REPORT ON STATEWIDE COMPLIANCE

FOR THE QUARTER ENDED
DECEMBER 31, 2018

OFFICE OF THE COMPTROLLER

DEPARTMENT OF ACCOUNTS

TABLE OF CONTENTS

REPORT ON STATEWIDE COMPLIANCE
Quarter Ended December 31, 2018

STATEMENT OF PURPOSE

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 December 31, 2018, and comparative FY 2018 data.

David A. Von Moll, CPA, CGFM
Comptroller

COMPLIANCE

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 December 31, 2018

The APA issued 12 reports covering 9 State Agencies for the Executive Branch and 4 reports for the 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 General Services[1]	2	0	2	YES
Agriculture and Forestry				
None				
Commerce and Trade				
None				
Education				
Norfolk State University	4	1	5	YES
University of Virginia[2]	6	1	7	YES
University of Virginia Medical Center	3	2	5	YES
Virginia Commonwealth University	3	2	5	YES

	New Findings	Repeat Findings	Total Findings	CAW Received
Executive Offices				
None				
Finance				
None				
Health and Human Resources				
None				
Independent Agencies				
State Corporation Commission[3]	1	2	3	YES
Virginia College Savings Plan	0	0	0	N/A
Virginia Lottery	1	1	2	YES
Virginia Retirement System	0	0	0	N/A
Natural Resources				
None				
Public Safety and Homeland Security				
Department of Corrections	2	0	2	YES
Department of Emergency Management	3	2	5	YES
Virginia Alcoholic Beverage Control Authority	1	0	1	YES
Technology				
None				
Transportation				
Virginia Port Authority[4]	0	0	0	N/A
Veterans and Defense Affairs				
None				

(1) *Division of Real Estate Services*
(2) *Includes University of Virginia Academic Division (UVA/AD) and University of Virginia Medical Center (UVAH).*
(3) *Audit of Information Security and Travel and Small Purchase Charge Card Expenses*
(4) *The Virginia Port Authority audit was performed by PBMares, LLP and the audit report provided to the APA.*

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Audit Findings - Quarter Ended December 31, 2018

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

Department of General Services – Division of Real Estate Services

1. Properly Classify Lease Renewals and Establish Policies for Renovations
2. Improve Preparation Procedures for Attachment 11

Norfolk State University

1. Improve Controls over Fixed Asset Inventory
2. Improve Processes for Employment Eligibility
3. Improve Reporting to National Student Loan Data System. **This is a Repeat Finding**.
4. Properly Process Title IV Refund Calculations
5. Improve Notification Process for Title IV Awards to Students

University of Virginia Academic Division

1. Improve Security Awareness Training Program. **This is a Partial Repeat Finding.**
2. Improve Oversight of Third-Party Service Providers
3. Improve Database Security
4. Improve Revenue Recognition for Non-reimbursement Grant
5. Improve Notification Process for Federal Direct Loan Awards to Students
6. Promptly Return Title IV Funds
7. Improve Reporting to the National Student Loan Data System

University of Virginia Medical Center

1. Improve IT Risk Management Process and Documentation. **This is a Repeat Finding.**
2. Improve Oversight of Third-Party Service Providers. **This is a Repeat Finding.**
3. Improve Wireless Local Area Network Security
4. Improve Patient Accounting, Billing, and Management System Segregation of Duties
5. Improve Bank Reconciliation Policies and Procedures

Virginia Commonwealth University

1. Improve Continuity Planning Documentation. **This is a Partial Repeat Finding**.
2. Improve Timeliness of the Commonwealth's Retirement Benefits System Reconciliation Process
3. Comply with Commonwealth Requirements for Wage Employees. **This is a Repeat Finding**.

4. Improve Reporting to National Student Loan Data System
5. Ensure Proper FISAP Reporting of State Aid

Independent Agencies

State Corporation Commission

1. Continue Improving the Information Security Program. **This is a Repeat Finding.**
2. Continue Improving Logical Access Controls. **This is a Repeat Finding.**
3. Improve Database Security Controls

Virginia Lottery

1. Improve Server Operating System Security
2. Improve Application and Database Controls over the Enterprise Resource Planning System

Public Safety and Homeland Security

Department of Corrections

8. Document Retirement Benefits System Reconciliations
9. Perform Annual Access Review of Information Systems

Department of Emergency Management

1. Continue to Strengthen Internal Controls over Time and Effort Reporting for Federal Grants. **This is a Material Weakness and a Repeat Finding**.
2. Strengthen Internal Controls over Journal Entries. **This is a Material Weakness and a Repeat Finding**.
3. Improve Controls over Payroll Adjustments. **This is a Material Weakness**.
4. Strengthen Internal Controls over Procurement to Ensure that Procurement Records are Complete
5. Improve Process for Allocating Overhead Costs

Virginia Alcoholic Beverage Control Authority

1. Improve Logical Access Controls for Users with Privileged Access

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Risk Alerts – Quarter Ended December 31, 2018

No "Risk Alerts" were issued.

Special Reports – Quarter Ended December 31, 2018

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

Review of Chapters 759/769 Bond Issuance Limit—Fiscal Year 2018

Virginia District Court System for the year ended June 30, 2017

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

2018 Annual Report of the Auditor of Public Accounts

General Assembly, Legislative Agencies, and Commissions of the Commonwealth of Virginia Financial Report for the year ended June 30, 2018

Higher Education Comparative Report – Fiscal Year 2017

Report to the Joint Legislative Audit and Review Commission for the quarter July 1, 2018 through September 30, 2018

Revenue Stabilization Fund Calculations for the year ended June 30, 2018

Other Audit Reports – Quarter Ended December 31, 2018

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

Fort Monroe Authority for the year ended June 30, 2018

Veterans Services Foundation for the year ended June 30, 2018

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

9-1-1 Services Board for the year ended June 30, 2017

Hampton Roads Transportation Accountability Commission for the year ended June 30, 2018

Tobacco Region Revitalization Commission for the year ended June 30, 2017

Virginia Biotechnology Research Partnership Authority for the year ended June 30, 2018

Virginia Economic Development Partnership for the year ended June 30, 2018

Virginia Resources Authority for the year ended June 30, 2018

Virginia Tobacco Settlement Financing Corporation for the year ended June 30, 2018

Internal Control Questionnaire Reviews for the Week Ended December 31, 2018

The APA issued the following "Internal Control Questionnaire Review" that contained management recommendations:

Department of Human Resource Management Internal Control Questionnaire Review Results as of June 2018

Review of the Department of Fire Programs as of August 2018

State Board of Elections Internal Control Questionnaire Review Results as of August 2018

State Compensation Board Internal Control Questionnaire Review Results as of July 2018

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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 General Services	0	1	0	0
Department of Human Resource Management	2	2	0	0
Commerce and Trade				
Virginia Employment Commission	4	4	0	1
Education				
Christopher Newport University	0	1	0	0
Department of Education	0	4	0	1
George Mason University	1	0	1	1
James Madison University	0	1	0	0
Longwood University	8	0	0	0
Norfolk State University	3	2	0	1
Old Dominion University	0	1	0	0
Richard Bland College	2	2	6	1
Southern Virginia Higher Education Center	0	1	0	0
University of Mary Washington	0	0	2	0
University of Virginia	0	0	0	2
University of Virginia Medical Center	0	3	0	0
Virginia Commonwealth University	0	1	0	0
Virginia Community College System – Central Office	3	0	1	0
Virginia Community College System – Shared Services Center	0	0	4	0
Blue Ridge Community College	0	2	3	0
Central Virginia Community College	1	0	1	0
Eastern Shore Community College	2	2	4	0
Germanna Community College	0	0	1	0
J. Sargeant Community College	0	1	1	0
John Tyler Community College	0	0	1	0
Northern Virginia Community College	0	1	3	0

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Paul D. Camp Community College	0	0	5	0
Rappahannock Community College	0	0	3	0
Southside Virginia Community College	0	0	9	0
Southwest Virginia Community College	0	0	1	0
Thomas Nelson Community College	2	0	8	0
Virginia Highlands Community College	0	0	1	0
Virginia School for the Deaf and Blind	2	0	0	0
Virginia State University	0	2	0	0
Finance				
Department of Accounts	0	1	0	0
Department of the Taxation	2	1	2	0
Department of the Treasury	0	1	0	1
Health and Human Resources				
Department for Aging and Rehabilitative Services	2	0	1	0
Department of Behavioral Health and Developmental Services	0	3	0	0
Department of Health	0	0	0	1
Department of Medical Assistance Services	0	4	0	0
Natural Resource				
Department of Conservation and Recreation	0	0	2	0
Department of Game and Inland Fisheries	7	0	0	0
Public Safety and Homeland Security				
Department of Alcoholic Beverage Control	0	0	0	1
Department of Emergency Management	5	0	0	0
Department of State Police	29	1	8	0
Department of Veterans Services	0	1	3	0
Transportation				
Department of Motor Vehicles	0	1	0	4
TOTALS	78	46	70	14

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Status of Prior Audit Findings

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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 General Services (DGS)
Audit Year: 2015

> **Finding 15-01**: Improve Information Security Program
> **Status**: DGS is on target and has completed two Audit and Risk Assessments for LIMS. The LIMS Environmental module was completed in 2017 and LIMS Clinical was completed in 2018. The final Audit and Risk Assessment for LIMS NBS module will take place in 2019.
> **Status Summary**: In Progress (Delayed)

Department of Human Resource Management (DHRM)
Audit Year: 2017

> **Finding 17-01/16-03/15-03/14-01:** Improve Web Application Security Controls. **This is a Repeat Finding**.
> **Status:** Implementation in Progress.
> **Status Summary:** In Progress (Delayed)

> **Finding 17-02/16-01/15-01:** Improve IT Risk Management and Disaster Recovery Planning. **This is a Partial Repeat Finding**.
> **Status:** Implementation in progress.
> **Status Summary:** In Progress (Delayed)

> **Finding 17-04:** Improve Vulnerability Identification and Mitigation Process
> **Status:** Implementation in progress.
> Status Summary: In Progress (On Schedule)

> **Finding 17-05:** Improve Database and Application Security
> **Status:** Implementation in progress.
> **Status Summary:** In Progress (On Schedule)

Commerce and Trade

Virginia Employment Commission (VEC)
Audit Year: 2017

Finding 17-01/16-01: Continue to Upgrade Unsupported Technology. **This is a Repeat Finding.**
Status: NG has completed their portion, the cabling vendor has completed their portion. VEC has finished migrating all users except 1 room on the 3rd floor and some of the 3rd floor printers over to the new copper network. The new estimated completion date is November 1, 2018.
Status Summary: In Progress (Delayed)

Finding 17-02/16-02/15-03/14-03: Continue to Improve Oversight over IT Risk Assessments. **This is a Repeat Finding.**
Status: The agency is in the process of documenting all sensitive system risk assessments. Ten risk assessments were completed 2018. Estimated completion date remains December 31, 2019.
Status Summary: In Progress (On Schedule)

Finding 17-03/16-03/15-06: Continue to Improve Oversight over Third-Party Service Providers. **This is a Repeat Finding**.
Status: The agency continues to work with vendors to retain current SOC Reports. A third-party Security Policy and Procedures is in the review process. Estimated completion date remains December 31, 2019. Two of VEC's third-party service providers have conditionally approved ECOS assessments. A third provider will begin ECOS process immediately after SOC 2 Type 2 is complete.
Status Summary: In Progress (On Schedule)

Finding 17-04: Continue to Improve Database Security. **This is a Repeat Finding.**
Status: The virtual to physical conversion was completed on May 31, 2018. Since then the Finance team has been focused on State year-end close out and does not want to introduce any additional changes into the environment until this is complete. VEC expects the database upgrade to be complete by December 31, 2018. Revised estimated completion date is December 31, 2018.
Status Summary: In Progress (Delayed)

Finding 17-05: Evaluate, Revise, and Implement the Change Management Process
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Finding 17-06: Risk Management and Contingency Planning Documentation
Status: The DRP, BIA and System and Data Sensitivity Classifications will be updated in 2018. Estimated completion date remains December 31, 2019.
Status Summary: In Progress (On Schedule)

Audit Year: 2016

Finding 16-06/15-04: Continue Improving Physical and Environmental Security. **This is a Repeat Finding**.
Status: Physical access to the facility is controlled by a badge access and a 24/7 security guard contingent. Electronic and paper logs are reviewed on a monthly basis, including Data Center. Fire suppression installation is on hold due to potential data center relocation. Revised estimated completion date remains December 31, 2018.
Status Summary: In Progress (Delayed)

Finding 16-10/15-05: Document Separation of Duties of Individuals for Mission Critical Systems. **This is a Repeat Finding.**
Status: VEC is working on a Separation of Duties (SoD) matrix for each mission essential system. Estimated completion date remains December 31, 2019.
Status Summary: In Progress (On Schedule)

Audit Year: 2015

Finding 15-02: Obtain Approval to Use End-of-Life Operating Systems
Status: NG has completed their portion, the cabling vendor has completed their portion. VEC has finished migrating all users except one room on the third floor and some of the third floor printers over to the new copper network. The new estimated completion date is November 1, 2018.
Status Summary: In Progress (Delayed)

Education

Christopher Newport University (CNU)
Audit Year: 2017

Finding 17-02: Improve Controls over Purchasing System Access
Status: Departments have met, determined the best course of action to fulfill this requirement, and have begun necessary changes to procedures and coordination between the departments.
Status Summary: In Progress (Delayed)

Department of Education (DOE)
Audit Year: 2017

Finding 17-06: Drawdown Federal Grant Funds as Instructed and Update Loan Request with Important Facts
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Finding 17-10/16-05: Continue to Improve Information Security Program and IT Governance. **This is a Repeat Finding.**
Status: The Superintendent met with the Commonwealth CIO and was able to negotiate completion of all sensitive system audits by June 2019. DOE has hire a staff augmentation resources to assist and support the CISO.
Status Summary: In Progress (Delayed)

Finding 17-11/16-06: Improve Database Security. **This is a Repeat Finding.**
Status: The Superintendent met with the Commonwealth CIO and was able to negotiate completion of all sensitive system audits by June 2019.
Status Summary: In Progress (Delayed)

Audit Year: 2015

Finding 15-03: Continue to Improve Information Security Policies and Procedures. **This is a Repeat Finding**.
Status: The Superintendent met with the Commonwealth CIO and was able to negotiate completion of all sensitive system audits by June 2019.
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: The Superintendent met with the Commonwealth CIO and was able to negotiate completion of all sensitive system audits by June 2019.
Status Summary: In Progress (Delayed)

George Mason University (GMU)
Audit Year: 2017

Finding 17-01: Improve Information Security Policies and Procedures
Status: Under Project #534, a new structure for policy and standards has been developed, based on NIST standards. A new overarching IT Security Policy has been drafted that will replace several existing policies. A set of supporting standards is being developed now. Primary responsibility to ensure that GMU IT Security policies are up to date and providing appropriate protections were added to the CISO position description May 15, 2018
Status Summary: In Progress (On Schedule)

