REPORT ON STATEWIDE COMPLIANCE

FOR THE QUARTER ENDED
DECEMBER 31, 2016

OFFICE OF THE COMPTROLLER

DEPARTMENT OF ACCOUNTS

TABLE OF CONTENTS

REPORT ON STATEWIDE COMPLIANCE
Quarter Ended December 31, 2016

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, 2016, and comparative FY 2016 data.

David A. Von Moll, CPA, CGFM
Comptroller

Virginia Department of Accounts
Financial Accountability. Reporting Excellence.

COMPLIANCE

Auditor of Public Accounts Reports - Executive Branch 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, 2016

The APA issued 10 reports covering 34 State Agencies for the Executive Branch. 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				
None				
Agriculture and Forestry				
None				
Commerce and Trade				
Department of Housing and Community Development	2	0	2	YES
Virginia Economic Development Partnership	0	0	0	N/A
Virginia Resources Authority[1]	0	0	0	N/A

Education				
University of Virginia[2]	4	0	4	YES
University of Virginia Medical Center	0	1	1	YES
Virginia Commonwealth University	1	1	2	YES
Virginia Community College System - Central Office[3]	4	0	4	YES
Blue Ridge Community College	1	0	1	YES
Central Virginia Community College	5	0	5	YES
Dabney S. Lancaster Community College	0	0	0	N/A
Danville Community College	0	0	0	N/A
Eastern Shore Community College	0	0	0	N/A
Germanna Community College	4	0	4	YES
J. Sargeant Reynolds Community College	1	0	1	YES
John Tyler Community College	2	0	2	YES
Lord Fairfax Community College	0	0	0	N/A
Mountain Empire Community College	3	0	3	YES
New River Community College	5	0	5	YES
Northern Virginia Community College	0	1	1	YES
Patrick Henry Community College	3	0	3	YES
Paul D. Camp Community College	2	0	2	YES
Piedmont Virginia Community College	0	0	0	N/A
Rappahannock Community College	0	0	0	N/A
Southside Virginia Community College	0	0	0	N/A
Southwest Virginia Community College	3	0	3	YES
Thomas Nelson Community College	0	0	0	N/A
Tidewater Community College	0	0	0	N/A
Virginia Highlands Community College	4	0	4	YES
Virginia Western Community College	0	0	0	N/A
Wytheville Community College	4	0	4	YES
Virginia Polytechnic and State University	0	0	0	N/A
Executive Offices				
None				
Finance				
None				
Health and Human Resources				
None				
Natural Resources				
None				
Public Safety and Homeland Security				
Department of Alcoholic Beverage Control	4	0	4	YES
Department of Emergency Management	4	0	4	YES
Technology				
None				
Transportation				
Virginia Port Authority[4]	1	0	1	YES
Veterans and Defense Affairs				
None				

(1) *Virginia Resources Authority audit was performed by Brown Edwards and the audit report was provided to the APA.*
(2) *Includes University of Virginia Academic Division (UVA/AD) and University of Virginia Medical Center (UVAH).*
(3) *The Virginia Community College System audit included 23 Community Colleges and the Virginia Community College System (VCCS) Central Office.*
(4) *The Virginia Port Authority audit was performed by PBMares, LLP and the audit report provided to the APA.*

❖ ❖ ❖ ❖ ❖

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

Commerce and Trade

Department of Housing and Community Development

1. Improve CAMS System Security Controls
2. Strengthen Internal Controls over Retirement Contribution Reconciliations

Education

University of Virginia

1. Improve Virtual Private Network Security Controls
2. Improve Controls for Granting and Restricting Elevated Workstation Privileges
3. Improve Security Awareness Training Program
4. Improve and Comply with Sole Source Policies and Procedures

University of Virginia Medical Center

1. Improve myVRS Navigator Reconciliation and Confirmation. This is a Repeat Finding.

Virginia Commonwealth University

1. Continue Improving Mobile Device Security. **This is a Repeat Finding.**
2. Improve Oversight of Information Technology Third-Party Service Providers

Virginia Community College System - Central Office

1. Improve Oversight of Information Technology Third-Party Service Providers
2. Improve Vulnerability Scanning Program
3. Improve Operating System Security
4. Improve Effectiveness of Administrative Information System Access Controls

Blue Ridge Community College

1. Improve Compliance over Enrollment Reporting

Central Virginia Community College

1. Improve Compliance over Enrollment Reporting
2. Improve Notification of Awards to Students
3. Perform and Document Monthly Reconciliations of Direct Loans
4. Properly Process Return of Title IV Calculations
5. Reconcile Federal Fund Accounts

Germanna Community College

1. Improve Compliance over Enrollment Reporting
2. Improve Notification of Awards to Students
3. Perform and Document Monthly Reconciliations of Direct Loans
4. Properly Process Return of Title IV Calculations

J. Sargeant Reynolds Community College

1. Properly Process Return of Title IV Calculations

John Tyler Community College

1. Improve Compliance over Enrollment Reporting
2. Reconcile Federal Fund Accounts

Mountain Empire Community College

1. Assign System Access Based on Least Privilege
2. Deactivate User Access Promptly Upon Employee Separation
3. Improve Compliance over Enrollment Reporting

New River Community College

1. Assign System Access Based on Least Privilege
2. Deactivate User Access Promptly Upon Employee Separation
3. Improve Fixed Asset Inventory and Tracking
4. Approve Revenue Journal Entries Timely
5. Improve Documentation of myVRS Navigator Reconciliation Process

