duties. As a compensating control, the Vice President for Finance and Technology will review all transactions for the Business Office and Human Resources Office. The Interim Director of Information Technology will send audit reviews of all accesses in AIS, SIS, and HRMS biannually for review by the appropriate data owners and supporting documentation will be maintained.
Status Summary: Completed (On Schedule)

Finding: 15-02: Deactivate User Access Promptly Upon Employee Separation
Status: The College redesigned the Information Technology Account Request Form to closely follow the progression of an employee's access changes from inception to removal. The new form has checklists and is accompanied by a screenshot of access as it is removed which will provide a date and visual confirmation when access is deleted.
Status Summary: Completed (On Schedule)

Finding: 15-03: Improve Fixed Asset Inventory and Tracking
Status: The College has conducted a full inventory and resolved all discrepancies per CAPP Manual guidelines. The Procurement Officer tagged all incoming inventory and the end users were contacted immediately to arrange for the equipment to be placed in service. The Director of Human Resources and Business Operations will review material monthly to ensure that all fixed assets are properly inventoried.
Status Summary: Completed (On Schedule)

Finding: 15-04: Approve Revenue Journal Entries Timely
Status: The College has implemented new policies and procedures to ensure that revenue journal entries are entered and posted within a three-day time frame. The Business Office Cashier has been given access to the instance numbers in order to generate the revenue summary report from SIS. This report will be used to enter the revenue journal entries on a daily basis. Once the revenue journal entries have been entered, the Director of Human Resources and Business Operations will be responsible for review and final posting.
Status Summary: Completed (On Schedule)

Finding: 15-05: Improve Documentation of myVRS Navigator Reconciliation Process
Status: Human Resource Personnel continue to work with VRS to reconcile several differences that appear on the reconciliation report. This process will be documented and will be complete by June 30, 2017.
Status Summary: In Progress (Delayed)

Northern Virginia Community College (NVCC)
Audit Year: 2015

Finding: 15-01: Assign System Access Based on Least Privilege. **This is a Repeat Finding.**
Status: Within AIS, some roles must be granted in order to perform the job responsibilities. The College has a process in place that provides segregation of duties between keying an entry and posting an entry. There are separate sign offs on each journal form. The journal entry creator will stamp the entry "entered" and sign and date the form. The reviewer will stamp the entry "posted" and sign and date the form as evidence of approval. This process is more fully described in the Accounting Operations Financial Reporting Procedures Manual Section II – Journal Entry Processing. Within the AP module, access to the role VX_AP_ENTRY_MANGER is needed to post a batch. We monitor and control access to this role. There are two primary and two backups with this role. To ensure payables are accurate, our procedures require that vouchers are reviewed before posting.
Status Summary: Completed (On Schedule)

Patrick Henry Community College (PHCC)
Audit Year: 2015

Finding: 15-01: Assign System Access Based on Least Privilege
Status: Management performed a review and updated SIS and AIS user access for more appropriate segregation of duties to support the principle of least privilege. Management also implemented additional compensating controls to include queries/reports to monitor transactions and activities to aid in minimizing risks.
Status Summary: Completed (On Schedule)

Finding: 15-02: Improve Financial Reporting for Accounts Receivable
Status: Management has improved documentation of policies and procedures for the calculation of the allowance for doubtful accounts and the write-off of uncollectible accounts.
Status Summary: Completed (On Schedule)

Finding: 15-03: Retain Audit Support for Financial Statement Schedules
Status: Management will reinforce current policies and procedures and the Business Office will properly maintain all supporting calculations for financial statement schedules submitted to the VCCS System Office.
Status Summary: In Progress (On Schedule)

Paul D. Camp Community College (PDCCC)
Audit Year: 2015

Finding: 15-01: Improve Compliance over Enrollment Reporting
Status: IT setups were updated, and the Fall 2015 file was uploaded. Files were reviewed and errors corrected every two months, per the NSLC's schedule. Return of Aid files are sent ad hoc as needed. Graduation file was uploaded after all degrees conferred.
Status Summary: In Progress (Delayed)

Finding: 15-02: Improve Reporting to the Common Origination and Disbursement System (COD)
Status: Paul D. Camp devoted the resources and time required to follow existing policies and procedures as related to updating COD files. Files will be updated on a weekly basis throughout the academic year. The Franklin and Suffolk Financial Aid Officers will meet at the end of each semester with the Vice President of Administration and Technology to review the updates and share any challenges encountered.
Status Summary: Completed (On Schedule)

Southwest Virginia Community College (SWVCC)
Audit Year: 2015

Finding: 15-01: Improve Fixed Asset Inventory and Tracking
Status: The College completed the physical inventory and the fixed asset system was fully reconciled to the physical inventory in accordance with state requirements. Controls were implemented to support the proper recording of disposals, surplus assets, and tagging of assets.
Status Summary: Completed (On Schedule)

Finding: 15-02: Ensure Proper Monitoring of Auxiliary Contracts
Status: Monthly reports are now received from the bookstore vendor that provide the calculation of commissions due to the college along with the remittance advice for the electronic deposit of those funds. The payments are now made on a timely basis as a result of the monthly electronic transfer of funds. The College has taken additional steps to comply with the Virginia Public Procurement Act and will issue a new Request for Proposal upon expiration of contract renewals. The College is currently working to secure a vending contract to cover the campus vending machines. Monthly reports are now received from the bookstore vendor that provide the calculation of commissions due to the college along with the remittance advice for the electronic deposit of those funds. The payments are now made on a timely basis as a result of the monthly electronic transfer of funds. The College has taken additional steps to comply with the Virginia Public Procurement Act and will issue a new Request for Proposal upon expiration of contract renewals. The College is currently working to secure a vending contract to cover the campus vending machines.
Status Summary: Completed (On Schedule)

Finding: 15-03: Improve Compliance over Enrollment Reporting
Status: Due dates for all file submissions are now being met regularly.
Status Summary: In Progress (Delayed)

Virginia Highlands Community College (VHCC)
Audit Year: 2015

Finding: 15-01: Assign System Access Based on Least Privilege
Status: Management agrees that system access controls within AIS and SIS are important to maintain security over critical systems. While VHCC Business Office staff size dictates that ideal controls and ideal separation of duties are not always possible, compensating controls been implemented to ensure compliance with internal controls. The College's AIS and SIS access procedures have been updated to specify that access is to be granted based on the principle of least privilege. When the Finance Director performs the annual review of AIS and SIS access as required by VCCS policy, all roles and assigned users will be evaluated to determine appropriate segregation of duties. For each conflicting role, access will either be removed or compensating controls identified. This annual review process will become part of the VHCC Business Office Procedures Manual.
Status Summary: Completed (On Schedule)