Finding 17-02: Improve Firewall Security
Status: Corrective action plan has been completed.
Status Summary: Completed (On Schedule)

Audit Year: 2016

Finding 16-01: Improve Database Security
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

James Madison University (JMU)
Audit Year: 2017

Finding 17-02: Assess and Classify Systems Based on Data Sensitivity
Status: Reviewed existing model and assigned new data and system classifications (Q1). Reevaluating systems in light of new classification model to create new list of sensitive systems (in progress). Started collecting SOC2 reports (Q1). Working on formal process for evaluation and review (Q2). Started applying new process to add contract language into procurements/contract renewals as applicable. Hired IT Risk and Compliance analyst (Q1). This person is continuing to facilitate the collection/evaluation of SOC2 reports and assists IT's portion of contract review/negotiation (Q2).
Status Summary: In Progress (Delayed)

Longwood University (LU)*
Audit Year: 2017

Finding 17-01: Improve Database Security and Information System Access Controls. **This is a Material Weakness**.
Status: No initial corrective action plan received.
Status Summary: In Progress (On Schedule)

Finding 17-02: Improve Capital Asset Policies and Procedures That Support Financial Reporting. **This is a Material Weakness and a Repeat Finding**.
Status: No initial corrective action plan received.
Status Summary: In Progress (On Schedule)

Finding 17-03: Properly Estimate Scholarship Allowance
Status: No initial corrective action plan received.
Status Summary: In Progress (On Schedule)

Finding 17-04/15-04: Continue to Improve Oversight of Third-Party Service Providers. **This is a Repeat Finding**.
Status: No initial corrective action plan received.
Status Summary: In Progress (On Schedule)

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

Finding 17-05/16-04*: Continue to Improve Continuity of Operations Planning. **This is a Repeat Finding**.
Status: No initial corrective action plan received.
Status Summary: In Progress (On Schedule)

Finding 17-06*: Continue to Improve Virtual Private Network Security. **This is a Partial Repeat Finding**.
Status: No initial corrective action plan received.
Status Summary: In Progress (On Schedule)

Finding 17-07/16-05*: Continue to Improve Server Operating System Security. **This is a Partial Repeat Finding**.
Status: No initial corrective action plan received.
Status Summary: In Progress (On Schedule)

Finding 17-08/16-02*: Continue to Develop a Process for Tracking Federal Grant Time and Effort Reporting. **This is a Repeat Finding**.
Status: No initial corrective action plan received.
Status Summary: In Progress (On Schedule)

Norfolk State University (NSU)
Audit Year: 2017

Finding 17-01/16-01: Improve Information Security, Risk Management and Contingency Programs. **This is a Repeat Finding**.
Status: NSU ITS has hired a Chief Information Security Officer (CISO). The CISO started on December 10th, 2018. VITA ISO assisting with evolution of current information security program to ensure alignment with SEC501-10 (IT Security Standard). Updates to IT Security Policies and associated procedures to ensure prevention of unauthorized access, use, destruction of information are underway; several have been reviewed and validated by VITA ISO. First Phase – Risk assessment in progress. Internal (IT) Business impact analysis nearing completion; other NSU organizations in progress. Result will be identification of sensitive systems and implementation of policy and procedures to facilitate system protection and recovery. Protocols commensurate with acceptable risk. Continuity of Operations Planning will be driven by results of risk assessment and identification of sensitive systems. Current COOP tested and lessons learned gathered from recent Hurricane Florence activity. Plan rewrite will address gaps identified by risk assessment and recent lessons learned; currently in progress.
Status Summary: In Progress (On Schedule)

Finding 17-02/16-02/15-02: Conduct Information Technology Security Audits on Sensitive Systems. **This is a Repeat Finding**.
Status: VITA Security Audit Agreement with VITA CSRM Audit Services to conduct SEC501 IT Security audit in Jan 2019. Preliminary meetings to establish guidelines have already occurred. University auditor working with ITS to assist in establishing internal audit guidelines for continuous monitoring.
Status Summary: In Progress (On Schedule)

Finding 17-03/16-03/15-02: Continue to Upgrade or Decommission End-of-Life Technology. **This is a Repeat Finding**.
Status: NSU ITS continues to replace off of end-of life technology. ITS is in progress with the datacenter migrating applicable physical hardware to virtual environments, upgrading legacy systems operating system, migrating workstations from WIN7 to WIN10 and developing a plan with legacy system owners to migrate off of end-of life technology. The expected outcomes include updated policies to reflect IT refresh plan for end-of-life hardware and software and in concert with Security Program, evaluate legacy system to determine university risk acceptance
Status Summary: In Progress (On Schedule)

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

Finding 17-04: Improve IT Asset Surplus and Sanitization Controls. **This is a Repeat Finding**.
Status: New surplus and sanitization policy and procedures in development (currently used in client services, telecommunications). Key external stakeholders have been engaged to include warehouse, fixed asset management etc. Current asset management forms have been repurposed to facilitate new procedures.
Status Summary: In Progress (Delayed)

Finding 17-05: Improve Firewall Management
Status: NSU ITS has hired a Chief Information Security Officer. A vendor firewall assessment was completed in October 2018. The policy for firewall recommendations are in test mode. Security policies are being updated to align separation of duties. The firewall change request process policy has been completed.
Status Summary: In Progress (Delayed)

Finding 17-07: Improve Controls over Terminated Employees
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Old Dominion University (ODU)
Audit Year: 2017

Finding 17-01 Improve Enrollment Reporting Process. **This is a Partial Repeat Finding**.
Status: ODU has taken steps to mitigate the impact of Banner's delivered process for enrollment reporting, which does not function consistent with federal reporting guidelines as ODU awaits a resolution from Ellucian. Ellucian is continuing to adapt the logic for the NSLDS/Clearinghouse reporting file. This process has taken a bit longer than expected, due to conflicting and contradictory guidance from the DOE. ODU continues to work to update our processes and procedures for enrollment reporting.
Status Summary: In Progress (Delayed)

Richard Bland College (RBC)
Audit Year: 2017

Finding 17-01/16-01/15-01/14-02: Improve the Financial Reporting Process. **This is a Repeat Finding and a Material Weakness**.
Status: Work continues (along with CWM staff) with respect to evaluating, updating and/or creating appropriate policies, procedures and processes around the financial reporting process to include internal controls. Simultaneously with this, RBC is also looking at the BANNER system set-up and functionality to ensure effective, efficient and accurate use of our ERP system. RBC has reorganized the Finance Department to include hiring an Accounting & Compliance Manager (starting January 10, 2019) as well as one Senior Accountant (anticipated start date of January 25, 2019) and continue to search for a second Senior Accountant. RBC have also retile the Controller position to the Director of Accounting & Financial Reporting and have filled that position as well with an anticipated start date of January 25, 2019.
Status Summary: In Progress (On Schedule)

Finding 17-02/16-13: Strengthen Internal Controls over Capital Assets. **This is a Repeat Finding and a Material Weakness**.
Status: RBC completed a physical inventory in July 2018 and worked with CWM to adjust to actuals for the FY. RBC is in the process of creating business processes and procedures to ensure that the current list remains accurate with additions and disposals going forward. RBC has started the process of implementing Banner Fixed Assets with an estimate completion date of March 2019. Fixed Assets Accounting will be the regular duty of a Senior Accountant in the Finance department.
Status Summary: In Progress (On Schedule)

Finding 17-03: Improve Controls Surrounding the Reconciliation between SVCC's and the Commonwealth's Accounting and Financial Reporting Systems
Status: Policies/procedures/processes are being evaluated and enhanced. Complete and accurate BANNER to CARDINAL reconciliations are being developed. BANNER to CARDINAL reconciliations will be the regular duty of both of the new Senior Accountant positions in the Finance department.
Status Summary: In Progress (Delayed)

Finding 17-04: Require Documentation of Property Collection from Terminated Employees. **This is a Repeat Finding**.
Status: The Office of Human Resources developed a separation checklist to ensure all property is collected. RBC IT Department developed an electronic Access Clearance Form to ensure the appropriate access is terminated when employees separate.
Status Summary: Completed (On Schedule)

Finding 17-05: Continue to Address Findings Included in U.S. Department of Education's Program Review Report
Status: Continuing efforts are being conducted for file reviews and reporting results to Education with continuing efforts to update the Financial Aid Policies and Procedures to make process enhancements where necessary. FA Policies and procedures Manual has been updated as a result of the Audit Findings. All information that was requested from DOE has been submitted and RBC is awaiting the Final Program Review Determination
(FPRD) Letter.
Status Summary: Completed (Delayed)

Finding 17-06: Strengthen Internal Controls over Verifications
Status: RBC recently entered into a contract with a new third-party servicer to perform its verification function. Under the new agreement, the third-party servicer agreed to collect the documentation from the student and perform the verification process. RBC is performing spot checks of the third-party servicer's work and is considering adopting a process to evidence its review and confirmation of the third-party verifications. RBC has spot checked 20 files for the 2017-2018 award year. RBC has determined that the contents of the files are in align with federal regulations.
Status Summary: Completed (On Schedule)

Finding 17-07: Implement Procedures for Monitoring Third-Party Servicers
Status: RBC is performing due diligence and monitoring the performance of the third-party servicers. Policies and procedures have be updated over the monitoring agreements with third-party servicers to ensure the servicer is complying with applicable laws and regulations to mitigate the risk of incurring financial penalties. Audit letter from 2017-18 award year servicer provider obtained. For FY18 periodical sampling the verification documents from third-party servicer are been conducted.
Status Summary: Completed (On Schedule)

Finding 17-08: Strengthen Internal Controls over Federal Cash Management
Status: Update P&P to include all provision in 34 CFR 668.162 regs and Vol 4 of Education's Student Aid handbook to prevent the accumulation of excessive cash balances and to disburse the funds no later than three business days following the date the institution received those funds; Assign backup individuals to its federal cash management function; monitor the federal cash balances to confirm disbursement within three days of receipt to mitigate federal penalties.
Status Summary: Completed (On Schedule)

Finding 17-10: Develop Procedures for Proper Accrual of Accounts Payable
Status: RBC is confident in the accruals that were done at year end FY 2018, however, there is work that needs to be done to maintain the accruals throughout the year to result in a smaller adjustment at year end. RBC is developing processes and procedures to ensure consistent and accurate treatment of accruals throughout the year and at fiscal year-end.
Status Summary: In Progress (Delayed)

Finding 17-11: Develop Policies and Procedures for the Write-off of Accounts Receivable
Status: The Bursar has created a student A/R Write-off Authorization form and accompanying write off policy/procedure document. The Office of Student Accounts staff now utilizes the BANNER comment screen for documenting collection efforts on student accounts, prior to and after account balances are written-off. The Bursar has also created reference documents outlining the collections and write off requirements in the CAPP Manual section 20505 for staff training, and the Bursar presented the material to staff during a Quarterly Enrollment Management Division Wide Meeting. These new documents have been updated in the internal Student Accounts Handbook. Finance will continue to review and update the student accounting detail codes and mapping of accounts in BANNER to ensure accurate recording and reporting.
Status Summary: Completed (On Schedule)

Audit Year: 2016

Finding 16-04/15-04: Improve Controls over Expenditure Vouchers. **This is a Repeat Finding.**
Status: Corrective action plan has been completed.
Status Summary: Completed (On Schedule)

Southern Virginia Higher Education Center (SVHEC)
Audit Year: 2016

Finding 16-01: Strengthen Fixed Asset Inventory and Related Documentation
Status: CFOO is continuing to work with the Budget and Finance Administrator and Fiscal Technician for training on CAPP topic requirements for Fixed Assets. Fixed asset department policy is under review. CFOO will assume responsibility for implementing the department policy. Due to employee turnover, new employees will be assigned to assist with fixed asset inventory. Vacant positions in R&D, Workforce Development, and CNE will be filled in the coming quarter and training will occur after positions are filled. These departments have the largest number of fixed assets so it is important that these employees understand the fixed asset process.
Status Summary: In Progress (Delayed)

University of Mary Washington (UMW)
Audit Year: 2017

Finding 17-01/16-03: Complete Implementation of the Process for Granting and Restricting Elevated Workstation Privileges. **This is a Repeat Finding.**
Status: Corrective action plan has been completed.
Status Summary: Completed (On Schedule)

Finding 17-02: Improve Controls over Financial System Access. **This is a Repeat Finding**.
Status: Corrective action plan has been completed.
Status Summary: Completed (On Schedule)

University of Virginia (UVA/AD)
Audit Year: 2017

Finding 17-03: Improve Terminated Employee Procedures
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Finding 17-04: Comply with Commonwealth Requirements for Wage Employees
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

University of Virginia Medical Center (UVAH)
Audit Year: 2017

    Finding 17-01: Improve Database Security
    Status: Ongoing assessment.
    Status Summary: In Progress (Delayed)

    Finding 17-02: Improve IT Risk Management Process and Documentation
    Status: Continued valuation of risk assessment.
    Status Summary: In Progress (Delayed)

    Finding 17-03: Improve Oversight of Third Party Service Providers
    Status: Ongoing assessment.
    Status Summary: In Progress (Delayed)

Virginia Commonwealth University (VCU)
Audit Year: 2017

    Finding 17-01: Improve Risk Management and Continuity Planning Documentation
    Status: VCU has filled the Director of Emergency Management position. The director completed the emergency management and operations software training in November. VCU employees are currently being trained on the Business Impact Analysis (BIA) process.
    Status Summary: In Progress (Delayed)

Virginia Community College System – Central Office (VCCS-CO)
Audit Year: 2017

    Finding 17-01: Improve Effectiveness of System Access Controls
    Status: Throughout the year, the Lead Senior Information Security Officer within the Security Risk and Compliance (SRC) staff conducts a minimum of four WebEx conference calls to update college Enterprise Applications Security Administrators on security access matters, new role additions and changes, and answer questions related to security. During these calls, the colleges are provided an opportunity to communicate and refine their understanding or confusion about the capabilities, roles and privileges. In addition, the colleges have open opportunities to submit a "ticket" inquiring about the assignment of security roles that might result from employee changes and segregation of duties. The SRC staff maintains detailed documentation about all roles, permissions, navigation to menus, components, pages, etc. on the VCCS intranet site. This site is available to ALL college Application Security Administrators, and to the best of our knowledge, used to acquire materials for supporting their user's requests for system access. During FY17, the SRC staff partnered with Fiscal Services and delivered a training session to the college Business Office staff and Security Administrators. Other functional training by the Fiscal Services staff is provided at the bi-annual VCCS Administrative Services Conference. The VCCS System Office believes these procedures adequately provide support to college Application Security Administrators for systems access. The VCCS operates under a distributed security model, where security officers and business office management at each college are responsible for assignment of college user roles and preferences in VCCS systems. Furthermore, college management is responsible for assessing risks, including those resulting from resource limitations, and designing and implementing effective internal controls to mitigate those risks that are deemed unacceptable.
    Status Summary: In Progress (On Schedule)

