

Volume No. 1—Policies & Procedures	TOPIC NO. 10205 – Cardinal
Section No. 10200—Financial Management	TOPIC AGENCY RESPONSE TO APA AUDIT
	DATE May 2019

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Overview

Introduction Audits of most State agencies and institutions are performed by the Auditor of Public Accounts (APA). An audit report is issued at the completion of the audit and includes the audit opinion and any management letter deficiencies.

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

Policy

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

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Audit Response Procedures

Agency Written Response Within 30 Days Upon receipt of an APA audit report by an agency, the agency head or agency designee will provide the State Comptroller with a response to the report within 30 days of the date of receipt. *The written response must be submitted electronically in Excel format to ComplianceAssurance@doa.virginia.gov.*

The Excel file, which MUST be used, is located here:



CAW_10205.xlsx

This response will include a workplan for corrective actions to be taken and must address all deficiencies noted, regardless of corrective action status at the time the 30-day workplan is submitted.

The response must include, at a minimum, a workplan that

- summarizes the audit findings,
- summarizes the proposed corrective actions and specific deliverables that will result from the proposed corrective actions,
- presents target dates for the completion of corrective actions, and
- names the person(s) or position(s) responsible for implementing corrective actions.

Written Response Distribution Each agency will also transmit a copy of the response within 30 days to the Director of the Department of Planning and Budget, the appropriate Cabinet Secretary, and the Auditor of Public Accounts at Auditor_of_Public_Accounts@apa.virginia.gov.

Response Evaluation DOA will complete an evaluation of the response and, if the response is considered inadequate, the agency will be notified by DOA and will be responsible for preparing and submitting a revised response within 15 days from the date of notification. Copies of the revised response should also be sent to the Director of the Department of Planning and Budget, the appropriate Cabinet Secretary, and the Auditor of Public Accounts at Auditor_of_Public_Accounts@apa.virginia.gov.

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Audit Workplan Follow-Up

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

An initial corrective action workplan (CAW) is due to DOA 30-days after an APA audit is issued.

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

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

Single Audit Agencies Agency responses to audit comments will be included in the Statewide Single Audit Report. Responses should be concise and well documented. An executive summary is required for each agency response to an audit comment that exceeds one page.

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

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Agency Response to Potential Audit Concerns

Failure to Respond

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

Restricted Information

The information included in the agency’s CAW is used in publications, including the Comptroller’s Statewide Financial Management and Compliance (Quarterly) Report and the Statewide Single Audit; therefore, no Freedom of Information Act (FOIA) Exempt or Personally Identifiable Information (PII) should be included in workplans submitted to DOA.

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

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

Internal Control

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

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Records Retention

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

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

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

Contacts

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

Subject Cross References

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