Finding: 15-02: Improve Documentation of Policies and Procedures
Status: Processes such as cashiering and financial statement preparation which will not be impacted by implementation of the VCCS Shared Services Center: April 30, 2017. Procurement, accounts payable and travel: in conjunction with SSC implementation and development of VCCS standardized processes.
Status Summary: In Progress (On Schedule)

Finding: 15-03: Improve Compliance over Enrollment Reporting
Status: Registrar and IT staff implemented electronic processes for graduation. Cross training occurred to ensure depth of staff to submit to NCH. Multiple submissions were made to NCH in order to ensure submission prior to 30-day deadline.
Status Summary: In Progress (Delayed)

Finding: 15-04: Improve Reporting to the Common Origination and Disbursement System (COD)
Status: Virginia Highlands personnel will report all disbursements and subsequent adjustments within federal requirements. Policies and procedures have been updated to reflect that communication to update COD will occur both verbally and followed by an email to ensure compliance with federal regulations.
Status Summary: Completed (On Schedule)

Wytheville Community College (WCC)
Audit Year: 2015

Finding: 15-01: Assign System Access Based on Least Privilege
Status: The College performed a review of AIS and SIS access by utilizing staff member's Employee Work Performance (EWP) to ensure that proper access was granted in accordance with the System IT Security Standard, 11.2, which dictates the principle of least privilege must be used by the College in the assignment of security roles and responsibilities. SIS and AIS access was adjusted so that the entering and posting of entries will not be permitted by a single user in order to properly segregate duties. The review and related access changes were documented and communicated to Administrators and Area Supervisors. Management will perform annual reviews of AIS and SIS access to ensure that controls are place for the appropriate segregation of duties. Additional reviews of AIS and SIS access will occur within 30 days of any employee turnover in the Business Office.
Status Summary: Completed (On Schedule)

Finding: 15-02: Deactivate User Access Promptly Upon Employee Separation
Status: The College developed and disseminated a formal procedure for deactivating system access within 24 hours of an individual's termination or change in employment. This procedure provides comprehensive documentation of the employee's system accesses, the date the access was terminated, the action taken to terminate the access, and the party responsible for terminating each access. Additionally, quarterly reviews will be performed by the IT Department Staff to ensure system accesses have been deactivated on user accounts with terminations or changes in employment.
Status Summary: Completed (On Schedule)

Finding: 15-03: Improve Fixed Asset Inventory and Tracking
Status: The College conducted rolling audits until all fixed assets were reconciled to AIS. Additionally, the College has implemented VCCS CAPPM policies and processes to ensure the proper removal of assets and the continuous updating of location codes.
Status Summary: Completed (On Schedule)

Finding: 15-04: Perform myVRS Navigator Pre-Reconciliations
Status: Current processes were improved to meet the full requirements of CAPP Manual Topic Number 50410, VRS Retirement Reconciliation. The Director of Human Resources will now generate a PMIS report monthly with noted changes of new hires, terminations, or salary changes. Any differences identified when comparing VNAV and PMIS will be corrected and supporting documentation will be maintained. The reconciliation form between VNAV and PMIS will be completed and signed by the Director of Human Resources and reviewed and signed by the Payroll Officer. Documentation will be maintained and will include all changes, differences, VNAV snapshots, and monthly reconciliations.
Status Summary: Completed (On Schedule)

Finance

Department of Accounts (DOA)
Audit Year: 2015

Finding 15-01: Improve Cardinal System Security Controls. **This is a Repeat Finding**.
Status: Additional log queries are being created and tested for DOA's production servers. Recurring monthly review meetings are held to review logs and modify and/or add additional queries as needed.
Status Summary: In Progress (Delayed)

Department of Taxation (TAX)
Audit Year: 2015

      Finding 15-03: Complete System Security Plans
      Status: Corrective action plan has been completed.
      Status Summary: Completed (Delayed)

Department of the Treasury (TRS)
Audit Year: 2015

      Finding 15-01: Improve Financial Reporting
      Status: The Department of Accounts invited the Unclaimed Property Director to the monthly
      Treasury Task Force meeting held January 19, 2017. The Unclaimed Property templates and the
      APA question about the reporting and an issue regarding the transfer to the Literary Fund were
      on the agenda. TRS will be working collaboratively over the next few weeks/months to evaluate
      the most appropriate CAFR treatment for this fund. Since the Commonwealth's policy is to not
      early implement standards, the pending Fiduciary statement is likely to not be a factor in this
      determination for FY 2017. Since that meeting, a request to hire a contractor to research and
      document the proper reporting according to the various GASBs has been sent to the Treasurer
      for approval.
      Status Summary: In Progress (Delayed)

Health and Human Resources

Department for Aging and Rehabilitative Services (DARS)
Audit Year: 2014

      Finding 14-02: Create Payroll Policies and Procedures and Document Pre-Certification Activities
      Status: DARS hired a temporary wage employee to document the policies and procedures for
      payroll. The work has begun, and DARS anticipates a draft policy to be in place by March 31,
      2017 reporting and will have completed the manual prior to June 30, 2017.
      Status Summary: In Progress (Delayed)

Department of Behavioral Health and Developmental Services (DBHDS)
Audit Year: 2015

      Finding 15-02: Upgrade Unsupported Technology
      Status: DBHDS has engaged an external consulting company to assist with this audit finding
      (Gartner). The official start date is March 14, 2017. In addition, DBHDS has engaged three
      contractors to upgrade the operating system of 46 servers.
      Status Summary: In Progress (On Schedule)

      Finding 15-05: Develop Baseline Configurations for Information Systems
      Status: DBHDS has engaged an external consulting company to assist with this audit finding
      (Gartner). The official start date is March 14, 2017. In addition, DBHDS has engaged three
      contractors to upgrade the operating system of 46 servers.
      Status Summary: In Progress (Delayed)

      Finding 15-08/14-02: Improve IDOLS Security. **This is a Repeat Finding**.
      Status: Corrective action plan has been completed.
      Status Summary: Completed (On Schedule)

      Finding 15-09: Increase Oversight over Third-Party Providers
      Status: Corrective action plan has been completed.
      Status Summary: Completed (Delayed)