    Finding 17-02: Improve Software Patching and Vulnerability Mitigation Processes
    Status: Acknowledging specific control weaknesses and compliance references communicated in a separate document to management marked Freedom of Information Act Exempt (FOIAE) under §2.2-3705.2 of the Code of Virginia, the VCCS offers the following remedies in response:
    By October 1, 2018, ITS will update the client software to a newer and compatible version on end-user computing devices. ITS will automate a process to version check and deploy any relevant updates. By January 1, 2019, ITS will take the following actions: review and modify the system hardening guideline, formally document security exceptions, document system availability

changes, create a biannual patch schedule to improve the patch frequency, create a biannual patch process, identify the hardware and staffing requirements necessary to complete the biannual patching processes, install the latest compatible patches, install the latest compatible patches on servers, review and modify the process for vulnerability identification and management to include documentation of existing or supplementary controls used to mitigate risk until permanent security patches can be obtained, tested, and implemented.
Status Summary: In Progress (On Schedule)

Finding 17-03: Improve Web Application Security
Status: Develop and finalize a process to review all VCCS hosted public facing applications to prevent the disclosure of sensitive system information to the public. The process will include an annual review of existing applications as well as a review and sign-off prior to moving any new self-hosted applications to production.
Status Summary: Completed (On Schedule)

Finding 17-04: Complete a Risk Assessment for Each Sensitive System
Status: Develop and finalize risk assessments for VCCS Sensitive Systems as identified by the System Office Business Impact Assessment (BIA) and as prioritized for disaster recovery in the Information Technology Services Disaster Recovery Plan (ITDRP). Risk assessments will be developed using a template recently adopted for risk assessment by the Security, Risk, and Compliance Team. The goal is to develop risk assessments for top-tier enterprise sensitive systems, present these risk assessments to management for review and approval, and update the Risk Assessments when significant system change occurs or on an annual basis. The goal is to develop on average two Risk Assessments per month with a target completion of May 2019.
Status Summary: In Progress (On Schedule)

Virginia Community College System – Shared Services Center (VCCS/SSC)
Audit Year: 2017

Finding 17-01: Encourage the Communication of Responsibilities for Shared Services
Status: The Service Level Agreements are a key foundational item of a successful shared services organization. Executive leadership at the System Office and the Shared Services Center understand the importance of establishing the service level agreements to document and clearly communicate responsibilities, goals, and performance metrics. During the first two years of establishing the Center, the focus has been on improving processes through the implementation waves and then developing the SLAs to document the final processes. However, going forward, SLAs will be developed and signed after the pilot phase for implementation of new services is complete and then the agreements will be reevaluated after full implementation to reflect changes and improvements made throughout the roll-out waves. SLAs for services currently provided by the SSC will be developed and signed by SSC, colleges, and System Office partners by November 30, 2018.
Status Summary: Completed (On Schedule)

Finding 17-02: Through a Separate Evaluation, Monitor the Internal Controls of the Shared Services Center
Status: VCCS is committed to establishing the Independent Validation and Verification (IV&V) function for the Shared Service Center in the Internal Audit and Consulting Department. The Department has been actively engaged with the SSC Management Council and Process Councils including the metrics development team. The Director has evaluated the structure and resources needed to sufficiently monitor and report on the internal controls for services provided by the Center. The funding for the resources needed for the IV&V services will be provided in the FY 2019 budget with the recruitment process beginning September 2018. Staff supporting the IV&V function will be hired with the recruitment process beginning in September 2018. Once established, that role will provide ongoing monitoring of the SSC since processes change and continuous improvement initiatives are implemented.
Status Summary: Completed (On Schedule)

Finding 17-03: Confirm that No Reconciliation is Appropriate
Status: As a result of the Center being a newer entity within the System, Center management was not aware of the CAPP Manual requirement for notification to supervisors for SPCC holders with zero activity in any month and did not set the expectation for staff to confirm in writing why a reconciliation was not performed. Management has set up a process to ensure staff are aware of the requirement to confirm in writing that no SPCC reconciliation is appropriate and management should use this information as a control to ensure that staff are completing all required SPCC reconciliations. Cards have been limited to three individuals.
Status Summary: Completed (On Schedule)

Finding 17-04: Retain Supporting Documentation for Payments
Status: TNCC and PDCCC were two of the four pilot JSRCCs for the Procure-to-Pay process. The Shared Services Center (SSC) started processing payments for the two colleges on March 7, 2017. The two vouchers mentioned in the report were vouchered on March 29, 2017 and April 11, 2017. During the pilot stage, the colleges and SSC had deletion capability, but two important steps have been implemented since then to prevent this issue from occurring and to improve internal controls over user access and deletion capabilities in the document scanning and storage system. First, the audit function in the document scanning and storage system has been activated which provides an audit trail of who deletes an item. Second, the ability to delete an item has been removed for all users except the role of the power users.
Status Summary: Completed (On Schedule)

Blue Ridge Community College (BRCC)
Audit Year: 2017

Finding 17-01: Ensure Accuracy in Reporting Accrued Payroll
Status: The data retrieved for State Schedule 5 is a manual process. The Payroll Coordinator will review data for discrepancies and complete a comparison analysis of prior year amounts before submission to the business office.
Status Summary: Completed (On Schedule)

Finding 17-02: Perform Monthly Reconciliations Between the Benefits System and Other Systems
Status: Before the benefits system Snapshot Certification, the Payroll Coordinator will provide the necessary PAT Report to the Benefits Administrator; the Benefits Administrator will compare the PAT Report to the Pre-Snapshot File in the benefits system. Together, the Benefits Administrator and Payroll Coordinator will review the snapshot totals to determine if they match prior month payroll system deduction reports. When identified discrepancies occur, the Benefits Administrator and Payroll Coordinator will work together to determine the cause and ensure they are corrected; documentation will be maintained in the monthly reconciliation files showing causes and corrections. At the end of the month, in the Post-Certification Process, the Payroll Coordinator PC and Benefits Administrator will review necessary DOA reports to ensure all past discrepancies have been corrected.
Status Summary: Completed (On Schedule)

Finding 17-03: Improve Controls over Employee Terminations
Status: HR Staff will work with Technology Services and BRCC's Webmaster to develop an online/electronic separation checklist process for ALL classifications of employees (including full-time, wage, adjunct, and student workers). This separation and checklist process will be initiated by managers as soon as they are aware that an employee is intending to separate employment. HR Staff will follow up to ensure all checklist items are completed when employee is terminated in all systems. To ensure employees are terminated in a timely manner, HR Staff will continually review DOA Report 861 and will coordinate timely terminations with all Divisions and Departments. According to the DOA Report 861, employees who have not been paid in the past 12 months will be terminated in all systems unless they have a signed contract for the current or following semester completed and on file with HR.
Status Summary: In Progress (Delayed)

Finding 17-04: Obtain Commonwealth Purchasing System Acceptable Use Agreements
Status: The Information Technology Office has been trained to require the Acceptable Use Agreement and the form is identified on the internal checklist. The number of new users for the purchasing system is extremely limited. The Procurement Officer will request a copy of the Acceptable Use Agreement for each new user as verification.
Status Summary: Completed (On Schedule)

Finding 17-05: Properly Monitor Revenue Contract Deliverables
Status: The Procurement Officer and Director of Finance & Facilities will improve contract language to ensure business office staff and vendors understand commissions must be received by the due date not postmarked and that detailed sales reports are required. The Procurement Officer will contact the vendor when commissions and reports are not received by the due date.
Status Summary: In Progress (Delayed)

Central Virginia Community College (CVCC)
Audit Year: 2017

Finding 17-01: Improve Compliance over Enrollment Reporting. **This is a Repeat Finding**.
Status: VCCS is working to enhance the unofficial withdrawal reporting process to NSLDS through the National Student Clearinghouse. Until a solution can be identified, CVCC will be completing reporting of unofficial withdrawals directly through the website interface.
Status Summary: Completed (On Schedule)

Finding 17-02: Perform and Document Monthly Reconciliations of Direct Loans. **This is a Repeat Finding.**
Status: CVCC will be hiring a Coordinator of Financial Aid that will be responsible for performing reconciliations. Under his or her guidance, proper training will be conducted for this business function. The Coordinator of Financial Aid will be communicating on a monthly basis to the Dean of Enrollment Management.
Status Summary: In Progress (On Schedule)

Eastern Shore Community College (ESCC)
Audit Year: 2017

Finding 17-01: Improve Benefits System Reconciliation Process
Status: Management will compose and adopt a written procedure for reconciling VRS data for each snapshot confirmation to ensure completion of the snapshot by the 10th of the following month. The "HR System Cancelled Records" reports will be run and reviewed on a regular basis as part of the reconciliation process. Management will monitor adherence to written policies to ensure that the reconciliation between the HR system and benefits system is performed appropriately.
Status Summary: In Progress (On Schedule)

Finding 17-02: Improve Process over Employee Terminations. **This is a Repeat Finding**.
Status: In coordination with the Information Technology Department, Human Resources Department and Payroll Department, management will develop and implement an Exit Process that will ensure compliance with the audit findings.
Status Summary: Completed (On Schedule)

Finding 17-03: Improve Human Resources Data Reporting Procedures
Status: Management will compose and adopt stronger protocols for ensuring that salary changes to staff are entered into both the ESCC system and the Commonwealth system more timely, and with greater accuracy. Written policies and procedures will be improved to include more comprehensive instructions on data discrepancy and resolution.
Status Summary: In Progress (Delayed)

Finding 17-04: Improve Documentation of Policies and Procedures
Status: Management will prioritize and allocate resources needed in order to comprehensively document departmental policies and procedures.
Status Summary: In Progress (On Schedule)

Finding 17-05: Improve Fixed Asset Controls
Status: Management will work with Fixed Asset Coordinator to make sure that all fixed assets are coded in the ESCC's asset management system and all transactions are recorded timely in the asset management system. ESCC will adhere to CAPP Topic 30705, whereby a physical inventory is taken every two years with discrepancies resolved timely, and surplus property is properly accounted for and reviewed by management.
Status Summary: Completed (On Schedule)

Finding 17-06: Properly Approve P-3 Forms
Status: Management will review the P-3 and P-3a forms and determine whether to create an official ESCC form as a suitable substitute. The Human Resources Manager will review the P-3/P-3a/substitute forms submitted to ensure that the forms are signed by an approving authority.
Status Summary: Completed (On Schedule)

Finding 17-07: Properly Maintain Faculty Records
Status: Management will work with the Human Resources office and the Academic VP's office to relocate all adjunct faculty files to the Human Resources office. The Human Resources Manager will develop procedures for the removal adjunct faculty files when needed by the Academic VP's office.
Status Summary: In Progress (Delayed)

Finding 17-08: Improve Reporting to National Student Loan Data System
Status Management will evaluate current policies and procedures for completing federal financial aid reconciliations to ensure that the current procedures specify the time frame and manner with which to resolve reconciling items. During the reconciliation process, any reconciling items will be identified and addressed in a timely manner. Management will research the reconciling item identified during the audit and take corrective action to resolve the discrepancy.
Status Summary: Completed (On Schedule)

Germanna Community College (GCC)
Audit Year: 2017

Finding 17-01: Improve Compliance over Enrollment Reporting. **This is a Repeat Finding**.
Status: Procedures were improved to ensure the timely and accurate reporting of enrollment changes. NSLDS will be updated for unofficial withdrawals when an R2T4 is processed. VCCS will be adding logic to the custom National Student Clearinghouse process to capture and report to NSLDS correctly. Verification of enrollment status, enrollment changes, and graduation data will be performed to ensure that students are reported properly.
Status Summary: Completed (On Schedule)

J. Sargeant Community College (JSRCC)
Audit Year: 2017

Finding 17-01: Improve Process over Petty Cash
Status: JSRCC will coordinate with the System office by June 30, 2018 to ensure the recording of the local petty cash account in the General Ledger and Local Schedule 2 for financial statements purposes for FY18. Effective July 1, 2018, JSRCC will have dissolved the locally-funded petty cash and will process travel advances using local agency funds. In addition, JSRCC will continue to maintain compliance with all policies outlined by the CAPP Manual and VCCS.
Status Summary: Completed (On Schedule)

Finding 17-02: Improve Internal Controls over Terminated Wage Employees
Status: The Office of Human Resources proposes the following changes to the separation process for part-time employees: the Office of Human Resources will conduct a monthly review of wage positions and will move to "separated" in the VCCS human resource system those wage employees who have not worked in three months. The hiring manager will be notified of this action, as well the Department of Technology so that information systems access may be terminated.