Northern Virginia Community College

1. Assign System Access Based on Least Privilege. **This is a Repeat Finding**.

Patrick Henry Community College

1. Assign System Access Based on Least Privilege
2. Improve Financial Reporting for Accounts Receivable
3. Retain Audit Support for Financial Statement Schedules

Paul D. Camp Community College

1. Improve Compliance over Enrollment Reporting
2. Improve Reporting to the Common Origination and Disbursement System (COD)

Southwest Virginia Community College

1. Improve Fixed Asset Inventory and Tracking
2. Ensure Proper Monitoring of Auxiliary Contracts
3. Improve Compliance over Enrollment Reporting

Virginia Highlands Community College

1. Assign System Access Based on Least Privilege
2. Improve Documentation of Policies and Procedures
3. Improve Compliance over Enrollment Reporting
4. Improve Reporting to the Common Origination and Disbursement System (COD)

Wytheville Community College

1. Assign System Access Based on Least Privilege
2. Deactivate User Access Promptly Upon Employee Separation
3. Improve Fixed Asset Inventory and Tracking
4. Perform myVRS Navigator Pre-Reconciliations

Public Safety and Homeland Security

Department of Alcoholic Beverage Control

1. Develop and Adopt a Comprehensive IT Strategic Plan to Modernize Systems
2. Improve Web Application Security
3. Finalize Security Exception Requests for Unsupported Databases
4. Improve Wireless Local Area Network Security

Department of Emergency Management

1. Strengthen Internal Controls over Time and Effort Reporting for Federal Grants
2. Issue Management Decisions on Sub-Grantee Single Audit Findings
3. Complete Sub-Grantee Risk Assessments in a Timely Manner
4. Strengthen Internal Controls over Agency Transaction Vouchers

Transportation

Virginia Port Authority

1. Significant Deficiency Related to Properly Recording Federal Expenditures; Department of Transportation; Pass-through Payments CFDA #20.816; Department of Homeland Security; Pass-through Payments CFDA #97.067

❖ ❖ ❖ ❖ ❖

Additional Recommendations – Quarter Ended December 31, 2016

No APA reports containing "Additional Recommendations" were received.

Special Reports – Quarter Ended December 31, 2016

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

2016 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, 2016

Report to the Joint Legislative Audit and Review Commission for the quarter July 1, 2016 through September 30, 2016

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

Review of Bristol Virginia Utilities Authority – October 2016

Review of Capital Project Cash Flow Requirements – Fiscal Year 2016

Revenue Stabilization Fund Calculations for the year ended June 30, 2016

Other Audit Reports – Quarter Ended December 31, 2016

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

Department of Housing and Community Development – Virginia Removal or Rehabilitation of Derelict Structures Fund – for the year ended June 30, 2015

Virginia Biotechnology Research Partnership Authority for the year ended June 30, 2016

Virginia College Savings Plan for the year ended June 30, 2016

Virginia Commercial Space Flight Authority for the fiscal year ended June 30, 2016

Virginia Small Business Financing Authority for the year ended June 30, 2015

The APA issued the following "Other Reports" containing management recommendations:

Department of Emergency Management Disaster Grants – Public Assistance
(Presidentially Declared Disasters) Federal Program for the year ended June 30, 2016

Department of General Services' Division of Real Estate Services for the year ended June
30, 2016

Fort Monroe Authority for the year ended June 30, 2016

❖ ❖ ❖ ❖ ❖

Auditor of Public Accounts Reports - Executive Branch Agencies

Summary of Prior Audit Findings

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

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

	IN PROGRESS		COMPLETED	
	On Schedule	**Delayed**	**On Schedule**	**Delayed**
Administration				
Department of Elections	2	2	0	0
Department of General Services	0	3	0	0
Department of Human Resource Management	0	4	0	0
Agriculture and Forestry				
Department of Agriculture and Consumer Services	0	1	0	0
Commerce and Trade				
Virginia Employment Commission	0	6	1	1
Education				
Christopher Newport University	0	0	1	0
Department of Education and Direct Aid to Public Education	0	2	0	0
George Mason University	0	1	0	1
James Madison University	0	1	0	2
The Library of Virginia	0	0	2	0
Longwood University	4	1	0	0
New College Institute	0	1	0	0
Norfolk State University	0	1	0	0
Radford University	0	1	0	0
Richard Bland College	6	2	0	0
Southwest Virginia Higher Education Center	1	1	1	0
The College of William and Mary in Virginia	0	2	0	1
University of Mary Washington	2	0	0	0
University of Virginia	0	2	0	1
Virginia School for the Deaf and Blind	0	1	0	0
Executive Offices				
Division of Selected Agency Support Services	0	0	1	0

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Finance				
Department of Accounts	1	0	0	0
Department of Taxation	0	1	0	0
Department of the Treasury	0	1	0	0
Health and Human Resources				
Department for Aging and Rehabilitative Services	0	1	0	1
Department of Behavioral Health and Developmental Services	2	7	0	0
Department of Health	0	2	0	0
Department of Medical Assistance Services	0	2	0	0
Department of Social Services	0	0	2	1
Natural Resources				
Department of Game and Inland Fisheries	7	3	0	0
Public Safety and Homeland Security				
Department of Alcoholic Beverage Control	0	2	0	0
Department of Corrections	0	1	1	0
Department of Forensic Science	0	0	0	1
Department of Military Affairs	0	2	0	0
Department of State Police	1	4	0	0
Transportation				
Department of Motor Vehicles	0	8	0	0
Department of Transportation	1	0	1	1
Virginia Port Authority	0	2	0	0
Veterans and Defense Affairs				
Veterans Services Foundation	0	1	0	0
TOTALS	27	70	10	10