Finding 15-11/14-04: Improve Internal Controls over Systems Access. **This is a Repeat Finding.**
Status: DBHDS is investigating Identity Access Management software ("IAM") to assist in remediating this audit finding.
Status Summary: In Progress (Delayed)

Finding 15-12: Improve Controls over Payroll
Status: The payroll findings were at different facilities than the facilities cited in 2015, thus this is not a repeat for the facilities cited in FY 2016. Follow-ups will be completed to determine compliance.
Status Summary: In Progress (Delayed)

Finding 15-13/14-06: Improve Controls over the myVRS Navigator System. **This is a Repeat Finding**.
Status: Policies and procedures have been standardized for DBHDS facilities and Central Office. The access issue has been corrected.
Status Summary: In Progress (Delayed)

Finding 15-18: Improve Controls over Sale of Land
Status: DBHDS will ensure that there are adequate policies and procedures that cover all aspects related to the sale of land. It must be noted that the sale of land belonging to the Commonwealth is the responsibility of the Department of General Services (DGS). DBHDS will continue to work with DGS, the Office of the Attorney General, the Department of Treasury and the facilities with FAACS responsibility to ensure that land sales are recorded according to the Department of Accounts (DOA) regulations.
Status Summary: In Progress (Delayed)

Finding 15-21: Comply with the Code of Virginia Economic Interest Requirements
Status: DBHDS has developed a process where the individuals required to file the Statement of Economic Interest form will be tracked along with their timely completion of the Conflict of Interest Training. DBHDS will require employees to take the Conflict of Interest Training that is offered and accounted for through the DBHDS Knowledge Center by March 31, 2017.
Status Summary: In Progress (Delayed)

Department of Health (VDH)
Audit Year: 2015

Finding 15-03: Improve VVESTS Web Application Security
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Finding 15-06: Record Accurate Time and Effort Reporting
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Department of Medical Assistance Services (DMAS)
Audit Year: 2015

Finding 15-01/14-02: Create Formal Documentation that Facilitates Controlling Privileges in the Medicaid Management Information System. **This is a Repeat Finding**.
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Finding 15-04/14-04: Correct Operating Environment and Security Issues Identified by their Security Compliance Audit. **This is a Repeat Finding**.
Status: OCS has contracted with Assura to conduct internal data classifications and risk assessments on the remaining external contracts. OCS is developing an internal documented procedure to complete internal application data classifications and risk assessments as well as have any Risk Management Treatment Plans resolved by the end of the calendar year, December 31, 2017. These four internal Oracle applications (TPLSR, HCOSTS, FAIR, and CAS-E), account access reviews, including documentation, were completed March 17, 2017. This issue is no longer applicable because the CAS-E application was decommissioned on January 27, 2017. Documentation and procedures have been updated as required by policy, as part of the DMAS COVA Annual Review completed March 17, 2017. Internal application review is being looked over by Oracle System Application Support, as well as piloted with several Agency Division Directors and their reporting supervisors, to ensure comprehension of the process is understood. This annual review is planned to be within a workflow tool to assist OCS in documenting annual reviews. Estimated completion for tools to become available by August 31, 2017. DMAS Access Policy was finalized on September 20, 2016. COVA Annual Reviews were completed on March 17, 2017. DMAS has continued to work on finalizing the 18 policies required pursuant to the SEC501.09.
Status Summary: In Progress (Delayed)

Natural Resources

Department of Game and Inland Fisheries (DGIF)*
Audit Year: 2015

Finding 15-01: Improve Internal Controls over Recording and Reviewing Transactions. **This is a Repeat Finding**.
Status: Initial corrective action workplan was not submitted.
Status Summary: In Progress (On Schedule)

Finding 15-02: Properly Reconcile and Suspend Amounts in Revenue Clearing Accounts. **This is a Repeat Finding**.
Status: Initial corrective action workplan was not submitted.
Status Summary: In Progress (On Schedule)

Finding 15-03: Perform a Physical Inventory at Least Every Two Years. **This is a Repeat Finding**.
Status: Initial corrective action workplan was not submitted.
Status Summary: In Progress (On Schedule)

Finding 15-04: Improve Procedures for CARS Reconciliation
Status: Initial corrective action workplan was not submitted.
Status Summary: In Progress (On Schedule)

Finding 15-05: Improve Procedures over Construction in Progress
Status: Initial corrective action workplan was not submitted.
Status Summary: In Progress (On Schedule)

Finding 15-06: Conduct Thorough Reconciliations Between HR System and myVRS Navigator. **This is a Repeat Finding**.
Status: Initial corrective action workplan was not submitted.
Status Summary: In Progress (On Schedule)

Finding 15-07: Conduct Adequate Pre and Post Payroll Certification Procedures
Status: Initial corrective action workplan was not submitted.
Status Summary: In Progress (On Schedule)

*__*DOA did not receive an updated Corrective Action Workplan status by the time period required.__*

Audit Year: 2014

Finding 14-02: Create Policies and Procedures for Multiple Areas in the Agency
Status: DGIF continues to draft/adopt policies and procedures and evaluate requirements and the opportunities of these policies against future of CARDINAL, eVA, and internal systems' updates. Despite anticipated, ongoing changes due to the above, updated policies and procedures have been implemented. Due to recent audit communications, additional policies and procedures are being considered.
Status Summary: In Progress (Delayed)

Finding 14-03: Improve Controls for Fixed Asset Management
Status: DGIF has established a set inventory schedule and updated specific policies and procedures for the DGIF fixed asset/inventory control function. As a result of the DGIF HQ move in May, 2015, a Federal Audit starting in June, 2015, and CARDINAL Transition, a revised inventory schedule was adopted in August, 2015. Due to competing agency priorities, the inventory schedule has been revised again; however, DGIF fully expects to achieve completion of a comprehensive physical inventory by June 30, 2016.
Status Summary: In Progress (Delayed)

Finding 14-04: Perform a Physical Inventory at Least Every Two Years
Status: DGIF has established a set inventory schedule for the fixed asset/inventory control function. As a result of DGIF HQ move in May 2015, Federal Audit commencing in June 2015, and CARDINAL Transition, a revised inventory schedule was adopted in August 2015. DGIF has provided training to the Fixed Asset Coordinator and other staff within the Planning and Finance Division to support the inventory function. Training for regional offices is being handled as part of an updated inventory schedule for field visits.
Status Summary: In Progress (Delayed)