The proposed revisions to Reynolds Policy 3.16, Employee Separation from College Service, will be completed and presented to the Reynolds Leadership Council (RLC) by June 28, 2018. The Office of Human Resources will develop a supervisor's sign-off form which the hiring manager will be required to sign verifying that either a) the part-time employee was not issued any Commonwealth property; or b) the supervisor has collected all Commonwealth property issued to the part-time employee. This form will be returned to the Office of Human Resources and will be maintained in the employee's official personnel file.
Status Summary: In Progress (Delayed)

John Tyler Community College (JTCC)
Audit Year: 2017

Finding 17-01: Improve Compliance over Enrollment Reporting. **This is a Repeat Finding**.
Status: JTCC personnel will request a file to analyze after each reporting date with National Student Clearinghouse to make sure the data being reported is updated correctly. An additional reporting date has been added which will provide a report to National Student Clearinghouse every month within the semester. A data extract will be pulled from SIS and compared to information provided in NSLDS. Administration will continue to require faculty to report stopped attending forms in a timely manner. Administration will attempt to restrict the change of F and U grades that should be W's at the end of the term. The Registrar will manually update any student who graduates in a term that has not attended for 120 days since National Student Clearinghouse has indicated that they will not report this student to NSLDS with a graduate row. JTCC will collaborate with the VCCS IT to review the program that pulls data needed for the National Student Clearinghouse.
Status Summary: Completed (On Schedule)

Northern Virginia Community College (NVCC)
Audit Year: 2017

Finding 17-01: Document Justification for Prepaying Expenses
Status: When an invoice is properly approved following established order and receiving procedures, NVCC considers the expenditure both justified and beneficial to NVCC. Most of the prepaid items fall under CAPP Manual topic 20310 paragraph Allowable Advance Payments: Written Contracts, Leases, or Agreements. This paragraph encourages but does not require monthly or quarterly invoicing. Many prepaid items are annual maintenance contracts which is the preferred vendor invoice period or facility lease payments where the commitments are long-term. NVCC made a diligent effort to watch for prepayments extending longer than a year. When NVCC enters into a multi-year agreement, a request is made to the vendor to invoice NVCC on an annual basis. NVCC will continue to watch for and enforce this policy. NVCC will also document the process used to determine that the prepayments are in compliance with CAPP Manual Topic 20310.
Status Summary: Completed (On Schedule)

Finding 17-02: Report Missing Assets
Status: NVCC's Administrative Services Procedures Manual (ASPM) last updated in July of 2016, serves as the managing document for proper inventory control; yet, ASPM Section 12.2 include procedures regarding stolen, missing, damaged, or destroyed property that do not accurately reflect the practices followed by the NVCC staff when removing lost or stolen equipment from inventory. This inaccuracy resulted in discrepancies between the tested process (per ASPM 12.2 and 12.3.3 written policy) and the process utilized by staff. NVCC fully recognizes the need for improved control of its assets, including updated policies and procedures that will accurately define how and when lost, stolen, and missing items shall be reported to Risk Management and/or the NOVA Police, with applicable forms, regardless of book value. In addition, the NVCC is currently

reorganizing the staff involved in fixed asset management processes (Campus Warehouse/Storeroom Staff, Central Warehouse Staff). As a result of this restructuring, the warehouse and campus storeroom staff shall be centrally managed by a newly defined Property Control & Warehouse Services Manager position who will have the responsibility of upholding fixed asset procedures with direct supervisory oversight (NVCC -wide). This centralized span-of-control on the process will allow for added process controls, and the ability to ensure consistent and accurate application of fixed asset policies and procedures at all of the NVCC's locations.
Status Summary: In Progress (Delayed)

Finding 17-03: Develop Procedures for Identifying Terminated Wage Employees
Status: The supervisor is the first person to become aware of wage employees who are no longer working. Supervisors are responsible for reminding employees to complete the HR: Letter of Resignation/Retirement form (105-021) prior to their departure. If the employee leaves without submitting the form, the supervisor is responsible for completing the form immediately after the last day of employment. An e-mail notification to all the supervisors was sent out in July 2017 reminding them of this responsibility. To ensure timely removal of wage employees from NVCC systems, HR will conduct monthly audits of all wage employees and send the list of these employees to the supervisors. Supervisors will be asked to review the list to identify wage employees who have left and instructed to complete the 105-021 to terminate the employees immediately. Additionally, another email will be sent out, reminding supervisors of their responsibility to remind employees who are departing to complete the 105-021 form or to complete the form on behalf to the employee if the employees leaves without completing the form.
Status Summary: Completed (On Schedule)

Finding 17-04: Improve Document Retention for Payroll
Status: Over the last several years, Human Resources (HR) has transitioned to a document imaging system (image now) that provides greater security of personnel records, eliminates time consuming tasks and creates gained efficiency in business practices. All personnel files of hourly and salaried employees have been scanned. NVCC is in the process of scanning the adjunct files. In addition, all new employee documents are scanned. Any missing records identified during the audit were likely because hard copies were not available to scan. HR continues to make improvements. The personnel records that are scanned are now secure and records are only viewable/editable by the HR staff. NVCC's current process is that supervisors are responsible for entering the correct budget code when completing the Position Management page in NVCC's applicant tracking system to fill a position. The budget codes are reviewed by the budget office. Once a candidate is hired, the payroll coding and salary information are copied to the TPS report in the onboarding system. If any budget changes take place after the hire, supervisors complete the Personnel Action Form (105-094) and HR ensures that the record is entered into the personnel file in image now and shared with payroll to update the payroll system.
Status Summary: Completed (On Schedule)

Paul D. Camp Community College (PDCCC)
Audit Year: 2017

Finding 17-01: Ensure Revenue Contracts Are Valid
Status: Prior to the Service Level Agreement (SLA) with TNCC, PDCCC did not have a valid contract which adhered to the APSPM for vending services and commissions. PDCCC has a joint contract with TNCC which is now administered by the Shared Services Center (SSC) of VCCS which was approved March 2017 and is still in effect. PDCCC is now part of the VCCS Shared Service Center where procurement is managed for SVCC. Through the Office of the Operations Manager, PDCCC will work with SSC to ensure all contracts are submitted through the requisition process in the state procurement system and formally approved and will follow APSPM procurement procedures. Commission reports are received monthly from the contractor where the Operations Manager at PDCCC and the Local Accountant at TNCC will ensure the commissions are calculated accurately and paid according to the contract.
Status Summary: Completed (On Schedule)

Finding 17-02: Ensure Leave Liability Report is Complete
Status: Under a Service Level Agreement, TNCC prepares the financial statement schedules on behalf of PDCCC. For FY17, TNCC was responsible for the completion of the VCCS's Annual Financial Statement Schedules including Schedule 7 which is used to report accrued leave liability. Payroll for PDCCC is now the responsibility of the VCCS's Shared Service Center and the SSC will be completing Schedule 7 for FY2018 for PDCCC and submitting to TNCC's Office of Finance and Administration for inclusion in SVCC's Financial Statements Schedules.
Status Summary: Completed (On Schedule)

Finding 17-03: Implement Proper Procedures for Classifying Missing Assets
Status: Personnel at PDCCC who are responsible for handling Fixed Assets were not aware of Section 3 of the System's Capital Asset Policies and Procedures Manual which requires that items missing during a physical inventory to be classified as "lost" and not immediately classified as "disposed" in the system. Training has been administered and the individual is now properly trained and understands Section 3 of the System's Capital Asset Policies and Procedures Manual. SVCC will ensure all individuals working with Fixed Assets are trained on the Fixed Asset Manual.
Status Summary: Completed (On Schedule)

Finding 17-04: Establish Chain of Custody Protocol for Critical Documentation
Status: The HR Director for PDCCC has reviewed the College's Policy 308, Human Resource/ Management Responsibility and Policy 480 Records Management Program. These policies will be updated to specifically address the maintenance and retention of Federal Work Study Students' employment files. The HR Director will meet with the Director of the NVCC's Federal Work Study Program to ensure the policies are being properly administered. The current process is to require the completion of PDCCC's Notice of Separation form for all student employees, regardless of whether the separation is initiated by the student, supervisor or financial aid. This is noted in the Federal Work Study Handbook. All supervisors are required to complete the Notice of Separation from all exiting employees. The HR director will perform an internal review of the Federal Work Study Students' employment files within six months to assure policy compliance. The HR Director will also review and update all policies and enforce these policies in regards to all personnel files.
Status Summary: Completed (On Schedule)

Finding 17-05: Improve Compliance over Enrollment Reporting. **This is a Repeat Finding**.
Status: The required IT setups for the NSLDS upload will be reviewed, maintained and updated on a semester basis. The Admissions Department/Registrar will notify the Financial Aid Office when the upload has been completed. Both PDCCC calendars for the Admissions Department/Registrar and the Financial Aid Office will be updated to ensure follow-up.
Status Summary: Completed (On Schedule)

Rappahannock Community College (RCC)
Audit Year: 2017

Finding 17-01: Improve Reporting to National Student Loan Data System
Status: RCC will devote the time and resources necessary to follow existing policies and procedures as related to updating files and will perform a comprehensive review of current enrollment reporting policies and procedures. Management will implement a quality control review (QCR) process to monitor the submission of enrollment batches whereby the batches are processed by the Student Records and Information Manager and reviewed by SVCC Registrar to prevent future noncompliance.
Status Summary: Completed (On Schedule)

Finding 17-02: Properly Perform Title IV Calculations
Status: Management will evaluate current policies and procedures for calculating Title IV returns to ensure they are compliant with the Code of Federal Regulations and Education guidelines. Management will strengthen procedures for identifying a student's last date of attendance and ensure that funds are returned to the Department of Education timely. The Financial Aid Office will process students included on the R2T4 report on a weekly basis. A recurring reminder will be established 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 the system is also reviewed and Sundays are now included in the calendar when calculating holiday breaks. SVCC will be hiring a new Coordinator of Financial Aid that will work closely with the employee completing the R2T4 transactions to ensure that calculations are being completed in accordance with federal regulations.
Status Summary: Completed (On Schedule)

Finding 17-03: Identify and Address Reconciling Items Timely
Status: Management will evaluate current policies and procedures for completing federal financial aid reconciliations to ensure that the current procedures specify the time frame and manner with which to resolve reconciling items. During the reconciliation process, any reconciling items will be identified and addressed in a timely manner. Management will research the reconciling item identified during the audit and take corrective action to resolve the discrepancy.
Status Summary: Completed (On Schedule)

Southside Virginia Community College (SVCC)
Audit Year: 2017

Finding 17-01: Reconcile Benefits System to Other Systems
Status: SVCC has been confirming the VRS Snapshot in the benefits system prior to reconciliation due to the absence of payroll staff and lack of resources in Human Resources. Southside's payroll services are now being performed by the Shared Services Center for VCCS. The VRS reconciliation is a part of those services and will begin in July 2018.
Status Summary: Completed (On Schedule)

Finding 17-02: Improve Human Resources Data Reconciliation Procedures
Status: SVCC is performing reconciliations over SVCC's human resources management system. SVCC's human resources management system does not interface with the Commonwealth's human resources system; therefore, when the Human Resources Department makes a change in SVCC's human resources management system, they also must make a change in the Commonwealth's human resources management system. SVCC completes a monthly reconciliation of the Commonwealth's human resources system to SVCC human resource management system but does not have a formal process for this function. Southside will implement a formal process for this reconciliation. The $13,535 error discovered by the auditor was not due to incorrect salary data or failure to reconcile systems, rather to an isolated employment instance and calculation that was not covered in the VCCS Leave Liability instructions/report. The employee was on a leave of absence with partial pay, which was keyed correctly into the Commonwealth's human resources system and SVCC's human resources management system according to instructions. This included adding the number of hours the employee would work while in that status. When the leave liability was generated, it calculated her hourly rate with the reduced hours which affected the leave liability line item. SVCC will address this problem with the VCCS to prevent future miscalculations with either a change to the program or an additional review step at SVCC level.
Status Summary: Completed (On Schedule)

Finding 17-03: Improve Internal Controls over Terminated Employees
Status: SVCC personnel are not properly completing the termination process for employees that have terminated employment with SVCC. SVCC is currently using a software program for Exits. This is not an efficient program because it does not send out automatic reminders and requires manual, human oversight daily to ensure compliance. SVCC will develop and implement an Exit process in the off-boarding system to process exits. The off-boarding system has embedded, automatic reminders along with a dashboard for Human Resources to track progress.
Status Summary: Completed (On Schedule)

Finding 17-04: Deactivate Terminated User Access Timely. **This is a Repeat Finding**.
Status: SVCC has transitioned the exit process to another online system which provides timely reminders for terminations and dashboard tracking to deactivate terminated users access timely.
Status Summary: Completed (On Schedule)

Finding 17-05: Maintain Legal Agreements
Status: The Administrative Assistant to the Vice President of Finance and Administrative Services will maintain files physically and electronically for all contracts for Southside Virginia Community JSRCC and will also maintain a spreadsheet for all revenue contracts and expenditure contracts. The Administrative Assistant will verify that the proper revenue payments are being remitted to SVCC according to the contractual requirements. This will be reviewed regularly by the Vice-President of Finance and Administration.
Status Summary: Completed (On Schedule)

Finding 17-06: Improve Fixed Asset Inventory and Tracking
Status: SVCC has edited SVCC's current Fixed Asset Policy as of June 26, 2018 to more efficiently and effectively meet the guidelines set forth in CAPP Topic No. 30505 and in the VCCS Capital Asset Policy. The revised policy includes implementing a Sampling Methodology to be conducted periodically to verify groups of fixed assets based on a sampling plan chosen by the Fixed Asset Coordinator in addition to the bi-annual physical inventory count. This process will be implemented July 1, 2018. The SVCC VP of Finance and Administration will communicate to the leadership team the importance of Fixed Asset Inventory control and tracking; encouraging them to have their faculty and staff properly affix assigned inventory tags to equipment, notify the business office of location changes of equipment, surplus equipment that is damaged or not used within a certain time frame, and notify the business office of lost, stolen or surplus equipment. These points will be discussed with President's Staff, communicated to all faculty and staff at annual fall convocation scheduled for August 16, 2018 and sent as a written communication. SVCC accountant has requested and obtained additional guidance from VCCS and APA on assigning nomenclature codes/profile IDs to assets (which assign a useful life) and has requested guidance on how to adjust useful life of items that may have been added with an incorrect nomenclature code to more accurately assign useful life within the asset management system.
Status Summary: Completed (On Schedule)

Finding 17-07: Verify Daily Cash Settlement Reports Timely
Status: SVCC maintains cashier's offices on the Christanna Campus and the Daniel Campus. The office on each campus is staffed by a full-time cashier and a part-time cashier who accept funds, deposit funds, key these deposits into the accounting system, and prepare a Daily Cash Settlement Report each day. The cashiers on each campus will scan their daily cash settlement report and all backup into a shared google drive each day. The other campus cashiers will review and verify their counterparts' daily cash settlement within two days of occurrence.
Status Summary: Completed (On Schedule)

Finding 17-08: Ensure Revenue Journal Entries Are Approved Timely
Status: The Computer Operations Technician runs the daily revenue journal entries from the student information system and emails these journal entries to the part-time cashier and the Business Office Specialist. The part-time cashier keys these entries into the accounting system when received. In her absence, the Business Office Specialist will ensure that these entries are keyed and given to the Business Manager or the Accountant to review and post. The Business Office Specialist will maintain a spreadsheet to ensure that all revenue general ledger entries are accounted for and keyed and posted into the accounting system accurately and at all times within three business days of occurrence.
Status Summary: Completed (On Schedule)

Finding 17-09: Improve Controls over Payroll Processing
Status: Payroll reconciliation was being performed at SVCC, however with no remaining payroll staff it was difficult to present evidence of this activity. In a closer review of the documentation provided in the audit (document titled: 2016 33 reconciliation), SVCC offers the following clarification regarding maintaining control totals as audit evidence supporting that these items were being reconciled or had no balances to reconcile: SVCC's payroll services are now being performed by the Shared Services Center for VCCS. Payroll reconciliation and payroll post-certification review is a part of those services and begin in July 2018.
Status Summary: Completed (On Schedule)

Southwest Virginia Community College (SWVCC)
Audit Year: 2017

   Finding 17-01: Improve Compliance over Enrollment Reporting. **This is a Repeat Finding**.
   Status: The existing policies and procedures at SWVCC have been enhanced and the degree submission schedule has been revised to ensure compliance with federal requirements. The Information Technology Specialist will collaborate with the Registrar to ensure that graduation data is reported timely.
   Status Summary: Completed (On Schedule)

Thomas Nelson Community College (TNCC)
Audit Year: 2017

   Finding 17-01: Ensure Everyone Knows How to Send Sensitive Information Securely
   Status: TNCC will develop policies and procedures on the proper electronic transmission of sensitive data. Training will be provided to employees on how to utilize tools to secure sensitive information.
   Status Summary: Completed (On Schedule)