❖ ❖ ❖ ❖ ❖

Status of Prior Audit Findings

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

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

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

Administration

Department of Elections (ELECT)
Audit Year: 2015

Finding 15-01: Document Policies and Procedures for Critical Business Functions
Status: Drafting in process.
Status Summary: In Progress (On Schedule)

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

Finding 15-03: Improve my VRS Navigator Reconciliation Processes
Status: In process of getting access to Human Resources systems.
Status Summary: In Progress (Delayed)

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

Department of General Services (DGS)
Audit Year: 2015

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

Finding 15-02: Improve Application Controls. **This is a Repeat Finding.**
Status: Some of the user access identified has been changed. Work is ongoing to further correct other issues.
Status Summary: In Progress (Delayed)

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

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

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

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

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

Finding 15-04/14-02: Improve Controls over the Personnel Management Information System.
This is a Repeat Finding.
Status: Security exception was requested and approved. Extension was needed and was requested.
Status Summary: In Progress (Delayed)

Agriculture and Forestry

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

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

Commerce and Trade

Virginia Employment Commission (VEC)
Audit Year: 2015

Finding 15-01/14-01: Continue to Effectively Allocate Resources to Reduce IT Security Risk.
This is a Repeat Finding.
Status: Corrective action plan has been completed.
Status Summary: Completed (On Schedule)

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

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

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

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

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

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

Finding 15-10: Withhold Child Support Obligations from Benefit Adjustment Payments. **This is a Repeat Finding**.
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Education

Christopher Newport University (CNU)
Audit Year: 2015

Finding 15-01: Improve Server Operating System Security
Status: CNU ITS has mitigated this finding by removing unused packages and services from server operating systems. In addition, critical operating systems are now logging to a centralized log aggregation tool called Security Center (Tenable). This aggregation provides the ISO the ability to review application and server logs relevant to security. Should additional verification of compliance with this control is needed CNU welcomes questions or the Commonwealth's execution of independent verification.
Status Summary: Completed (On Schedule)

Department of Education and Direct Aid to Public Education (DOE)
Audit Year: 2015

Finding 15-03: Continue to Improve Information Security Policies and Procedures. **This is a Repeat Finding**.
Status: The APA has acknowledged that DOE has sufficiently addressed the identified weaknesses regarding IT Systems/Data Backup and Restoration. DOE considers this closed. DOE provided the agency's Database Patching Procedure to the APA. DOE recognizes the need to properly track database updates and patches utilizing a solution that includes implementation, version control, and testing. DOE Information Security and Educational Information Management teams are evaluating potential remediation. DOE is in the process of updating the document of its System Hardening Policy. DOE has opted into VITA's centralized (shared) IT security service vulnerability scanning service tier, the agency is contracting with VITA to have internal IT systems scanned.
Status Summary: In Progress (Delayed)

Finding 15-04/14-04: Improve Risk Management and IT Security Audit Plan Document. **This is a Repeat Finding**.
Status: DOE is in the process of reclassifying IT systems in accordance with Commonwealth Security Standards. DOE has documented the applicable laws and regulations for data according to each sensitive system. DOE is in the process of documenting the roles and responsibilities for each sensitive IT system. DOE has opted into VITA's centralized (shared) IT security service IT Security Auditing Services tier; the agency is contracting with VITA to schedule an Information Security Audit for Oracle Financials. DOE has opted into VITA's centralized (shared) IT security service IT Security Auditing Services tier; the agency is contracting with VITA to schedule an Information Security Audit for the Teacher Licensure system.
Status Summary: In Progress (Delayed)

George Mason University (GMU)
Audit Year: 2015

Finding 15-01: Improve Library Books Valuation Process
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

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

James Madison University (JMU)
Audit Year: 2015

Finding 15-01: Improve Compliance Over Enrollment Reporting. **This is a Repeat Finding.**
Status: Upon submission of the updated reports to our third party service provider (who in turn provide reporting to NSLDS), our file was rejected due to having future dated conferral dates. Our Single Audit auditor was notified of the limitations and confirmed that our previous process in place would suffice.
Status Summary: Completed (Delayed)

Finding 15-02: Perform and Document Monthly Reconciliations of Direct Loans. **This is a Repeat Finding**.
Status: Additional months were selected for internal testing/review, and it was noted that the reconciliations were performed timely, accurately, and action items were addressed/resolved as required. Additionally, APA review of reconciliations occurred during this quarter as a part of the financial aid single audit, with no exceptions noted.
Status Summary: Completed (Delayed)

Finding 15-03: Promptly Return Unclaimed Aid to Department of Education. **This is a Repeat Finding**.
Status: Upon internal testing/review of the return of loan funds process during first quarter of 2017, no issues were noted concerning the return of loan funds. However, it became apparent that some PELL grant funds were not returned timely. The return loan process has been modified to include federal grant funds in addition to the federal loan funds. Determination was made to keep status as In Progress pending addition internal testing/review. The next opportunity for testing of a significant population will occur at the beginning of third quarter of 2017 during the start of the Spring 2017 semester.
Status Summary: In Progress (Delayed)

The Library of Virginia (LVA)
Audit Year: 2016

Finding 16-01: Improve General System Security Controls
Status: Corrective action plan has been completed.
Status Summary: Completed (On Schedule)