Public Safety and Homeland Security

Department of Alcoholic Beverage Control (ABC)
Audit Year: 2016

Finding 16-01: Develop and Adopt a Comprehensive IT Strategic Plan to Modernize Systems
Status: Strategic plan and ERP Strategy documents address all core systems. Projects are in flight to remediate all identified issues but multi-year scope.
Status Summary: Completed (On Schedule)

Finding 16-02: Improve Web Application Security
Status: ABC has contracted with a vendor to provide support until June 30, 2017, at which time ABC expects to have its in-house support team trained.
Status Summary: In Progress (On Schedule)

Finding 16-03/15-03/13-02: Finalize Security Exception Requests for Unsupported Databases
Status: Contracts negotiated and signed with both vendors to upgrade MOVE and Performance applications which will remove them from the EOL database servers and move them onto supported versions.
Status Summary: In Progress (Delayed)

Finding 16-04: Improve Wireless Local Area Network Security
Status: The agency implemented the requested changes to the LAN security. Additionally, a new version of the firmware is now available and will be installed once it has gone through change control.
Status Summary: Completed (On Schedule)

Department of Corrections (DOC)
Audit Year: 2015

    Finding 15-02: Manage Offender Trust Accounts in Accordance with Requirements
    Status: A report is currently being distributed to facility staff so affected accounts can be remedied. This process takes place on a monthly basis after offender payroll has posted. The system vendor is currently working to correct the issue within CORIS. DOC also continues to work with the system vendor to ensure that the controls built-in to CORIS are functioning properly.
    Status Summary: In Progress (Delayed)

Department of Emergency Management (VDEM)*
Audit Year: 2016

    Finding 16-01: Strengthen Internal Controls over Time and Effort Reporting for Federal Grants
    Status: VDEM plans to: restructure Payroll allocations to align with the agency re-organization, agency training on TAL use for disaster coding, and revise Standard Operating Procedures to align with requirements of 2CFR 200.430 (I) (ii).
    Status Summary: In Progress (Delayed)

    Finding 16-02: Issue Management Decisions on Sub-Grantee Single Audit Findings
    Status: VDEM plans to: Fill vacancies in the Grants Organization, resume the task of reviewing sub-grantee, and single Audit reports.
    Status Summary: In Progress (Delayed)

    Finding 16-03: Complete Sub-Grantee Risk Assessments in a Timely Manner
    Status: Monitoring (Risk Assessments will be completed on both the 2014 and the 2015 grant cycles to ensure compliance over all active grants).
    Status Summary: In Progress (Delayed)

    Finding 16-04: Strengthen Internal Controls over Agency Transaction Vouchers
    Status: Quarterly training on Cardinal Chart of Accounts for all VDEM employees. Additional training for Accounts Payable manager. All journal entries reviewed by Fiscal Officer. Updated Standard Operating Procedures for ATVs.
    Status Summary: In Progress (Delayed)

Department of Military Affairs (DMA)
Audit Year: 2015

    Finding 15-01: Improve Controls around the Agency Small Purchase Charge Card Program
    Status: SPCC Policy has been drafted and reviewed. Awaiting publication.
    Status Summary: In Progress (Delayed)

    Finding 15-02: Maintain Compliance with Statement of Economic Interest Requirements
    Status: Awaiting certificates from all personnel who took the training.
    Status Summary: In Progress (Delayed)

Department of State Police (VSP)
Audit Year: 2014

    Finding 14-01: Improve Motor Vehicle Inspection Program Web Application Security
    Status: Review of MVIP logs finding - SLAIT is in the process of the reviewing the Security tool sets originally proposed for VSP's separation. SLAIT will provide recommendations for tools to automate the solution to this finding. Funding will be needed to procure out-of-scope security tools. AV on Linux finding – Exception will be documented and in place by April 30, 2017.
    Status Summary: In Progress (Delayed)

*DOA did not receive an updated Corrective Action Workplan status by the time period required.

Finding 14-03/11-02/09-03: Continue to Upgrade Database System Software. **This is a Repeat Finding.**
Status: Evidence project is still delayed to available handheld scanners ability to comply with SEC-501 two factor authentication. ISO and IT is proposing a solution and is working with VITA on an exception that will allow the project to move forward. Asset Tracking will be incorporated into the recently completed AIMS system. Funding has been identified and awaiting contract modification for the project to begin. Human Resources project is still underway; progress has been slowed by requirement definitions. Communications equipment (AIMS) project is complete March 2017. CARE, CPAS, and WARS Mapper systems are slated to be replaced by CAD expansion. Progress on this was delayed due to pending E-Summons legislation that did not pass. Efforts to migrate to CAD will be commencing in the next three months. IBR Cobol system RFP contract is being prepared for signatures. The contract is currently in AG office for review. CCH project is complete.
Status Summary: In Progress (Delayed)

Finding 14-06: Improve Fixed Asset Internal Controls and Processes
Status: The STARS AIMS project Phase 1 (STARS equipment/vehicles/NOC) is complete; Phase 2 (VEX/warehouse/everything else) is going through approvals/contract mods now. The STARS AIMS project is in full swing and is scheduled to go live in the first quarter of 2017. The requirements for Asset Tracking have completed, the Agency is reviewing options for a replacement system. Asset tracking requirements have gone to vendor for assessment and cost.
Status Summary: In Progress (On Schedule)

Finding 14-08: Improve Processes over Work Zone Project Billings
Status: The Property and Finance Division has asked Oracle to perform a best practice review (OEBS STEPS) of current billing and accounts receivable processes. Also consideration of using Agency Use Field 1 to track agency specific grant project information which will be recorded through Time and Labor when Cardinal Payroll is implemented for VSP to assist with automating the billing processes for work zones and private security agreements.
Status Summary: In Progress (Delayed)

Audit Year: 2011

Finding 11-01: Upgrade Unreliable and Unsupported Infrastructure Devices (Develop a Secretary Level Transformation Strategy for State Police and VITA)
Status: Proposed legislation did not pass and VSP was not funded to transform nor separate. VSP will begin to develop a new plan for separation. VSP has engaged SLAIT to review network and security needs and identify cost, staffing needs and timelines for a path forward to address VSP's security needs.
Status Summary: In Progress (Delayed)