   Finding 17-02: Comply with Prompt Payment Requirement
   Status: TNCC management reviews invoices that are batched for processing on a regular basis. During management's review, it was found that an employee failed to properly calculate and process payments in accordance with prompt pay guidelines. Management took corrective action as the employee was given a Notice of Improvement Needed/Substandard Performance, as well as a formal improvement plan indicating adherence to the CAPP manual requirements. Invoice payments are also dependent on the timely receipt of goods and services from external departments. Invoices cannot be paid until notice of receipt is provided. With the transition to the Shared Service Center, receiving is completed in the state procurement system. TNCC will formulate guidelines that specify how to handle the untimely receipt of goods and services.
   Status Summary: Completed (On Schedule)

   Finding 17-03: Improve Segregation of Duties between Human Resources and Payroll
   Status: Functional roles have been reviewed and access changes will be requested to inactivate those employees with improper access. TNCC will continue to monitor access and make necessary changes to ensure that staff have only the access needed based on the principle of least privilege.
   Status Summary: Completed (On Schedule)

   Finding 17-04: Ensure Terminated Employees Are Properly Classified in the Payroll System
   Status: TNCC HR department has several concerns about the timing of this citation. The timeframe evaluated may have fallen outside of the service agreement period between Thomas Nelson and PDCCC. The 861 report for employees at PDCCC may pertain to a time when that specific responsibility was not the responsibility of TNCC. TNCC is committed to term out employees. TNCC will regularly complete a review of the 861 report for all TNCC employees to ensure employees are terminated in the human resources system and removed from the Commonwealth's payroll system following the final schedule pay day. Additionally, TNCC will monitor and document the review of the 861 report to indicate that adjuncts' status, as well as other employees, remain active, as appropriate.
   Status Summary: Completed (On Schedule)

   Finding 17-05: Perform Small Purchase Charge Card Reconciliations in Accordance with Commonwealth Requirements
   Status: TNCC will ensure that the new Business Office Manager understands the necessary compliance requirements for the administration of the Small Purchase Charge Card program. Additionally they will review all monthly submissions including confirmation of zero activity and coordinate with the Shared Servic0e Center with any compliance related issues.
   Status Summary: Completed (On Schedule)

Finding 17-06: Deactivate Terminated User Access Timely. **This is a Repeat Finding**.
Status: TNCC Information Technology department will take the lead in coordination with Human Resources to develop a plan whereby TNCC departments are provided prompt notification of employee separations. They will specify the roles of the specific departments and identify steps to remove access to various systems in a timely manner.
Status Summary: In Progress (On Schedule)

Finding 17-07: Ensure Employee Clearance Forms Are Completed at Termination
Status: TNCC will review the current clearance process and make modifications to ensure that all terminated employees complete a clearance form and are properly removed from systems and access to buildings and other Commonwealth property are removed. Additionally, current systems will be utilized to assist in the identification of terminated/separated employees.
Status Summary: In Progress (On Schedule)

Finding 17-08: Ensure Access to Commonwealth's Retirement Benefits System is Controlled Across the System
Status: TNCC Human Resource Director verified that the retirement benefit system access has been terminated for the staff member with PDCCC. The service level agreement for human resource functions with PDCCC has ended; therefore, VRS access will only need to be monitored for TNCC employees.   Human Resources will ensure access for TNCC personnel is granted/removed in accordance with the Commonwealth's Information Security Standard.
Status Summary: Completed (On Schedule)

Finding 17-09: Ensure Reconciling Inventory Items Are Properly Classified
Status: TNCC's Fixed Asset Management Procedures require account managers to manage, track, and account for assets assigned to the operations they manage. The Fixed Asset Coordinator serves as a custodian of the information and status of assets. TNCC will develop an official APM policy formally specifying the requirements of account managers to account for and manage assets under their control. This policy will also require the Fixed Asset Coordinator to perform annual inventory spot checks of randomly selected departments to monitor and ensure compliance with this policy. Reinforcement of this policy with strengthen managerial oversight of fixed assets.
Status Summary: Completed (On Schedule)

Finding 17-10: Report Allowance for Doubtful Accounts Quarterly
Status: TNCC agrees that the allowance for doubtful accounts was not reflected on the first three quarters of the Quarterly Receivable Report. TNCC management analyzed the allowance calculation and determined that it was immaterial based on the review of the amount of the receivables being reported as past due was less than 1% of total receivables. For the last quarter report which is used for financial statement preparation, an allowance of $425 was reported. The NVCC will ensure that the new business office manager accurately reports the allowance for doubtful accounts on all future receivable reports.
Status Summary: Completed (On Schedule)

Virginia Highlands Community College (VHCC)
Audit Year: 2017

Finding 17-01: Improve Compliance over Enrollment Reporting. **This is a Repeat Finding**.
Status: Procedures have been enhanced to ensure enrollment changes are reported to NSLDS within the required timeframe. VCCS queries, rather than manual procedures, will be used to identify potential graduates for each term and to confer graduates. Graduate submissions will be completed within 30 days after the official degree conferral date on the academic calendar. Subsequent degree awards will be reported after degree confer date weekly until all graduates have been reported for the graduation term.
Status Summary: Completed (On Schedule)

Virginia School for the Deaf and Blind (VSDB)
Audit Year: 2017

Finding 17-01: Continue to Develop an Information Security Program. **This is a Repeat Finding.**
Status: Work continues and it is estimated to take about two years to complete.
Status Summary: In Progress (On Schedule)

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: Work continues and it is estimated to take about two years to complete.
Status Summary: In Progress (On Schedule)

Virginia State University (VSU)
Audit Year: 2017

Finding 17-02: Improve User Access Controls. **This is a Partial Repeat Finding**.
Status: Technology Services is working with Human Resources to modify the current on-boarding process. This control modification is progress. The Automated Access Request Form has been implemented. Guest access will continue to be a manual process in certain cases. The Identity Management System is currently in the planning phase. The ECOS form is in review at VITA. The system will employ both two factor authentication and a single sign on solution. The annual access review for all sensitive systems is in progress. The lists have been distributed to Data Owners and annual security role training is scheduled for the week of July 11, 2018.
Status Summary: In Progress (Delayed)

Finding 17-03: Improve Documentation of Emergency and Sole Source Contract Procurements
Status: Office of Procurement has completed revising and completing the emergency and sole source checklist and discussed this with Purchasing Officers. Discussions have been held with all Purchasing staff regarding the use of the internal emergency and sole source requirement checklist.
Status Summary: In Progress (Delayed)

Finance

Department of Accounts (DOA)
Audit Year: 2017

Finding 17-01: Ensure all Nonexempt Active Vendors in the Commonwealth's Accounting and Financial Reporting System Have a Form W-9
Status: A listing of applicable non-exempt vendors requiring a W-9 have been sent to agencies, to request their assistance with obtaining a valid W-9. DOA has received hundreds of W-9s and continue to input the forms into Cardinal. DOA will inactivate any vendors for which no W-9 has been received by January 31, 2019.
Status Summary: In Progress (Delayed)

Department of Taxation (TAX)
Audit Year: 2017

Finding 17-01: Strengthen Access Controls
Status: AR recertification was completed but some segregation of duties and "least privilege" accesses were missed. Efforts will be undertaken to recommunicate necessary actions so that better results are achieved. TAX anticipates that corrective action will be complete by December 31, 2019.
Status Summary: In Progress (Delayed)

Finding 17-02: Improve Service Account Management
Status: System Security plans are in the process of being updated and will include all service accounts and will be completed by March 30, 2019. Service Accounts will be managed in Sailpoint and Vaulted in Cyberark. Cyberark has been implemented and all service accounts will be added to the Cyberark process by July 1, 2019.
Status Summary: In Progress (On Schedule)

Finding 17-03: Address Uncorrelated Accounts
Status: Corrective action plan has been completed.
Status Summary: Completed (On Schedule)

Finding 17-04: Improve Documentation over Financial Reporting System Security Functions and Features
Status: Corrective action plan has been completed.
Status Summary: Complete (On Schedule)

Finding 17-05: Perform Annual Access Review
Status: AR roles have been recertified. User access has been recertified. AR recertification was completed but some segregation of duties and "least privilege" accesses were missed. Efforts will be undertaken to recommunicate necessary actions so that better results are achieved. Technology is in the process of reconfirming that all applications are managed through Sailpoint.
Status Summary: In Progress (On Schedule)

Department of the Treasury (TRS)
Audit Year: 2017

Finding 17-03: Improve Database Security
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Finding 17-04: Improve Information System Access Controls
Status: TRS implemented a temporary mitigating detective measure to improve the controls related to potential fraud and errors within the Unclaimed Property claims process. Since February 2018, TRS has produced a monthly report to identify claims where the same employee performed a review at multiple levels, and claim workflow steps without an identified reviewer. Unclaimed Property analyzes the report monthly and exceptions are investigated to ensure fraud or errors have not occurred.
Status Summary: In Progress (Delayed)

Health and Human Resources

Department for Aging and Rehabilitative Services (DARS)
Audit Year: 2017

Finding 17-01: Comply with the Commonwealth Neurotrauma Initiative Trust Fund Requirements
Status: DARS will add to the year-end checklist and implement procedures to ensure proper allocation of administrative and staffing expenses for the Trust Fund to ensure the expenses do not exceed the five percent limit. DARS will restrain from utilizing Trust Fund cash to supplement operations and the loan repayment agreement will be adhered to as established with the Commonwealth Neurotrauma Initiative Advisory Board.
Status Summary: In Progress (On Schedule)

Finding 17-02: Improve Documentation and Reconcile Checks Received. **This is a Partial Repeat**.
Status: DARS will ensure that checks are mailed directly to DARS Fiscal Division to meet the requirement to have checks deposited same day or next day. Additionally, checks mailed in error directly to VIB Charlottesville warehouse will be deposited locally same day or next day. DARS Fiscal Division, General Accounting will reconcile the manual check log with VIB monthly.
Status Summary: Completed (On Schedule)

Finding 17-03: Improve Documentation and Timeliness of the Commonwealth's Benefit System Reconciliations. **This is a Partial Repeat**.
Status: DARS will establish documented procedures on the reconciliation of the Benefit System and will ensure Human Resources and Payroll collaboratively establish and document the procedures to include reconciliation signoff and training within the divisions.
Status Summary: In Progress (On Schedule)

Department of Behavioral Health and Developmental Services (DBHDS)
Audit Year: 2017

Finding 17-02: Improve IT Contingency Management Program
Status: DBHDS is changing the infrastructure to a more cloud based architecture which will provide greater availability of resources. This change is based on approved cloud based funding. COOPS and DRPs are changing to support the new infrastructure and will be complete by October 1, 2019. An extension of time is needed to incorporate the Executive Order 19.
Status Summary: In Progress (Delayed)

Finding 17-03/16-03/15-02: Continue to Upgrade Unsupported Technology. **This is a Repeat Finding.**
Status: DBHDS is finalizing the implementation of supported technology and it will be complete by May 1, 2019. A delay was caused by two issues. First, NG disentanglement and a VITA work request was delayed. Second, an IT Procurement was delayed to remove an outdated application. IT management will continue to provide Internal Audit with updates as the process to remove Unsupported Technology proceeds.
Status Summary: In Progress (Delayed)

Finding 17-09: Improve Controls over Payroll
Status: The payroll findings were at different facilities than the facilities cited in 2015 and in 2016, thus this is not a repeat for the facilities cited in FY 2017. Follow-ups will be completed to determine compliance. Follow-ups were completed in August 2018 and three of the four facilities tested had repeat findings. There will be a Payroll finding as part of the FY 2018 APA audit.
Status Summary: In Progress (Delayed)

Department of Health (VDH)
Audit Year: 2017

Finding 17-01: Improve Timely Removal of Critical Access. **This is a Repeat Finding.**
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Department of Medical Assistance Services (DMAS)
Audit Year: 2017

Finding 17-01: Develop Processes to Facilitate the Controlling of Privileges in the Claims Processing System. **This is a Material Weakness**.
Status: DMAS received a first draft of the mapping of the roles in the new MES OPSS System on December 10, 2018 for review.
Status Summary: In Progress (Delayed)

Finding 17-02: Remove Access to the Current Claims Processing System in a Timely Manner. **This is a Material Weakness**.
Status: OCS: Access management team set up a new tracking, review, and suspend process in December 2018 to ensure timely removal of access to MMIS system. OCS relies on timely notification of employee terminations/transfers from HR Division. HR: In process - IM completed the Exit Clearance workflow process in K2 and this was ready for production as of June 30, 2018; waiting for HR to take the training and launch the workflow. This is expected to be completed by January 31, 2019 based on discussions with the HR Director.
Status Summary: In Progress (Delayed)

Finding 17-05/16-04: Review and Document Service Organization Control Reports of Third-Party Service Providers. **This is a Repeat Finding**.
Status: DGS contracts are in process (PCM). This is an evolving process that will continue to improve with new contracts and renewals of existing contracts. PCM has hired a new Contract Manager that will review the current processes for obtaining SOC reports and determine what other steps are needed to ensure that DMAS is adequately monitoring third party services.
Status Summary: In Progress (Delayed)

Finding 17-10/16-06: Improve the Accounts Receivable Collection Process. **This is a Repeat Finding.**
Status: The Fraud & Abuse Detection System (FADS) that Program Integrity (PI) will use as an analytical tool to manage cases was scheduled to go live in November 2018. This date has been pushed back to February 2019. After FADS goes live, Fiscal will partner with PI to discuss the system enhancements of electronic reporting or the capability to interface with TPLRS to further automate the member receivable process. Fiscal has increased staffing with temporary resources to assist with member receivables. Provider Receivables: Fiscal continues to work on improving collections for provider receivables. DMAS has added 2 additional resources in the past 12 months. Member Receivables: Fiscal added an additional resource for the member (recipient) receivable collections and now has three resources working in this area. This area is still a very manual process until FADS goes live. DMAS is going to review methods that will efficiently track the receivables manually until FADS goes live. DMAS's goal is for FADS to interface with the TPLRS system and help reduce the manual tasks.
Status Summary: In Progress (Delayed)

Natural Resources

Department of Conservation and Recreation (DCR)
Audit Year: 2017

Finding 17-01: Improve the Timeliness of Recording Fixed Asset Additions
Status: DCR discussed these issues with the APA staff during the audit and feel both issues are correctable through the following steps, which are already implemented or are being implemented. Become a summary user of FAACS through the development and implementation a new user-friendly Asset Tracking System (ATS) to better enter, track and dispose of fixed assets. Update the Fixed Asset Policy to include an asset tagging procedure to establish a consistent location where the asset tags should be placed for each type of asset. In addition, the DCR will consider other forms of tags that are more sustainable for the outdoor environment found in state parks. DCR now has a full-time Fixed Asset Accountant that is working with the Fixed Asset Coordinators to ensure they enter all assets in a timely manner. Provide additional training for DCR staff on the Fixed Asset Policy and ATS, stressing the importance of getting assets properly tagged, entered timely and accurately inventoried.
Status Summary: Completed (On Schedule)