Finding 16-02: Improve Controls Over Systems Access
Status: Corrective action plan has been completed.
Status Summary: Completed (On Schedule)

Longwood University (LU)*
Audit Year: 2015

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

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

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

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

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

Audit Year: 2014
Finding: 14-01: Improve Information Security Management and Prioritization
Status: The University's ITS department has reviewed the findings and is taking a proactive approach to the findings. Some of the findings have already been addressed, some are requiring procurement, and others are requiring process change. Items that are the direct responsibility of the ITS department are anticipated to be completed May 2016.
Status Summary: In Progress (Delayed)

New College Institute (NCI)
Audit Year: 2014

Finding 14-02: Improve Information Security Management and Prioritization
Status: Changes have been implemented to address some concerns. Disaster Recovery plan developed and the purchase of additional IT equipment has been requested has been received and installation is scheduled. It will be complete once the secondary internet service has been established. Plans have been developed and will continue to be implemented and reviewed.
Status Summary: In Progress (Delayed)

Norfolk State University (NSU)
Audit Year: 2015

Finding: 15-02: Improve IT Server Maintenance Management Controls
Status: The University has made progress on updating the IT systems running on outdated software. OIT continues to work with departments and vendors on scheduled testing and verification where applicable. Due to the scheduling delays by third party vendors and additional hardware needs, the completion date of this plan has been modified to March 2017. A Chief Information Officer was hired August 2016 and a Director of Application Services begins January 2017. Temporary staff is currently in place to provide continuous operational services.
Status Summary: In Progress (Delayed)

Radford University (RU)
Audit Year: 2015

Finding: 15-03: Promptly Process Return of Title IV Calculations
Status: The proper process and procedures have been put into place. Upon conclusion of the Summer academic terms this will be tested internally to verify operating effectiveness.
Status Summary: In Progress (Delayed)

Richard Bland College (RBC)*
Audit Year: 2015

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

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

Finding: 15-03: Comply with the Department of Human Resource Management Policy for Wage Employees. **This is a Repeat Finding**.
Status: No initial corrective action plan submitted.
Status Summary: In Progress (On Schedule)
DOA did not receive an updated Corrective Action Workplan status by the time period required.

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

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

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

Audit Year: 2014

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

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

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

Finding: 15-01: Perform Fixed Asset Inventory
Status: Employees in the Finance department will do a complete inventory in the month of January 2017. Policies and procedures are being reviewed and established to govern inventory control at the Center.
Status Summary: In Progress (On Schedule)

Finding: 15-02: Follow Established Departing Employee Procedure
Status: The Center developed an off-boarding checklist for departing employees that addresses this finding. The Human Resources Department will be responsible for initiating the process when an employee departs so that the Information Technology (IT) Department is made aware that access changes need to be made. A copy of the checklist will also be sent through all other agency departments so that those departments may take appropriate action to process matters relating to a departing employee. The Center has taken immediate steps to review all currently issued network accounts and made changes where required. Anticipated completion date for developing the formal off boarding process procedure is June 30, 2016.
Status Summary: Completed (On Schedule)

Finding: 15-03: Complete the Disaster Recovery Plan
Status: The Center has completed a large amount of work toward finishing the DRP. Each department/work area has been surveyed for relevant information and factors for the DRP. Risk assessment and business impact questionnaires and scenarios have been reviewed. At this point, the Center has collected and processed much of the information needed for it to complete the DRP. However, some additional time is needed to ensure that the report is thoroughly and adequately completed.
Status Summary: In Progress (Delayed)

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

    Finding: 15-02: Improve the Reconciliation of Retirement Contributions. **This is a Repeat Finding**.
    Status: HR/FO employees have worked with IT to develop reports that compare information from W&M BANNER to that in VNAV to identify the discrepancies between the two databases. This process continues as the reports are tested and refined. A new report has been developed to execute after every payroll run to facilitate corrections of data before uploading to VNAV. This report is now in use and a second report to be used in conjunction is being written to further improve the process. Additional staff resources have been identified to assist in reconciling historical data between the systems as those inconsistencies are discovered. W&M (representatives from IT, FO & HR) and VRS employees continue to meet via scheduled monthly conference calls to review progress.
    Status Summary: In Progress (Delayed)

    Finding: 15-03: Improve Controls over Retirement Census Data. **This is a Repeat Finding**.
    Status: HR/FO employees have worked with IT to develop reports that compare information from W&M BANNER to that in VNAV to identify the discrepancies between the two databases. This process continues as the reports are tested and refined. A new report has been developed to execute after every payroll run to facilitate corrections of data before uploading to VNAV. This report is now in use and a second report to be used in conjunction is being written to further improve the process. Additional staff resources have been identified to assist in reconciling historical data between the systems as those inconsistencies are discovered. W&M (representatives from IT, FO & HR) and VRS employees continue to meet via scheduled monthly conference calls to review progress.
    Status Summary: In Progress (Delayed)

    Finding: 15-04: Improve Database Security
    Status: Corrective action plan has been completed.
    Status Summary: Completed (Delayed)

University of Mary Washington (UMW)
Audit Year: 2015

    Finding: 15-01: Improve Policies and Procedures for Granting and Restricting Elevated Workstation Privileges
    Status: New processes and tools for compliance have been selected. Testing underway.
    Status Summary: In Progress (On Schedule)

    Finding: 15-02: Improve Virtual Private Network Security Controls
    Status: New processes and tools for compliance have been selected. Testing underway.
    Status Summary: In Progress (On Schedule)