Transportation

Department of Motor Vehicles (DMV)
Audit Year: 2015

Finding 15-01/14-01/13-01/12-01/11-02: Continue to Improve Database and Application Baseline Security Configurations. **This is a Repeat Finding.**
Status: Multiple databases, applications, and operating systems have had security baselines applied. Since this process has a high probability of causing a service disruption its being handle following our SDLC process with multiple iterations of testing.
Status Summary: In Progress (Delayed)

Finding 15-02/14-02: Continue to Improve Physical and Environmental Security Controls. **This is a Repeat Finding.**
Status: Corrective Action Plan has been completed.
Status Summary: Completed (Delayed)

Finding 15-03/14-03: Continue to Improve IT Risk and Continuity Management Program. **This is a Repeat Finding.**
Status: Corrective Action Plan has been completed.
Status Summary: Completed (Delayed)

Finding 15-04: Improve IT Software Maintenance and Management Controls
Status: Significant process has been made in the upgrade/removal of unsupported software in the environment. There are still a number of systems that due to their complexity are taking longer to migrate.
Status Summary: In Progress (Delayed)

Finding 15-05: Improve System Authentication Controls
Status: A project has been established for this effort and resources are being secured. Expectation is to start the project by the end of 2016.
Status Summary: In Progress (Delayed)

Finding 15-08: Create Processes for Review and Assessment of Third Party Vendors' Controls
Status: Since November 2015, progress has been made by drafting a Third Party Assurance Framework and forming a Third Party Assurance Committee. By May 2016, all contracts and MOUs were reviewed for SEC 525 and ARMICS considerations and those in scope have been identified. ARMICS assessments and training have been updated. Procedures for SOC report review are being developed. Contract language to require vendor assurances has been drafted and shared with DGS for statewide usage. A centralized repository, using SharePoint, was created to track review of SOC reports and any required remediation efforts. APA staff were briefed on agency progress in August 2016.
Status Summary: In Progress (Delayed)

Audit Year: 2014

Finding 14-05: Improve Termination Procedures Supporting Timely Removal of Commonwealth Systems' Access
Status: Corrective Action Plan has been completed.
Status Summary: Completed (Delayed)

Audit Year: 2013

Finding 13-02/12-03: Improve User Access Controls. **This is a Repeat Finding**.
Status: A project has been established for this effort and resources are being secured. Expectation is to start the project by the end of the year.
Status Summary: In Progress (Delayed)

Department of Transportation (VDOT)
Audit Year: 2015

Finding 15-07: Upgrade End-of-Life Technology
Status: VDOT over the past two years reduced the number of servers running end-of-life operating systems from 353 servers with 25 servers remaining to be decommissioned.
Status Summary: In Progress (On Schedule)

Virginia Port Authority (VPA)
Audit Year: 2016

Finding 16-01: Significant Deficiency Related to Properly Recording Federal Expenditures; Department of Transportation; Pass-through Payments CFDA #20.816; Department of Homeland Security; Pass-through Payments CFDA #97.067
Status: The exceptions noted in the finding relate to a fiscal year 2015 cutoff issue whereby an expenditure incurred and recorded in the Company's ledger prior to June 30, 2015 was not included in the fiscal year 2015 SEFA. At the time, the Authority had experienced significant turnover, particularly in the positions responsible for the preparation and review of the 2015 SEFA, which led to this audit finding as the noted expenditure was then recorded in the FY2016 SEFA. Our Manager of Plant and Grant Funds Accounting, recruited in December 2015, has performed extensive work (including generating a mock SEFA, separating federal and state grant funding, and analyzing related expenditures closely) to improve cutoff and remediate the "carryover findings" from FY2015 which were ultimately the result of this finding. While work will continue to optimize the SEFA process, VPA was not made aware of any such cutoff issues as of June 30, 2016, and believe that the source of the original findings has been remediated.
Status Summary: Completed (On Schedule)

Audit Year: 2015

Finding 15-01: Improve Internal Controls over Financial Reporting
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Finding 15-02: Improve Internal Controls over Major Federal Programs
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Veterans and Defense Affairs

Veterans Services Foundation (VSF)
Audit Year: 2015

Finding 15-01: Improve Internal Controls Over Donations
Status: Database is loaded and populated with historical data, we will begin tutorials mid-January and hope to have it fully operational by the first of March portions will be utilized earlier.
Status Summary: In Progress (Delayed)

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Compliance Monitoring

Agency Risk Management and Internal Control Standards (ARMICS) Compliance

ARMICS is a comprehensive, risk based, approach to Internal Control. It is based on the Treadway Commission's Committee of Sponsoring Organizations, 1992 publication "Internal Control Framework" and their 2004 work entitled, "Enterprise Risk Management."

ARMICS provides standards and guidance for establishing and assessing agency internal controls in order to more effectively manage risk and maintain accountability. The ARMICS process culminates with an annual certification by the agency head and fiscal officer that they have established, maintained, and evaluated their agencies' internal control framework and tested key controls. DOA conducts periodic Quality Assurance Reviews (QAR) and issues reports on agency ARMICS implementations.

Although an agency's QAR report may state that it "generally" or minimally complies with the ARMICS standards, most reports contain some findings and recommendations, which agencies are strongly encouraged to address.

Non-compliance with ARMICS can take several forms and will be reported, as stated below:

1. Late submission of the annual certification statement (without an extension authorized by DOA) will result in citation in the current year's 9/30 Comptroller's Quarterly Report (QR).

2. Submission of Exhibit 4: Agency Statement, which states that the agency has not complied with ARMICS, will result in continued citation in the QR until the agency complies with the ARMICS standards and submits an ARMICS certification. The status of the agency's submitted Corrective Action Plan (CAP) will be reported until the ARMICS certification has been received.

3. Substantial non-compliance with the processes required for the successful completion of ARMICS (based on a QAR performed by DOA) will result in continued citation in the QR until the agency has complied with ARMICS and has submitted an ARMICS certification. The status of the agency's submitted CAP will be reported until the ARMICS certification has been received.

As of March 31, 2017, the following agencies were not in compliance with the ARMICS process based on their 2016 ARMICS submission:

Agency Name	Reason for Non-Compliance	Quarterly Corrective Action Plan Received	Status of Corrective Action
Department of Criminal Justice Services	Exhibit 4 Filed & Submitted Late Certification for FY16	Yes	Agency states corrective action will be completed by September 30, 2017. Quarterly status update received.
Department of Fire Programs	Exhibit 4 Filed	Yes	Agency states corrective action will be completed by June 30, 2017. Quarterly status update received.