Finding 17-02: Improve Property Asset Tagging
Status: DCR discussed these issues with the APA staff during the audit and feel both issues are correctable through the following steps, which are already implemented or are being implemented. Become a summary user of FAACS through the development and implementation a new user

friendly Asset Tracking System (ATS) to better enter, track and dispose of fixed assets. Update the Fixed Asset Policy to include an asset tagging procedure to establish a consistent location where the asset tags should be placed for each type of asset. In addition, the DCR will consider other forms of tags that are more sustainable for the outdoor environment found in state parks. DCR now has a full-time Fixed Asset Accountant that is working with the Fixed Asset Coordinators to ensure they enter all assets in a timely manner. Provide additional training for DCR staff on the Fixed Asset Policy and ATS, stressing the importance of getting assets properly tagged, entered timely and accurately inventoried.
Status Summary: Completed (On Schedule)

Department of Game and Inland Fisheries (DGIF)*
Audit Year: 2017

Finding 17-01: Improve Quarterly Access Review of the Commonwealth's Purchasing System
Status: No initial corrective action plan received.
Status Summary: In Progress (On Schedule)

Finding 17-02: Improve Controls Surrounding the SPCC Program
Status: No initial corrective action plan received.
Status Summary: In Progress (On Schedule)

Finding 17-03: Enforce Timeliness of Employee Travel Reimbursement Requests
Status: No initial corrective action plan received.
Status Summary: In Progress (On Schedule)

Finding 17-04: Improve the License Revenue Reconciliation Process
Status: No initial corrective action plan received.
Status Summary: In Progress (On Schedule)

Finding 17-05: Improve Logical Access Controls
Status: No initial corrective action plan received.
Status Summary: In Progress (On Schedule)

Finding 17-06: Improve Budget Development and Management Process
Status: No initial corrective action plan received.
Status Summary: In Progress (On Schedule)

Audit Year: 2016

Finding 16-07: Improve Procedures Over Monthly Commonwealth Retirement System Reconciliations. **This is a Repeat Finding**.
Status: Human Resources Division continues cross training and review of expectations for myVRS reconciliation, and works with Planning and Finance Division to ensure compliance. New policy and procedure has been drafted and awaits final approval.
Status Summary: In Progress (On Schedule)

Public Safety and Homeland Security

Department of Alcoholic Beverage Control (ABC)
Audit Year: 2017

Finding 17-01: Improve Database Security
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

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

Department of Emergency Management (VDEM)
Audit Year: 2018

Finding 18-01: Continue to Strengthen Internal Controls over Time and Effort Reporting for Federal Grants. **This is a Repeat Finding**.
Status: VDEM has implemented a process for Tim and Effort utilizing TAL/CIPPS/Cardinal. VDEM plans to test the process for the months of February and March 2019.
Status Summary: In Progress (On Schedule)

Finding 18-02: Strengthen Internal Controls over Journal Entries. **This is a Repeat Finding**.
Status: Strengthen internal controls over JE and ensure the supporting documentation is valid.
Status Summary: In Progress (On Schedule)

Finding 18-03: Improve Controls over Payroll Adjustments
Status: Improve controls over payroll adjustment in Cardinal; VDEM nor APA were not aware that there is no audit trail within cardinal when changing the speed chart during the CIPPS conversion to Cardinal. A process has been put in place to ensure supporting documentation is part of the certification file each time this error takes place.
Status Summary: In Progress (On Schedule)

Finding 18-04: Improve Process for Allocating Overhead Costs
Status: The Finance Division went through a major turnover (87%) in fiscal years 2017 and 2018. Several people were responsible for this task and in some cases it was completed incorrectly. When the issue was discovered it took several months to correct. With the current workload there has been processes put in place to ensure this does not happen again.
Status Summary: In Progress (On Schedule)

Finding 18-05: Continue to Improve Management of the Radiological Emergency Preparedness Fund
Status: Contracts that were reviewed were from several years ago. New processes are in place to include checklists and management oversight of all contractual files.
Status Summary: In Progress (On Schedule)

Department of State Police (VSP)
Audit Year: 2017

Finding 17-01/14-03/11-02/09-03: Continue to Upgrade and Replace End-of-Life Technology. **This is a Repeat Finding**.
Status: The IT Division will continue to upgrade and replace the applications using end-of-life technologies and dedicate the resources needed to complete their efforts by 2019. VSP may need to reevaluate its budget to ensure that it can dedicate sufficient resources to complete these upgrades as soon as possible. In the meantime, the IT Division will also seek security exceptions from the Commonwealth's Chief Information Security Officer for the end-of-life technologies. Upgrading and replacing the end-of-life technologies will help to protect the confidentiality, integrity, and availability of sensitive and mission essential data.
Status Summary: In Progress (On Schedule)

Finding 17-02: Align Information Technology Security Audits with Current Sensitive Systems
Status: The Information Security Officer and the Information Technology Assistant Director will finalize the list of sensitive systems. As this list is communicated to the Internal Audit Manager, changes will be integrated into the audit plan. As for legacy systems which the VSP plans to replace, the systems will remain on the audit plan until replacement actually occurs. VSP recognizes that plans sometimes change. In deference to the expected intentions of VSP, such legacy systems were scheduled for the latter part of the 3-year cycle. The flat fee contracted for VITA's IT Security Audit services was based solely upon the allocation calculated by the Virginia

Department of Planning and Budget. As appropriate, VSP will adjust its audit schedule with VITA IT Security Audit Services.
Status Summary: In Progress (On Schedule)

Finding 17-03: Perform Information Technology Security Audits
Status: VSP will continue to work with VITA's IT Security Audit Services to ensure they perform IT security audits according to the audit plan and maintain compliance with the Security Audit Standard.
Status Summary: In Progress (Delayed)

Finding 17-04: Improve Business Impact Analysis
Status: he IT Division will work with VITA's ISO Services to complete the BIA and ensure it contains the necessary information to update their risk management and contingency management programs. The IT Division will also develop a process to review and update the BIA annually to ensure they are properly identifying systems that support mission essential functions. Doing this will help ensure the confidentiality, integrity, and availability of sensitive and mission critical data.
Status Summary: In Progress (On Schedule)

Finding 17-05: Improve Disaster Recovery Plan
Status: The IT Division will update the DRP to reflect its current IT environment. Further, they will create a schedule to perform annual tests against their sensitive systems to ensure they can recover them according to recovery time objectives. This will help to ensure the availability of critical applications the VSP relies on to protect the Commonwealth's citizens.
Status Summary: In Progress (On Schedule)

Finding 17-06: Improve Risk Assessments
Status: The IT Division will work with VITA's ISO Services to update and complete RA's for all sensitive systems and develop a process to perform annual self-assessments to ensure the validity of the RA's. Doing this will help ensure the confidentiality, integrity, and availability of sensitive and mission critical data.
Status Summary: In Progress (On Schedule)

Finding 17-07/14-01: Continue to Improve Web Application Security. **This is a Repeat Finding**.
Status: VSP will dedicate the necessary resources to implement the controls discussed in the communication marked FOIA Exempt in accordance with the Security Standard and best practices in a timely manner.
Status Summary: In Progress (On Schedule)

Finding 17-08: Obtain, Review, and Document Service Organization Control Reports of Third-Party Service Providers
Status: The Assistant Property and Finance Officer/Finance will complete the necessary requirements to obtain the Service Organization Control report. Once he obtains the report, the Assistant Property and Finance Office will review it to evaluate if the service providers' controls are designed, implemented, and operating effectively and document the results of the review. If his review identifies weaknesses in Service Organization Control report, VSP will implement complementary controls to mitigate the risk to the Commonwealth until the provider corrects the deficiency.
Status Summary: In Progress (On Schedule)

Finding 17-09: Strengthen User Access Policies and Procedures. **This is a Repeat Finding**.
Status: The Property and Finance Officer will require his division to develop and implement a formal user access control policy and require all employees to document their procedures supporting the policy (for OEBS).
Status Summary: In Progress (On Schedule)

Finding 17-10: Timely Remove Terminated Employee Access to the Commonwealth's Lease Accounting System
Status: The Property and Finance Officer will require his division to develop and implement a formal user access control policy and procedures, which includes notifying Accounts timely when an employee terminates and VSP wants to deactivate access.
Status Summary: In Progress (On Schedule)

Finding 17-11: Timely Remove Terminated Employee Access to the Commonwealth's Fixed Asset System
Status: The Property and Finance Commander will require his division to develop and implement a formal user access control policy and procedures, which includes notifying the Accounts timely when an employee terminates and VSP wants to deactivate access.
Status Summary: In Progress (On Schedule)

Finding 17-12: Timely Remove Terminated Employee Access to the Commonwealth's Purchasing System
Status: The Property and Finance Commander will require his division to develop and implement a formal user access control policy and procedures, which includes deactivating terminated employee accounts timely.
Status Summary: In Progress (On Schedule)

Finding 17-13: Deactivate Access to the Commonwealth's Purchasing System
Status: The Property and Finance Commander will require his division to develop and implement a formal user access control policy and procedures, which includes monitoring and deactivating purchasing system accounts.
Status Summary: In Progress (On Schedule)

Finding 17-14/14-06: Align Fixed Asset Accounting Policies with Code of Virginia and CAPP Manual Best Practices. **This is a Repeat Finding**.
Status: Property and Finance will review the CAPP Manual and revise its policies and procedures to ensure its internal control structure considers the CAPP Manual best practices. Additionally, Property and Finance will regularly review and update its fixed asset policies and procedures to ensure that they remain up-to-date and reflect changes to the VSP's fixed assets environment. Finally, Property and Finance staff will revise its policies regarding the disposition of unclaimed property to be in compliance with §52-11.4 and §52-11.5 of the Code of Virginia.
Status Summary: In Progress (On Schedule)

Finding 17-15: Enter Assets into the Commonwealth's Fixed Asset System in a Timely Manner
Status: The Fixed Asset Accountant will enter all assets into the Commonwealth's fixed asset system timely. The Property and Finance Commander will dedicate the necessary resources to account for State Police's fixed assets. If more resources are unavailable, the Property and Finance Commander and his staff will consider assigning fixed assets responsibilities to several individuals to ensure that all facets of the role are performed, including the capitalization of fixed assets consistent with its policy.
Status Summary: In Progress (On Schedule)

Finding 17-16: Capitalize Fixed Assets in Accordance with Commonwealth and VSP Policy
Status: The Fixed Asset Accountant will capitalize all assets in accordance with VSP policies. The Fixed Asset Accountant will receive training on these policies and the Financial Reporting Manager will perform a thorough review to ensure that they are consistent with the CAPP Manual requirements.
Status Summary: In Progress (On Schedule)

Finding 17-17: Complete Fixed Assets Physical Inventories. **This is a Repeat Finding**.
Status: VSP will conduct and complete a physical inventory of VSP's assets every two years.
Status Summary: In Progress (On Schedule)

Finding 17-18: Develop a Methodology for Estimating Useful Lives
Status: Fixed Asset Accountant will develop and periodically update a methodology for assigning useful lives. The methodology will consider the VSP's actual use patterns for different types of assets and take into account the actual length of time VSP has used similar assets. Finally, the Fixed Assets Accountant will begin treating fixed assets purchased for the Aviation Unit the same as the assets purchased by any other unit or division, establishing useful lives based on the type of asset.
Status Summary: In Progress (On Schedule)

Finding 17-19: Develop a Method for Estimating Salvage Value
Status: The Fixed Asset Accountant will establish a methodology for estimating salvage values. Salvage values will be consistent with the CAPP Manual recommendations.
Status Summary: In Progress (On Schedule)

Finding 17-20: Update the Commonwealth's Fixed Assets System to Reflect Asset Disposals. **This is a Repeat Finding**.
Status: VSP will ensure that all capital assets are being appropriately disposed of in the Commonwealth's fixed asset system.
Status Summary: In Progress (On Schedule)

Finding 17-21: Adequately Document Fixed Asset Reconciliations. **This is a Repeat Finding**.
Status: The Fixed Asset Accountant and the Assistant Property and Finance Officer/Finance will update the policies and procedures to include a requirement for them to date all reconciliations they complete and review.
Status Summary: In Progress (On Schedule)

Finding 17-22: Publish Updated Internal Procurement Policies and Procedures Manual
Status: The Property and Finance Division will publish procurement policies and procedures to ensure that staff is using up-to-date procedures that adhere to Procurement Manual requirements.
Status Summary: Completed (On Schedule)

Finding 17-23: Improve Documentation of Sole Source Contract Procurements
Status: The Procurement Director will ensure that all sole source procurements occur according to Procurement Manual and VITA Manual guidelines. Contract files will be retained and documentation will be detailed enough to support contract award decisions. Further, the Procurement Director will evaluate whether his staff will attend training on the Commonwealth's procurement requirements and consider providing training for all new staff.
Status Summary: Completed (On Schedule)

Finding 17-24: Perform Contract Management Responsibilities
Status: The Procurement Department has already begun to utilize a contract management tool in the Commonwealth's purchasing system. They will enter all term contracts into this tool and ensure that it adequately manages all established contracts for compliance and monitors expiration dates. Finally, the Procurement Department will also assign contract administrators to ensure that contracts are adequately monitored.
Status Summary: Completed (On Schedule)

Finding 17-25: Align Internal Purchase Card Policies with CAPP Manual Best Practices
Status: VSP Program Administrators will ensure that the existing written procedures adequately reflect CAPP Manual suggested best practices.
Status Summary: In Progress (On Schedule)

Finding 17-26: Perform Purchase Card Program Administrator Responsibilities. **This is a Partial Repeat Finding**.
Status: The Program Administrators will develop and implement a process that will fulfill the CAPP Manual suggested program administrator responsibilities, including documenting their responsibilities as a part of the purchase card policies and procedures. In addition, they will use Bank of America's online program management system to better monitor and manage the purchase card program. Lastly, Property and Finance management will consider if additional staffing is needed to monitor the purchase card program.
Status Summary: Completed (On Schedule)

Finding 17-27: Retain Adequate Documentation to Support Purchase Card Program
Status: Program Administrators will retain adequate documentation to support the purchase card program. Program Administrators will develop a more effective way of tracking and retaining program documentation, including electronic documentation. Furthermore, Program Administrators will ensure that they understand the Commonwealth's record retention requirements.
Status Summary: In Progress (On Schedule)

Finding 17-28: Complete Purchase Card Reconciliations Timely
Status: Cardholder supervisors will review and approve purchase card reconciliations by the last day of each month, as required by the policies and procedures. In addition, Program Administrators will monitor and enforce compliance with the policies and procedures.
Status Summary: In Progress (On Schedule)

Finding 17-29: Complete Cardholder and Supervisor Training Annually
Status: All cardholders will complete the annual cardholder training in the Commonwealth's Learning Center. Program Administrators will develop a process to ensure that all cardholders and supervisors complete the annual training or take action to deactivate cards or remove supervisor authority if training is not complete. Program Administrators will only complete the training certification form once they have verified that all cardholders and supervisors have completed the required training.
Status Summary: Completed (On Schedule)