University of Virginia (UVA/AD)
Audit Year: 2015

    Finding: 15-01: Improve Virtual Private Network Security Controls
    Status: Corrective action plan has been completed.
    Status Summary: Completed (Delayed)

    Finding: 15-02: Improve Controls for Granting and Restricting Elevated Workstation Privileges
    Status: Administrative rights on workstations of ITS personnel with access to highly sensitive information have been removed for those who do not require them. UVA has installed white-listing software on machines used to access highly sensitive data, and we are working with user representatives across the University to develop procedures to determine the appropriate level of administrative access for desktop computers.
    Status Summary: In Progress (Delayed)

Finding: 15-04: Improve System Activity Monitoring Controls
Status: UVA continues to make progress through the recommendations. For Unix and/or Linux machines, the process for sharing passwords for root access has ended for those machines in ITS/EA. Instead, those needing elevated access will use sudo after successfully authenticating to their own accounts. As noted in the previous update, logs from ITS/EA systems, including sudo logs, are automatically sent to the central ITS log repository. This repository will be used for both proactive analysis and reactive analysis. For the proactive analysis, UVA is implementing a Security Information and Event manager (SIEM). As a project in the Security Enhancement Program (SEP), this system will ingest logs from various systems, correlate the data, and alert on suspicious events. Authentication logs from multiple systems, including the VPN concentrators, will be analyzed for suspicious login activity. The anticipated time for roll-out of this component of the SIEM is prior to September 30, 2016. For the database administrators in ITS/EA, the "DELETE_CATALOG_ROLE" permissions, which would allow database auditing to be turned off, were removed.
Status Summary: In Progress (Delayed)

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

Finding: 15-01: Document Firewall Policies and Procedures and Continue to Develop and Implement an Information Security Program. **This is a Repeat Finding**.
Status: The contract VSDB put in place with Assura for an Information Security Program Action Plan is complete. A contract for a Compliance Action Plan is complete. The firewall procedures will be written first to bring this finding into compliance.
Status Summary: In Progress (Delayed)

Executive Offices

Division of Selected Agency Support Services
Audit Year: 2015

Finding: 15-01: Improve Controls over My VRS Navigator System
Status: Corrective Action Plan is complete and the processes are now implemented.
Status Summary: Completed (On Schedule)

Finance

Department of Accounts (DOA)
Audit Year: 2015

Finding 15-01: Improve Cardinal System Security Controls. **This is a Repeat Finding**.
Status: Cardinal Upgrade Project is now underway with an estimated completion date in the 4th quarter of FY2017. Once the upgrade is complete, the new installed version of PeopleTools will address the broken algorithm concern. A security exception has been filed and approved with VITA.
Status Summary: In Progress (On Schedule)

Department of Taxation (TAX)
Audit Year: 2015

Finding 15-03: Complete System Security Plans
Status: Corrective Action on this recommendation is in progress. System Security plans have been drafted and are complete except for final approvals.
Status Summary: In Progress (Delayed)

Department of the Treasury (TRS)
Audit Year: 2015

Finding 15-01: Improve Financial Reporting
Status: The Department of Accounts has indicated that they will meet with Treasury's Unclaimed Property Division regarding financial reporting to discuss the expected new GASB standard related to fiduciary funds.
Status Summary: In Progress (Delayed)

Health and Human Resources

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

Finding 14-01: Continue to Improve IT Governance
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

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

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

Finding 15-02: Upgrade Unsupported Technology
Status: DBHDS continues to make improvements in identifying and remediating systems that are utilizing end-of-life technologies.   The date of December 2017 is obtainable for completion of this finding.
Status Summary: In Progress (On Schedule)

Finding 15-05: Develop Baseline Configurations for Information Systems
Status: Information Security and Server Administrators have worked to identify baseline configurations.
Status Summary: In Progress (Delayed)

Finding 15-08/14-02: Improve IDOLS Security. **This is a Repeat Finding**.
Status: The WaMS system is operational as of July 1, 2016 and the IDOLS system will be decommissioned as an operational system and will be used solely for reporting of historical information as the transition is completed to the WaMS system. IDOLS will be retired by December 31, 2016.
Status Summary: In Progress (On Schedule)

Finding 15-09: Increase Oversight over Third-Party Providers
Status: Information Security is the Security Officer within eVa and is in the process of creating an accurate list of third party providers. Project was initially delayed as a key procurement position had left the Agency.
Status Summary: In Progress (Delayed)

Finding 15-11/14-04: Improve Internal Controls over Systems Access. **This is a Repeat Finding.**
Status: Information Security distributes security awareness training. Information Security will start sampling application access starting in November 2016.
Status Summary: In Progress (Delayed)

Finding 15-12: Improve Controls over Payroll
Status: Follow-up reviews were completed at the four facilities that had full reviews in FY 2016. There was only one repeat finding at one facility. This was reported to the APA. A second follow-up will be conducted in FY 2017.
Status Summary: In Progress (Delayed)

Finding 15-13/14-06: Improve Controls over the myVRS Navigator System. **This is a Repeat Finding**.
Status: DBHDS provided guidance regarding reconciliation policies and procedures to DBHDS facilities. DBHDS will work with facilities to determine that the Snapshot recons are being done timely and that included is a VNAV/CIPPS reconciliation.
Status Summary: In Progress (Delayed)

Finding 15-18: Improve Controls over Sale of Land
Status: DBHDS will be implementing policies and procedures that will be put in place in FY 2017 to ensure all aspects of the sale of land are properly reflected in FAACS.
Status Summary: In Progress (Delayed)