Agency Name	Reason for Non-Compliance	Quarterly Corrective Action Plan Received	Status of Corrective Action
Department of Historic Resources	DOA requested an amended FY16 certification	N/A	Agency was contacted numerous times for status update without response.
Virginia Employment Commission	Exhibit 4 Filed	Yes	Agency stated corrective action will be completed by December 31, 2016. Revised completion date to June 30, 2017. Quarterly status update received.

The following agencies were not in compliance with the ARMICS process based on a QAR performed:

Agency Name	Reason for Non-Compliance	Quarterly Corrective Action Plan Received	Status of Corrective Action
Department of Criminal Justice Services	Substantial non-compliance with ARMICS process based on a QAR.	Yes	In process. Agency stated corrective action will be completed by September 30, 2017. Quarterly status update received.
State Corporation Commission	Substantial non-compliance with ARMICS process based on a QAR.	Yes	In process. Agency originally stated corrective action will be completed by December 31, 2016. Revised completion date to June 30, 2017. Quarterly status update received.
Division of Mines Minerals and Energy	Substantial non-compliance with ARMICS process based on a QAR.	Yes	Final certification in process. Agency originally stated corrective action will be completed by mid-January 2017. Revised completion date to September 30, 2017. Quarterly status update received.
Department of Medical Assistance Services	Substantial non-compliance with ARMICS process based on a QAR.	Yes	In process. Agency originally stated corrective action will be completed by September 30, 2016. Revised completion date to September 30, 2017. Quarterly status update received.
Department of Fire Programs	Substantial non-compliance with ARMICS process based on a QAR.	Yes	Agency states corrective action will be completed by June 30, 2017. Quarterly status update received.

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DOA performs decentralized record reviews to fulfill its statutory responsibilities under the *Code of Virginia* regarding expenditures by state agencies and institutions. The decentralized record reviews emphasize the impact and effect of the findings on overall compliance with the applicable sections of the Commonwealth Accounting Policies and Procedures Manual.

A formal corrective action plan is required for agencies considered deficient in their compliance responsibilities. DOA will perform a follow-up review to verify the actions taken by the agency adequately addressed the deficiencies noted in the original report.

Although an agency's report may state that it "generally complies with the CAPP Manual" and not require a formal corrective action plan, most reports do contain some findings and recommendations. Agencies are strongly encouraged to address these findings. Repeat occurrences of the same findings in future reviews may result in the agency having to prepare a formal corrective action plan.

Agencies are evaluated for compliance with the following sections of the Commonwealth Accounting Policies and Procedures CAPP Manual:

- CAPP Topic 20310 - *Expenditures*
- CAPP Topic 20315 - *Prompt Payment*
- CAPP Topic 20330 - *Petty Cash*
- CAPP Topic 20335 - *State Travel Regulations*
- CAPP Topic 20336 - *Agency Travel Processing*
- CAPP Topic 20345 - *Moving and Relocation*
- CAPP Topic 20355 - *Purchasing Charge Card*

Agencies are generally selected each quarter using a systematic risk evaluation of all decentralized agencies. The completed decentralized agency review reports were not finalized for distribution during this quarter.

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Certification of Agency Reconciliation to Cardinal Reports

The Commonwealth's accounting and reporting system, Cardinal, contains the Commonwealth's official accounting records. Therefore, State accounting policy requires that each agency reconcile its internal accounting records to Cardinal at least monthly and submit the results of the reconciliation via the Certification of Agency Reconciliation to Cardinal.

DOA closely monitors Certification status, evaluates exceptions, and posts correcting entries in Cardinal. Certifications for December, January and February were due 01/31/2017, 02/28/2017 and 03/31/2017 respectively.

Certifications Late or Outstanding
As of July 6, 2017

Agency	Dec	Jan	Feb
Department of the Treasury-Statewide Activities	3/15/17	3/31/17	-
Virginia Commission for the Arts	O/S	O/S	O/S

Key: O/S – Certification is outstanding
DATE – The date received by DOA

E-Commerce

Travel Check Charges

In accordance with Chapter 780, 2016 Virginia Acts of Assembly § 4-5.04 f., the Comptroller charges agencies $5 for travel reimbursement checks issued in lieu of Travel EDI. Agencies are charged for each travel reimbursement check issued to an employee after their second check of the fiscal year. Agencies are expected to take action to enroll applicable employees in the EDI program and thus avoid the fees altogether. The following table lists agencies that have incurred travel check charges during the third quarter of FY 2017.

Agencies are highly encouraged to sign up board and commission members and other non-employees that receive travel reimbursements on a recurring basis.