Finding 17-30: Submit Indirect Cost Rate Proposals Timely
Status: The Assistant Property and Finance Officer/Finance and the Grant Accounting Manager will create policies and procedures for preparation of the indirect cost allocation plan and ensure that indirect cost rate proposals are submitted timely.
Status Summary: Completed (On Schedule)

Finding 17-31: Document Treasury Loan Policies and Procedures
Status: Assistant Property and Finance Officer/Finance and Grants Manager will create and document treasury loan policies and procedures that are consistent with CAPP Manual Topic 20805.
Status Summary: Completed (On Schedule)

Finding 17-32: Align Internal Policies and Procedures with the Virginia Debt Collection Act and Commonwealth Accounting Policies and Procedures
Status: Property and Finance will update desk procedures to align with the requirements and recommendations outlined in the Debt Collection Act and CAPP Manual.
Status Summary: In Progress (On Schedule)

Finding 17-33: Improve Accounts Receivable Collection Process
Status: The Property and Finance Commander will determine if additional resources are needed to ensure that collection activities are implemented. The Accounts Receivable Accountant will update her desk procedures to align with the requirements and recommendations outlined in the Debt Collection Act and CAPP Manual and implement those procedures.
Status Summary: In Progress (On Schedule)

Finding 17-34: Improve Accounts Receivable Tracking Process
Status: The Property and Finance Commander will evaluate the current accounts receivables tracking processes to ensure that VSP is properly recording, aging, and accounting for receivable transactions. Additionally, he will evaluate whether Microsoft Excel is effective for tracking receivables. Furthermore, the Accounts Receivable Accountant will track receivables timely and record all required information. Lastly, audit documentation will be readily accessible for audit purposes.
Status Summary: In Progress (On Schedule)

Finding 17-35/14-08: Improve Processes over Work Zone Project Billings. **This is a Repeat Finding**.
Status: The Property and Finance Commander will require his division to have internal processes to track the highway construction/maintenance work zone projects to ensure that it bills all projects appropriately. Furthermore, procedures will verify information from the divisions to ensure that the division correctly bills third parties.
Status Summary: In Progress (On Schedule)

Finding 17-36: Document Detailed Reconciliation Policies and Procedures
Status: Accountant Senior and the Assistant Property and Finance Officer/Finance will document detailed reconciliation policies and procedures.
Status Summary: Completed (On Schedule)

Finding 17-37: Confirm Retirement Contribution Snapshots Timely
Status: Personnel Division will complete reconciliations timely so the Accounts Payable Manager can confirm retirement contribution snapshots timely. In addition, the Accounts Payable Manager and Personnel Division staff will develop a timeline that clarifies when the Personnel Division will complete its reconciliations.
Status Summary: Completed (On Schedule)

Finding 17-38: Document Retirement Benefits System Reconciliations
Status: Personnel Division will modify its policies and procedures to incorporate CAPP Manual Topic 50410. Additionally, the Personnel Division will document and retain reconciliations. Finally, the Property and Finance Division will clear and address all errors in a timely manner.
Status Summary: In Progress (On Schedule)

Department of Veterans Services (DVS)
     Audit Year: 2017

     Finding 17-01: Improve Capital Asset Accounting Policies and Procedures
     Status: DVS will publish internal policies and procedures for capital asset accounting that apply to all of our service lines including the Care Centers.
     Status Summary: In Progress (Delayed)

     Finding 17-02: Improve Controls over Capital Assets
     Status: All Capital Assets at VVCC have been tagged with their corresponding asset tag number in the Commonwealth's fixed asset system, a procedure for tagging all future assets has been implemented and will be included in DVS Capital Asset Accounting Policies and Procedures.
     Status Summary: Completed (On Schedule)

     Finding 17-03: Properly Record Capital Asset Additions
     Status: The necessity for timely, accurate additions to the Commonwealth's fixed asset system has been stressed to all involved and a procedure has been put in place to ensure this occurs timely. Further guidance will be incorporated into DVS Capital Asset Accounting Policies and Procedures DVS will be implementing.
     Status Summary: Completed (On Schedule)

Finding 17-04: Perform Physical Inventory
Status: A full physical fixed asset inventory has been completed. DVS Capital Asset Accounting Policies and Procedures will include instructions for completing this at least every two years.
Status Summary: Completed (On Schedule)

Transportation

<u>Department of Motor Vehicles (DMV)</u>
Audit Year: 2017

Finding 17-01: Improve Controls over Financial Reporting. **This is a Repeat Finding**.
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Finding 17-02/16-05: Continue Improving Application Security Controls. **This is a Partial Repeat Finding**.
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Finding 17-04: Improve Information Technology Change Management Program
Status: The new Service Desk offering was made available on December 15, 2018 and DMV is working through configuration issues at this time. VITA has delayed some of the service offerings until March 1, 2019. At this time DMV doesn't know what those services are and DMV is concerned it might impact this remediation effort. Extending corrective action completion date to April 1, 2109.
Status Summary: In Progress (Delayed)

Audit Year: 2015

Finding 15-05: Improve System Authentication Controls
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: Corrective action plan has been completed.
Status Summary: Completed (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," the 2004 work entitled, "Enterprise Risk Management," and the May 2013 revision to COSO's "Internal Control Integrated Framework."

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. Non-compliance with the processes required for successful completion of ARMICS; therefore, the agency's ARMICS submission was rejected by DOA. This will result in continued citation in the QR until the agency has complied with the ARMICS certification process and has submitted an ARMICS certification or Exhibit 4 (with required CAP).

4. 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 December 31, 2018, the following agencies were not in compliance with the ARMICS process based on their 2018 ARMICS submission:

The following agencies did not comply with ARMICS in FY 2018 and submitted an Exhibit 4 Certification Statement:

Agency Name	Reason for Non-Compliance	Initial Corrective Action Plan Received	Status of Corrective Action
Library of Virginia	Exhibit 4 Filed	Yes	Agency states corrective action will be completed by November 30, 2018. Quarterly status update not received.
New College Institute	Exhibit 4 Filed	Yes	Agency states corrective action will be completed by June 30, 2019. Quarterly status update received.
State Council of Higher Education for VA	Exhibit 4 Filed	Yes	Agency states corrective action will be completed by October 1, 2018. Quarterly status update not received.

The following agency's' ARMICS Certification was rejected by DOA for not complying with ARMICS Minimum Requirements:

Agency Name	Reason for Non-Compliance	ARMICS Certification or Exhibit 4 Received
Frontier Culture Museum of Virginia	FY18 ARMICS Certification Rejected	No
Department of Game and Inland Fisheries	FY17 ARMICS Certification Rejected	No

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
Library of Virginia	Substantial non-compliance with ARMICS process based on a QAR.	Yes	Agency initially stated corrective action will be completed by June 30, 2018. Revised completion date to November 30, 2018. Quarterly status update not received.
State Council of Higher Education for VA	Substantial non-compliance with ARMICS process based on a QAR	Yes	Agency initially stated corrective action would be completed by June 30, 2018. Revised completion date to October 1, 2018. Quarterly status update received.

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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 September and October were due on 10/31/2018 and 12/07/2018, respectively.

Certifications Late or Outstanding
January 18, 2019

Agency	Sept
Department of Game and Inland Fisheries	12/04/18
Mental Health Treatment Centers	O/S
Intellectual Disabilities Training Centers	O/S

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

E-Commerce

Travel Check Charges

In accordance with Chapter 2, 2018 Special Session I, 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 second quarter of FY 2019.

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 December 31, 2018	Fiscal Year 2019 To-date Charges
Agriculture and Forestry		
Department of Agriculture and Consumer Services	$10.00	$10.00
Commerce and Trade		
Department of Housing and Community Development	$10.00	$15.00
Education		
Virginia Military Institute	$55.00	$55.00
Virginia State University	$50.00	$70.00
Patrick Henry Community College	$5.00	$5.00
Health and Human Resources		
Department of Health	$35.00	$45.00
Independent Agencies		
Virginia Lottery	$5.00	$5.00
Judicial		
Magistrate System	$35.00	$60.00
Circuit Courts	$145.00	$285.00
General District Courts	$270.00	$460.00
Juvenile and Domestic Relations District Courts	$30.00	$70.00
Legislative		
Virginia State Crime Commission	$0.00	$5.00
Joint Commission on Technology and Science	$5.00	$5.00
Natural Resources		
Department of Conservation and Recreation	$0.00	$15.00
Department of Game and Inland Fisheries	$5.00	$5.00
Public Safety and Homeland Security		
Virginia Alcoholic Beverage Control Authority	$20.00	$30.00
Transportation		
Department of Motor Vehicles	$35.00	$35.00

Direct Deposit

Effective August 1, 2008, direct deposit was mandated for all new hires. Agencies may mandate direct deposit for <u>all</u> eligible employees at their discretion. Agencies that did not attain a salaried direct deposit performance rate of at least 98% are included in this report.

Direct Deposit Performance by Secretarial Area
Quarter Ended December 31, 2018

Secretarial Area	Direct Deposit % of Salaried Employees	Direct Deposit % of Wage Employees
Administration	99.4%	100.0%
Agriculture and Forestry	99.7%	98.1%
Commerce and Trade	99.6%	100.0%
Education	99.7%	97.7%
Executive Offices	98.5%	100.0%
Finance	99.4%	98.9%
Health and Human Resources	99.0%	97.4%
Independent Agencies	99.6%	100.0%
Judicial	99.8%	95.4%
Legislative	100.0%	100.0%
Natural Resources	99.6%	96.4%
Public Safety and Homeland Security	99.3%	98.8%
Technology	100.0%	100.0%
Transportation	99.8%	99.9%
Veterans and Defense Affairs	99.3%	99.3%
Statewide	**99.5%**	**97.9%**

Comparative		
Quarter Ended December 31, 2017		
Statewide	**99.6%**	**98.2%**

Statewide Salaried Direct Deposit Performance
Quarter Ended December 31, 2018

Salaried Direct Deposit Participation	99.5%

Salaried Direct Deposit Below 98 Percent

Agency	Percent	Number of Employees
Administration		
State Board of Elections	93.0%	43
Health and Human Resources		
Central Virginia Training Center	92.7%	355
Virginia Rehabilitation Ctr for the Blind and Vision Impaired	90.5%	21
Southwestern Virginia Training Center	82.5%	103
Natural Resources		
Marine Resource Commission	97.3%	150
Public Safety & Homeland Security		
Sussex One State Prison	94.9%	351
Transportation		
Department of Aviation	96.9%	32

Statewide Wage Direct Deposit Performance
Quarter Ended December 31, 2018

| Wage Direct Deposit Participation	97.9%

Wage Direct Deposit Below 90 Percent

Agency	Percent	Number of Employees
Education		
Virginia State University	75.9%	632
Southern Virginia Higher Education Center	70.6%	17

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Payroll Earnings Notices

Elimination of earnings notices associated with direct deposit is an additional method for increasing the benefits of electronic payments. Employees are currently able to obtain enhanced information online using the web-based Payline system.

In addition to increasing direct deposit participation, agencies and institutions are expected to encourage employees to enroll in Payline and discontinue receipt of centrally printed earnings notices.

Annual Payline & Earnings Notice Opt-Out Participation
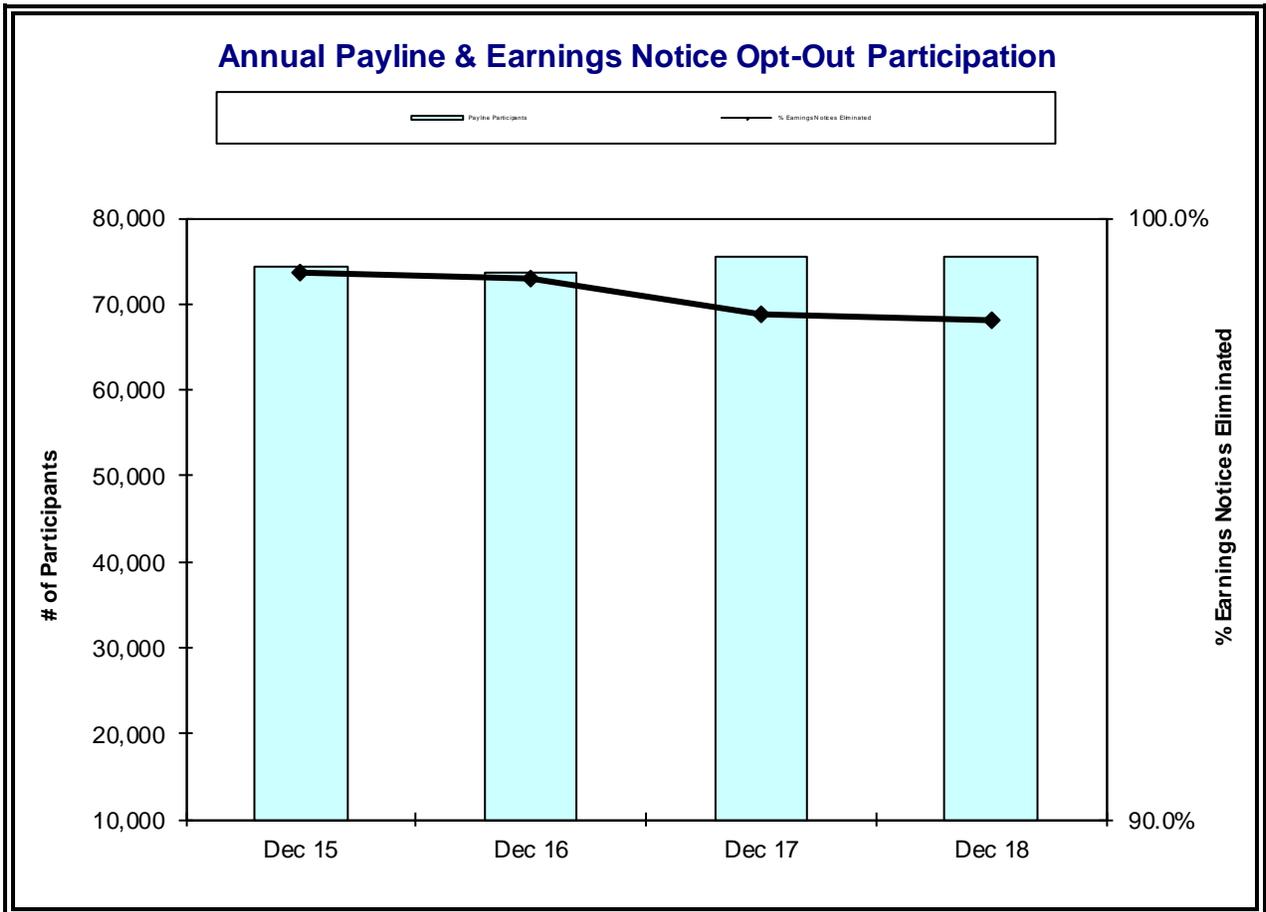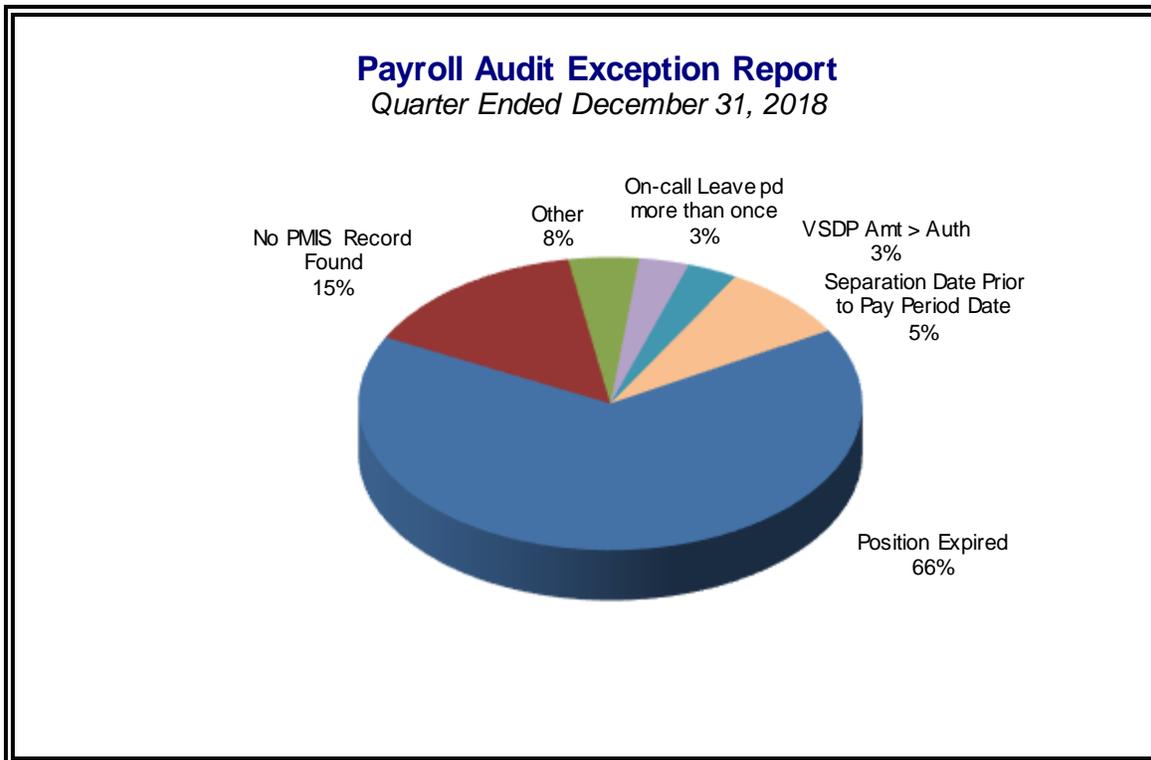
Payroll Controls