Finding 15-21: Comply with the Code of Virginia Economic Interest Requirements
Status: The Commonwealth is in the process of conducting user acceptance testing of a new version of the Commonwealth of Virginia Knowledge Center (COVA KC). This system is designed to manage, track and even conduct training. DBHDS will track Statement of Economic Interest training through creation of a "user group". The upgraded COVA KC will allow for additional employee notifications.
Status Summary: In Progress (Delayed)

Department of Health (VDH)
Audit Year: 2015

Finding 15-03: Improve VVESTS Web Application Security
Status: Work to remediate issues discovered during previous upgrade attempt continues. OIM remains on target for original planned conversion by the end of the third quarter of 2017.
Status Summary: In Progress (Delayed)

Finding 15-06: Record Accurate Time and Effort Reporting
Status: Staffing changes and issues have delayed implementation. However, T&E reconciliation for July through November 2016 is expected to be complete by December 23, 2016. Reconciliation procedures have been updated and modifications will be implemented for the December 23, 2016 reconciliation. VDH anticipates full implementation and training for all staff no later than January 31, 2017.
Status Summary: In Progress (Delayed)

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

Finding 15-01/14-02: Create Formal Documentation that Facilitates Controlling Privileges in the Medicaid Management Information System. **This is a Repeat Finding**.
Status: The DMAS Office of Compliance and security (OCS) has reviewed MMIS access and completed transaction activity-level documentation on a spreadsheet. OCS is analyzing the spreadsheet to determine what business units need to perform their responsibilities.
Status Summary: In Progress (Delayed)

Finding 15-04/14-04: Correct Operating Environment and Security Issues Identified by their Security Compliance Audit. **This is a Repeat Finding**.
Status: DMAS has completed risk assessments for seven internal applications. DMAS is reviewing and working to develop an internal procedure to complete the other internal application Risk Assessments as well as any Risk Treatment Mitigation Plans. OCS will complete the review of user accounts for TPLRS, HCOSTS, FAIR and CASE-E applications by January 31, 2017.

Procedures to be developed for quarterly/annual reviews, whichever is required by policy. OCS will implement procedures to document access requests and authorizations for CASE-E application by January 31, 2017. OCS will update documentation and procedures for ensuring necessary access agreements are obtained, recorded and retained prior to access being granted to DMAS information systems by January 31, 2017. OCS notified Division Directors to review Active Directory and FAIR application user accounts by January 6, 2017. Procedures are being developed for annual reviews of DMAS systems by February 28, 2017.
Status Summary: In Progress (Delayed)

Department of Social Services (DSS)
Audit Year: 2015

Finding 15-02: Obtain Assurance of Internal Control Effectiveness from Service Provider Agency
Status: Corrective action plan has been completed.
Status Summary: Completed (On Schedule)

Finding 15-04: Continue Addressing Weaknesses from the 2014 IRS Safeguarded Review
Status: Corrective action plan has been completed.
Status Summary: Completed (On Schedule)

Audit Year: 2013

Finding 13-08: Automate an Eligibility Control
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Natural Resources

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

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

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

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

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

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

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

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

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

Audit Year: 2014

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

Finding 14-03: Improve Controls for Fixed Asset Management
Status: DGIF has established a set inventory schedule and updated specific policies and procedures for the DGIF fixed asset/inventory control function. As a result of the DGIF HQ move in May, 2015, a Federal Audit starting in June, 2015, and CARDINAL Transition, a revised inventory schedule was adopted in August, 2015. Due to competing agency priorities, the inventory schedule has been revised again; however, DGIF fully expects to achieve completion of a comprehensive physical inventory by June 30, 2016.
Status Summary: In Progress (Delayed)
Finding 14-04: Perform a Physical Inventory at Least Every Two Years
Status: DGIF has established a set inventory schedule for the fixed asset/inventory control function. As a result of DGIF HQ move in May 2015, Federal Audit commencing in June 2015, and CARDINAL Transition, a revised inventory schedule was adopted in August 2015. DGIF has provided training to the Fixed Asset Coordinator and other staff within the Planning and Finance Division to support the inventory function. Training for regional offices is being handled as part of an updated inventory schedule for field visits.
Status Summary: In Progress (Delayed)

Public Safety and Homeland Security

Department of Alcoholic Beverage Control (ABC)
Audit Year: 2015

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

Finding 13-02: Improve Database Security
Status: Contracts negotiated and signed with both vendors to upgrade MOVE and Performance applications which will remove them from the EOL database servers and move them onto supported versions.
Status Summary: In Progress (Delayed)

Department of Corrections (DOC)
Audit Year: 2015

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

Finding 15-03: Improve Internal Control and Process Surrounding Fixed Assets Accounting and Control System
Status: Corrective action plan has been completed.
Status Summary: Completed (On Schedule)

Department of Forensic Science (DFS)
Audit Year: 2015

Finding 15-01: Enforce Adequate Segregation of Duties within Cardinal
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Department of Military Affairs (DMA)
Audit Year: 2015

Finding 15-01: Improve Controls around the Agency Small Purchase Charge Card Program
Status: SPCC Policy has been drafted and received one review. Final draft is being prepared.
Status Summary: In Progress (Delayed)

Finding 15-02: Maintain Compliance with Statement of Economic Interest Requirements
Status: Agency attorney has received guidance from OAG. Attorney and Fiscal Director have reviewed positions subject to filing. Training has been located and will be completed with the next filing.
Status Summary: In Progress (Delayed)