Agency Non-Compliance Travel Check Charges

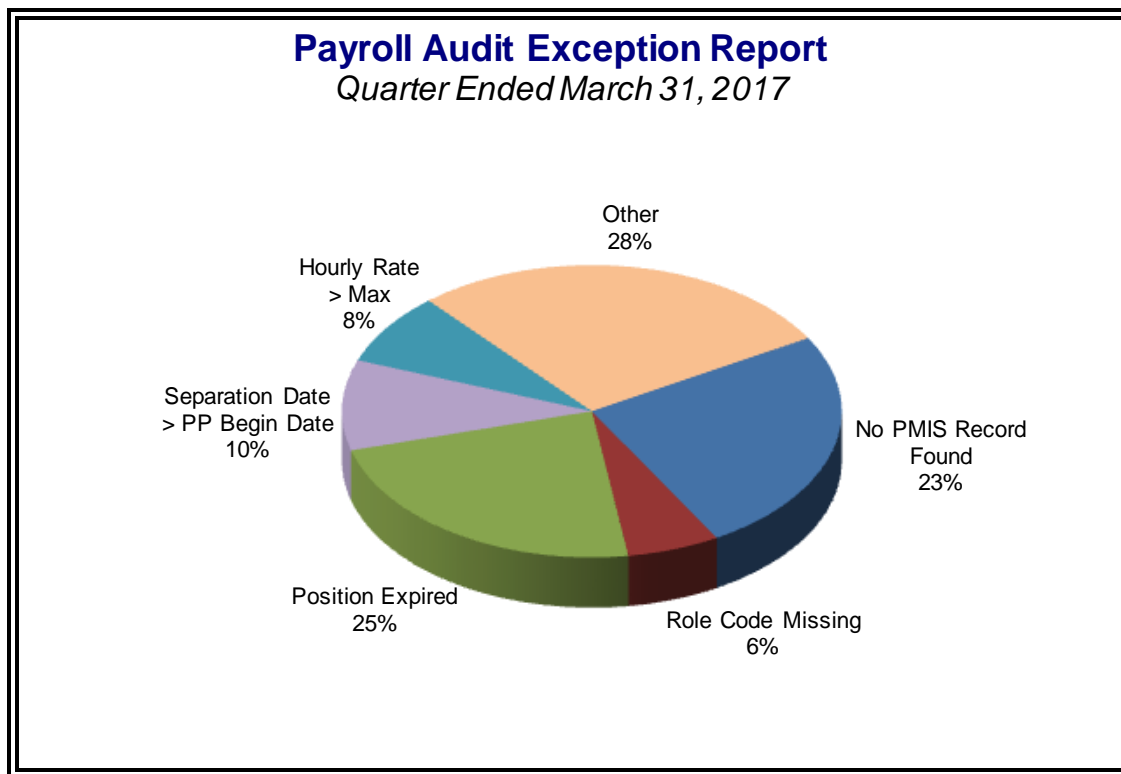| Agency by Secretarial Area	Quarter Ended March 31, 2017	Fiscal Year 2017 To-date Charges
Commerce and Trade		
Department of Labor and Industry	$5.00	$10.00
Education		
Virginia Military Institute	$55.00	$135.00
Virginia State University	$10.00	$40.00
Eastern Shore Community College	$5.00	$25.00
Dabney S. Lancaster Community College	$0.00	$5.00
Central Virginia Community College	$0.00	$10.00
Southside Virginia Community College	$5.00	$5.00
J. Sargeant Reynolds Community College	$10.00	$10.00
Health and Human Resources		
Woodrow Wilson Rehabilitation Center	$0.00	$5.00
Department of Health	$25.00	$80.00
Department of Social Services	$20.00	$45.00
Southwestern Virginia Mental Health Institute	$0.00	$5.00
Independent Agencies		
State Corporation Commission	$5.00	$15.00
Judicial		
Magistrate System	$80.00	$240.00
Circuit Courts	$175.00	$435.00
General District Courts	$280.00	$765.00
Juvenile and Domestic Relations District Courts	$40.00	$150.00
Legislative		
Virginia Conflict of Interest and Ethics Advisory Council	$5.00	$35.00
Natural Resources		
Department of Game and Inland Fisheries	$0.00	$15.00
Public Safety and Homeland Security		
Department of Emergency Management	$220.00	$370.00
Department of Corrections - Central Administration	$0.00	$5.00
Virginia Correctional Enterprises	$20.00	$20.00
Department of Alcoholic Beverage Control	$15.00	$35.00
Department of Military Affairs	$70.00	$70.00
Department of Fire Programs	$5.00	$5.00
Transportation		
Department of Motor Vehicles	$10.00	$15.00
Veterans and Defense Affairs		
Department of Veterans Services	$20.00	$45.00

Payroll Controls

CIPPS/PMIS Payroll Audit

During the quarter, DOA's automated comparison of payroll (CIPPS) and personnel (PMIS) records examined 399,694 salaried pay transactions and 111,890 wage pay transactions. The comparison is performed following each payday and is designed to identify discrepancies between authorized salary/wage amounts in PMIS and amounts paid in CIPPS. There were 3,480 new exceptions noted statewide during the quarter, with an overall exception rate of 0.02%.

The statewide salaried payroll exception rate was 0.07% and the wage payroll exception rate was 0.07%. During this quarter, 15 employee paychecks were reduced to recover $4,583.86 in overpayments.

While the largest cause of exceptions are employees whose position has expired in PMIS, the second largest cause of exceptions is the processing of payments to employees with no role codes in CIPPS. This can largely be avoided through timely PMIS data entry by agency Human Resource staff. Although segregation of these Human Resource and Payroll functions is an effective internal control, coordination and communication between agency Human Resource and Payroll staffs is essential.

Payroll Audit Exception Report
Quarter Ended March 31, 2017

- Other 28%
- No PMIS Record Found 23%
- Role Code Missing 6%
- Position Expired 25%
- Separation Date > PP Begin Date 10%
- Hourly Rate > Max 8%

Exception percentages are calculated by dividing the number of exceptions by the number of salaried or wage employees. Agencies are reported below if the percentage of payroll exceptions to salaried or wage payments exceeds three times the statewide average for the quarter. None of the agencies exceeded the allowed threshold for wage or salaried payments during the quarter ending March 31, 2017.

The following chart compares payroll exceptions as a percentage of salaried payments by quarter for the past two years.

Total Quarterly Salaried Exceptions
March 2015 - March 2017
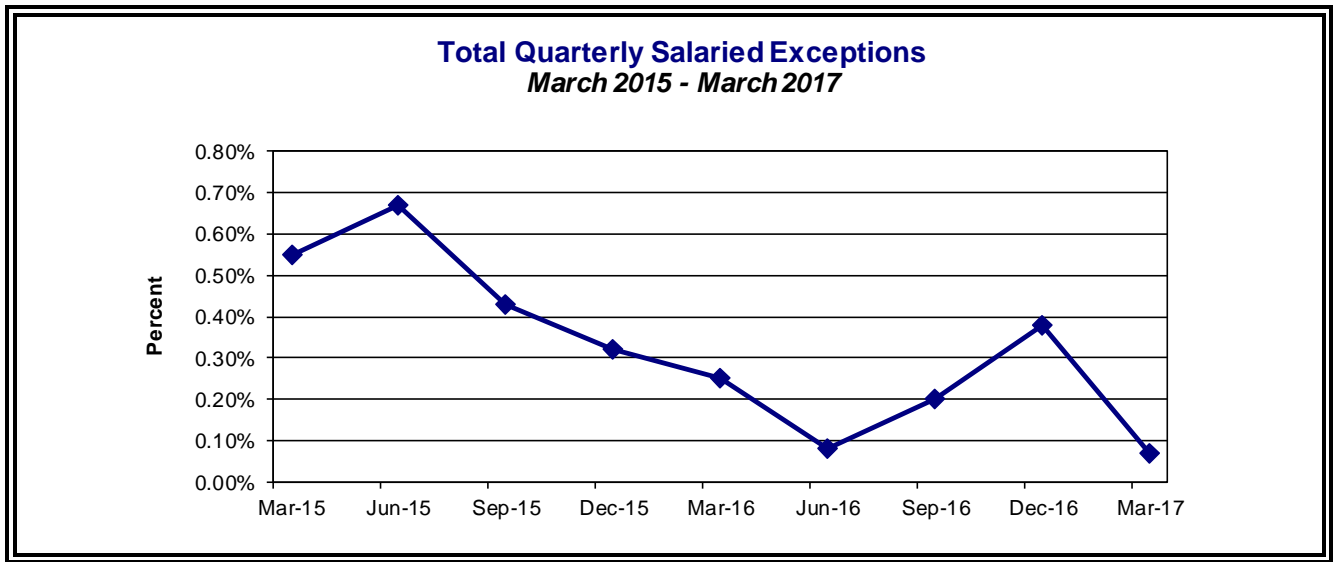
The following chart compares payroll exceptions as a percentage of wage payments by quarter for the past two years.