CIPPS/PMIS Payroll Audit

During the quarter, DOA's automated comparison of payroll (CIPPS) and personnel (PMIS) records examined 396,950 salaried pay transactions and 130,492 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 3,272 new exceptions noted statewide during the quarter, with an overall exception rate of 0.04%.

The statewide salaried payroll exception rate was 0.11% and the wage payroll exception rate was 0.02%. During this quarter, 8 employee paychecks were reduced to recover $4,628.55 in overpayments.

While the largest cause of exceptions are due to processing payroll for employees whose positions have expired in PMIS, the second largest cause of exceptions was because no PMIS records were found. These exceptions can 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 December 31, 2018

No PMIS Record Found 15%

Other 8%

On-call Leave pd more than once 3%

VSDP Amt > Auth 3%

Separation Date Prior to Pay Period Date 5%

Position Expired 66%

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 December 31, 2018.

Payroll Exception Audit
Agency Payroll Exceptions as a Percent of Salaried Payments
Quarter Ended December 31, 2018

Agency	# of Salaried Exceptions	Exceptions as a % of Salaried Payments
Virginia Community Colleges Agencies	112	0.30%
Salaried Payroll Exceptions for the Quarter		**0.11%**

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

Total Quarterly Salaried Exceptions
*December 2016 - December 2018*
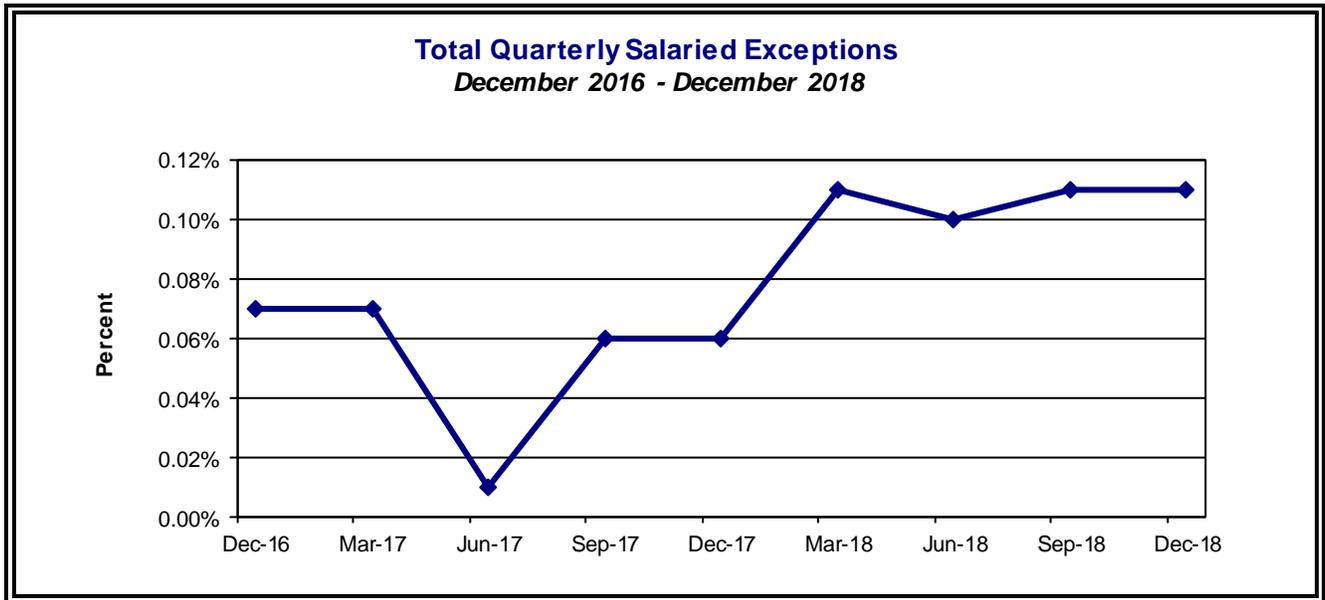
Payroll Exception Audit
Agency Payroll Exceptions as a Percent of Wage Payments
Quarter Ended December 31, 2018

Agency	# of Wage Exceptions	Exceptions as a % of Wage Payments
None		

Wage Payroll Exceptions for the Quarter	**0.02%**

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

Total Quarterly Wage Exceptions
December 2016 - December 2018
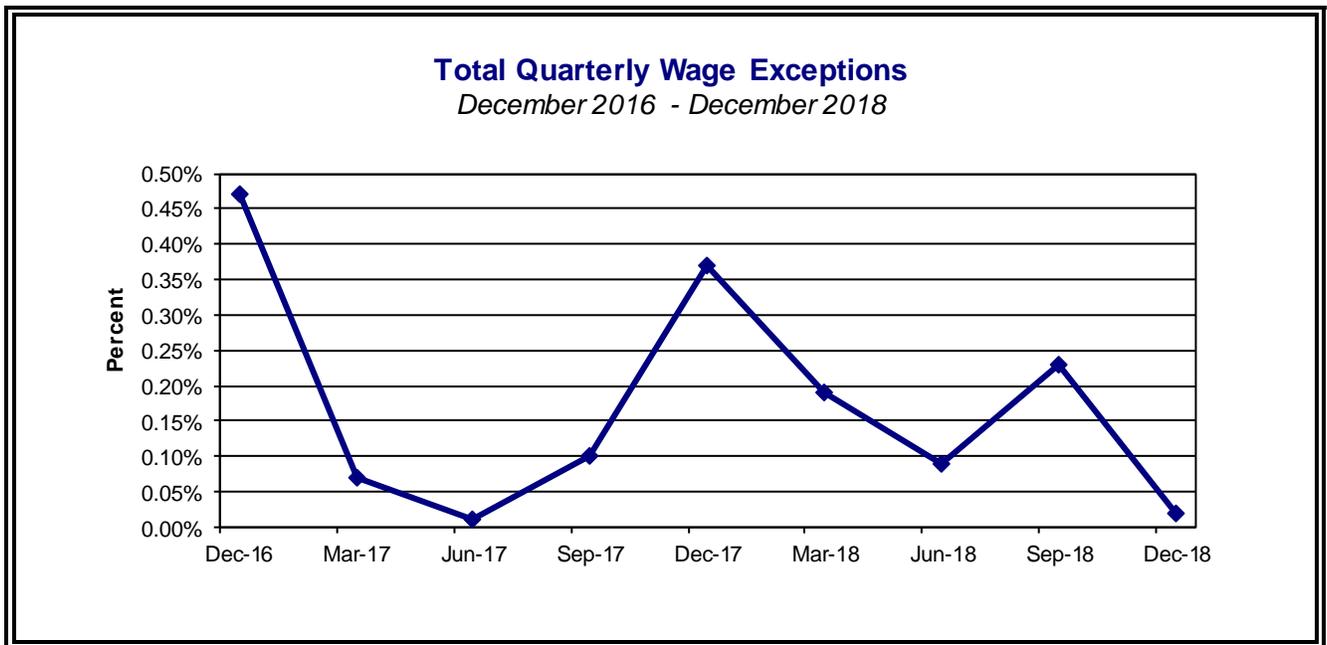
CIPPS/PMIS Exceptions

Agencies are required to submit explanations and/or reconciliations for the differences identified on the CIPPS/PMIS Unresolved Exceptions Report within six weeks of notification. The following table lists those agencies having exceptions that remain unresolved six weeks after receipt of the report.

Agency	Unresolved Exceptions
Central Virginia Community College	49
Department of Transportation - Richmond District	7
Lord Fairfax Community College	51
Paul D Camp Community College	6
Sitter-Barfoot Veterans Care Center	2
Wilson Workforce and Rehabilitation Center	6

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Payroll Certification

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)
Education				
Germanna Community College		1		
John Tyler Community College			2	
Virginia State University		1		
Health and Human Resources				
Central State Hospital	34,398			
Judicial				
Circuit Courts	1,142,962			

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.

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Payroll Statistics

The central payroll system for State government is known as *CIPPS,* the Commonwealth Integrated Payroll Personnel System. CIPPS is one of the largest payroll operations in the Commonwealth, serving 103,599 employees. Payroll services are also provided through eight decentralized higher education institutions.

On average, 88,698 employees were paid each month, of which 66,630 were salaried employees.

Commonwealth Integrated Payroll / Personnel System (CIPPS) Statistics

■ Active Employees Paid □ Active Employees Not Paid

January 2018 - December 2018
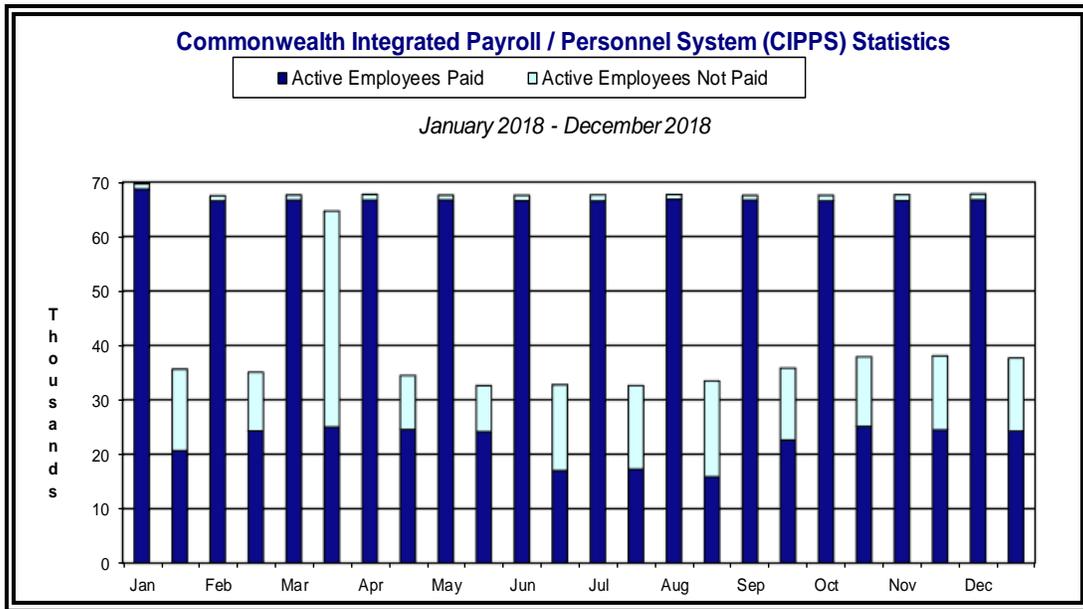
Note: The first bar for each month represents salaried employees, and the next bar represents wage employees. Not all active employees are paid on a current basis. Examples would include employees on extended leave without pay and adjunct faculty not teaching during the current semester.

Statistics do not include employees of eight institutions of higher education that are decentralized for payroll processing.

Benefit Participation by CIPPS Agencies

The Commonwealth offers a variety of benefits to state employees, including health care, optional retirement plans, deferred compensation, and flexible reimbursement programs.

Number of Participating Employees

| | | Comparative | |
Benefit	As of 12/31/2018	As of 12/31/2017	As of 12/31/2016
Health Care**			
COVA Care	53,072	53,966	54,982
COVA Health Aware	4,647	3,964	3,362
Kaiser	1,214	1,217	1,291
Tricare	63	68	60
Optional Retirement Plans**			
Fidelity Investments	666	701	712
Political Appointee - ORP	118	108	110
TIAA/CREF	1,578	1,667	1,691
Deferred Compensation**			
Commonwealth of Virginia 457 D/C Plan	35,118	36,488	38,288
Commonwealth of Virginia 457 Roth Plan	2,697	2,108	1,476
Hybrid Mandatory	15,715	13,080	10,290
Hybrid 457 Voluntary D/C Plan	8,046	7,961	2,030
Flexible Reimbursement**			
Dependent Care	1,021	1,001	963
Medical Care	10,812	10,611	9,873

** Statistics do not include employees of eight institutions of higher education that are decentralized for payroll processing.

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