Department of State Police (VSP)
Audit Year: 2014

Finding 14-01: Improve Motor Vehicle Inspection Program Web Application Security
Status: ISO will create process to review MVIP logs by March 31, 2017. AV on Linux system will have a new risk assessment performed by February 28, 2017 with appropriates controls identified and remedied March 31, 2017.
Status Summary: In Progress (Delayed)

Finding 14-03/11-02/09-03: Continue to Upgrade Database System Software. **This is a Repeat Finding.**
Status: The Evidence application was to enter into pilot mode in June 2016, but due to ongoing delays with VITA/NG implementing wireless infrastructure, the pilot has been delayed. VSP is hopeful the pilot will begin in October 2016. December 2016 wireless issues resolved. Pilot should begin by March 2017. The requirements for Asset Tracking have completed, the Agency is reviewing options for a replacement system. Asset tracking requirements have gone to vendor for assessment and cost. The Human Resource project continues to make progress. CCH Cobol system is scheduled to go live October 2016. CCH core functionality implemented in October 2016 as scheduled. Communications Equipment Tracking system RFP (AIMS) contract has been signed and the project is underway. Progress continues. CARE, CPAS, and WARS Mapper systems are scheduled to be replaced by CAD expansion in January 2017.

Progress continues on the IBR Cobol system. The RFP contract is being prepared for signatures. The contract is still awaiting signatures.
Status Summary: In Progress (Delayed)

Finding 14-06: Improve Fixed Asset Internal Controls and Processes
Status:
The STARS AIMS project is in full swing and is scheduled to go live in the first quarter of 2017. The requirements for Asset Tracking have been completed, and the Agency is reviewing options for a replacement system. Asset tracking requirements have gone to vendor for assessment and cost.
Status Summary: In Progress (On Schedule)

Finding 14-08: Improve Processes over Work Zone Project Billings
Status: The Property and Finance Division is reviewing current processes to determine the best way to proceed before issuing out new instructions to the field divisions.
Status Summary: In Progress (Delayed)

Audit Year: 2011

Finding 11-01: Upgrade Unreliable and Unsupported Infrastructure Devices (Develop a Secretary Level Transformation Strategy for State Police and VITA)
Status: Proposed legislation has been drafted and will be presented in the new legislative session in January 2017.
Status Summary: In Progress (Delayed)

Transportation

Department of Motor Vehicles (DMV)*
Audit Year: 2015

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

Finding 15-02/14-02: Continue to Improve Physical and Environmental Security Controls. **This is a Repeat Finding.**
Status: Access log reviews are underway, rack lock solutions are being investigated and the rack layout in the server rooms is being changed to reduce the risk of a wet fire suppression system.
Status Summary: In Progress (Delayed)

Finding 15-03/14-03: Continue to Improve IT Risk and Continuity Management Program. **This is a Repeat Finding.**
Status: DMV has undergone a series of departmental BIA's to determine sensitive processes/data that was then used to establish a sensitive system listing and 23 new Risk Assessments. DMV is also establishing processes for the reoccurring review and update of these documents. Information from this effort is feeding into a revamping of our Continuity Plan and DR plans. DR plan testing has been performed twice in the last 9 months. Another exercise is set for Fall 2016.
Status Summary: In Progress (Delayed)

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

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

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

Finding 15-08: Create Processes for Review and Assessment of Third Party Vendors' Controls
Status: In FY2016, a Third Party Assurance Framework was drafted and a Third Party Assurance Committee was formed. APA staff were briefed on agency progress in August 2016. Third party provider data was submitted on FY2016 ARMICS Appendix B - Certification of Internal Control Third-Party Provider Clause.
Status Summary: In Progress (Delayed)

Audit Year: 2014

Finding 14-05: Improve Termination Procedures Supporting Timely Removal of Commonwealth Systems' Access
Status: The SAR13 process has been fully documented after consulting with all impacted departments. Gaps that were noted are being included in an update to the process.
Status Summary: In Progress (Delayed)

Audit Year: 2013

Finding 13-02/12-03: Improve User Access Controls. **This is a Repeat Finding**.
Status: A project has been established for this effort and resources are being secured. Expectation is to start the project by the end of 2016.
Status Summary: In Progress (Delayed)

Department of Transportation (VDOT)
Audit Year: 2015

Finding 15-04: Improve the Sensitive System Classification Process
Status: Corrective action plan has been completed.
Status Summary: Completed (On Schedule)

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

Finding 15-09: Improve the Process of Disclosing Economic Interest
Status: Additional positions designated; internal procedures implemented to resolve audit item.
Status Summary: Completed (Delayed)

Virginia Port Authority (VPA)*
Audit Year: 2015

Finding 15-01: Improve Internal Controls over Financial Reporting
Status: Permanent resource for capital outlay accounting started December 2015. Average CIP balances based on cumulative expenditures are being calculated for application of the applicable borrowing rate to determine appropriate level of interest cost to include in cost basis.
Status Summary: In Progress (Delayed)

Finding 15-02: Improve Internal Controls over Major Federal Program
Status: Permanent resource for grant accounting started December 2015. Separate accounts exist in the general ledger to segregate federal grant activity from state grant activity. Analysis is being performed to validate the segregation of Federal vs State grant activity.
Status Summary: In Progress (Delayed)

Veterans and Defense Affairs

Veterans Services Foundation (VSF)
Audit Year: 2015

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

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

❖ ❖ ❖ ❖ ❖

Compliance Monitoring

Agency Risk Management and Internal Control Standards (ARMICS) Compliance

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

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

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

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

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

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

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

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

Agency Name	Reason for Non-Compliance	Quarterly Corrective Action Plan Received	Status of Corrective Action
Department of Criminal Justice Services	Exhibit 4 Filed & Submitted Late Certification for FY16	No	Agency states corrective action will be completed by September 30, 2017. No quarterly status update received.
Department of Fire Programs	Exhibit 4 Filed	No	Agency states corrective action will be completed by June 30, 2017. No quarterly status

update received.