Total Quarterly Wage Exceptions
March 2015 - March 2017

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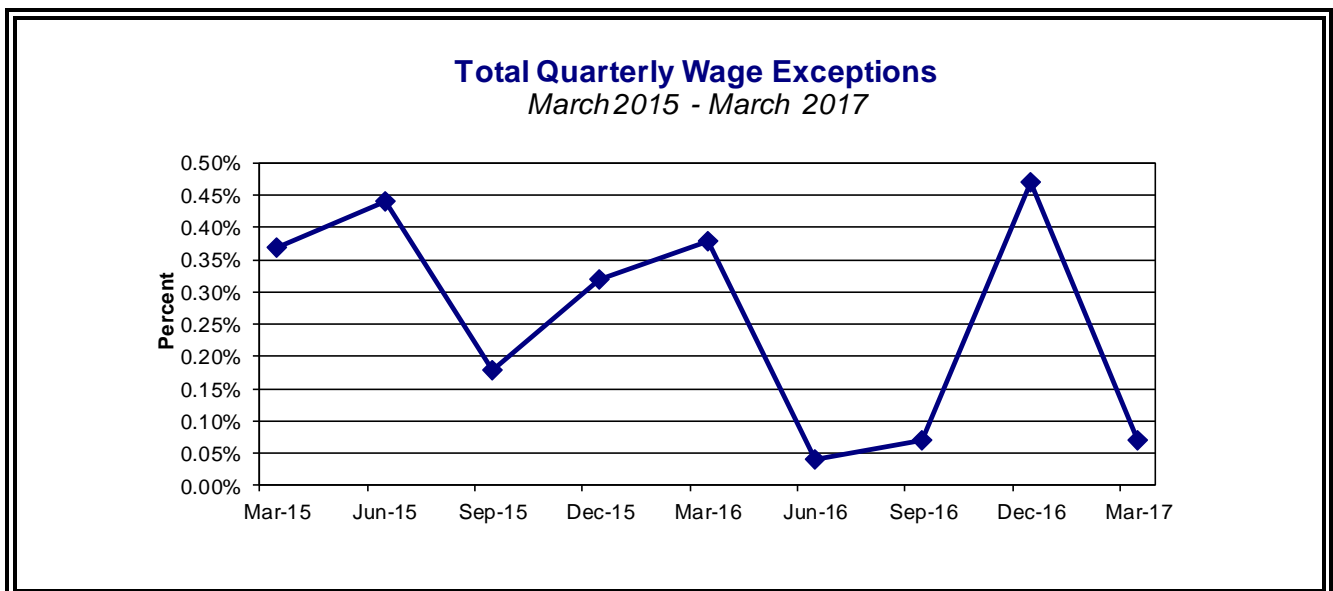
Agencies are required to calculate, verify, and authorize the amount disbursed for each payroll. This responsibility can be met through the timely preparation of agency payrolls, request and review of automated edit reports, and correction of errors prior to requesting actual payroll runs which result in payroll disbursements. This process is referred to as "payroll certification." Payroll certification serves as a critical internal control to ensure payroll disbursements are accurate and authorized. Agency payroll certifications are monitored centrally to ensure that agencies conduct this important function.

Differences between the amount calculated by the payroll system based on agency input and the amount certified by the agency to be disbursed based on edit reports are identified in automated reports provided to agencies. Agencies are required to submit explanations and/or reconciliations of the differences identified on each report by the end of the day following receipt of the report. Differences result from agency payroll errors, miscalculations, online-certification data entry errors, and inappropriately high volumes of changes following certification. Although differences do not result in undetected incorrect payments, such errors are avoidable and are not consistent with sound internal control over payroll.

Since timely certification is also essential; authorized and trained staff, as well as telecommunications access and computer terminals, must be available at all times. Reliable back-up plans are necessary should any of these resources be unavailable on a critical payroll processing date due to emergency or other circumstances.

Agencies are required to enter applicable payroll certification requests into the payroll system by **3:30 p.m.** daily to ensure sufficient time is available for central review by DOA staff to validate certification entries, a critical compensating control. Late entries, either initial or correcting, make certification review more difficult or impossible. When a data entry error is detected during the review process, DOA must make corrections to avoid inaccurate payroll disbursements and/or voluminous and costly corrective action.

The table on the following page lists agencies and institutions that have failed to comply with one or more of the requirements for accurate and timely payroll certification.

Payroll Certification Compliance

Agency	Variance Amount (a)	Performed by DOA (b)	Submitted Late (c)	Corrected by DOA (d)
Legislative				
Senate of Virginia	$106,663			
Division of Legislative Automated Systems	65,532			
Transportation				
Department of Transportation	138,649			

Columns show the following:

(a) Variance in dollars for agencies whose certified amounts varied from actual computed amounts if the variance is more than $20,000 for any payrolls processed during the quarter or the explanation for gross pay difference was submitted late.
(b) The number of times DOA had to perform the certification function for the agency due to inadequate agency back-up.
(c) The number of certifications that were submitted or altered later than the daily deadline.
(d) The number of times DOA made corrections to agency certifications during the quarter.

Employee health care fringe benefits costs are covered by a combination of agency-paid and employee-paid premiums. Agencies are required to return a *Certification of Automated Health Care Reconciliations* package to DOA by the close of the month following the month of coverage. This reconciliation annotates differences between health care eligibility records (BES) and health care premium payments collected through payroll deduction. The following table lists those agencies that did not comply with reporting requirements.

Health Care Reconciliations
as of March 31, 2017

Agency	Incomplete*	Errors*	Late
New River Community College			1

*Agencies with more than two occurrences over the most recent 5-month period are reported.

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