Agency Name	Reason for Non-Compliance	Quarterly Corrective Action Plan Received	Status of Corrective Action
Department of Historic Resources	DOA requested an amended FY16 certification	N/A	Agency was contacted numerous times without response.
Virginia Employment Commission	Exhibit 4 Filed	Yes	Agency stated that corrective action will be completed by December 31, 2016. Revised completion date to March 31, 2017.
Virginia State University	Exhibit 4 Filed	No	Agency states corrective action will be completed by December 30, 2016. No corrective action plan status received.

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

Agency Name	Reason for Non-Compliance	Quarterly Corrective Action Plan Received	Status of Corrective Action
Department of Criminal Justice Services	Substantial non-compliance with ARMICS process based on a QAR.	No	In process. Agency is making progress in testing of significant fiscal processes. The agency originally indicated this process should be completed by September 30, 2016. No quarterly status update received.
State Corporation Commission	Substantial non-compliance with ARMICS process based on a QAR.	Yes	In process. Agency stated that corrective action will be completed by December 31, 2016. Revised completion date to June 30, 2017.
Division of Mines Minerals and Energy	Substantial non-compliance with ARMICS process based on a QAR.	Yes	Final certification in process. Agency stated this will be completed by mid-January 2017.
Department of Medical Assistance Services	Substantial non-compliance with ARMICS process based on a QAR.	Yes	In process. Agency is making progress. The agency originally indicated this process should be completed by September 30, 2016. Revised completion date to September 30, 2017.

Agency Name	Reason for Non-Compliance	Quarterly Corrective Action Plan Received	Status of Corrective Action
Department of Fire Programs	Substantial non-compliance with ARMICS process based on a QAR.	No	Agency states corrective action will be completed by June 30, 2017. No quarterly status update received.

❖ ❖ ❖ ❖ ❖

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

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

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

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

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

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

❖ ❖ ❖ ❖ ❖

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, October and November were due 10/31/2016, 12/06/2016 and 01/06/2017 respectively.

Certifications Late or Outstanding
As of May 1, 2017

Agency	Sep	Oct	Nov
Department of Emergency Management	-	-	2/13/17
Virginia Commission for the Arts	-	O/S	O/S
Richard Bland College	12/21/16	-	-
Department of the Treasury – Statewide Activities	2/6/17*	-	2/28/17

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

*Note: Department of the Treasury – Statewide Activities was granted an extension until 11/30/2016 for the month of September.

E-Commerce

Travel Check Charges

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

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

Agency Non-Compliance Travel Check Charges

Agency by Secretarial Area	Quarter Ended December 31, 2016	Fiscal Year 2017 To-date Charges
Commerce and Trade		
Department of Labor and Industry	$5.00	$5.00
Education		
Virginia Military Institute	$70.00	$80.00
Virginia State University	$30.00	$30.00
Eastern Shore Community College	$15.00	$20.00
Dabney S. Lancaster Community College	$5.00	$5.00
Central Virginia Community College	$10.00	$10.00
Health and Human Resources		
Wilson Workforce and Rehabilitation Center	$5.00	$5.00
Department of Health	$30.00	$55.00
Department of Social Services	$15.00	$25.00
Southwestern Virginia Mental Health Institute	$0.00	$5.00
Independent Agencies		
State Corporation Commission	$5.00	$10.00
Judicial		
Magistrate System	$115.00	$160.00
Circuit Courts	$135.00	$260.00
General District Courts	$265.00	$485.00
Juvenile and Domestic Relations District Courts	$60.00	$110.00
Legislative		
Virginia Conflict of Interest and Ethics Advisory Council	$30.00	$30.00
Natural Resources		
Department of Game and Inland Fisheries	$5.00	$15.00
Public Safety and Homeland Security		
Department of Emergency Management	$135.00	$150.00
Department of Corrections - Central Administration	$5.00	$5.00
Department of Alcoholic Beverage Control	$20.00	$20.00
Transportation		
Department of Motor Vehicles	$5.00	$5.00
Veterans and Defense Affairs		
Department of Veterans Services	$20.00	$25.00

Direct Deposit

During the second quarter of FY 2017, 524,498 checks were avoided using direct deposit. Effective August 1, 2008, direct deposit was mandated for all new hires. Agencies may mandate direct deposit for all eligible employees at their discretion. All agencies have attained a salaried direct deposit performance rate of at least 98% and will be reported only if performance drops below that rate during the quarter.

Direct Deposit Performance by Secretarial Area
Quarter Ended December 31, 2016

Secretarial Area	Direct Deposit % of Salaried Employees	Direct Deposit % of Wage Employees
Administration	99.5%	100.0%
Agriculture and Forestry	99.7%	97.4%
Commerce and Trade	99.8%	100.0%
Education	99.6%	97.8%
Executive Offices	99.4%	100.0%
Finance	99.6%	98.8%
Health and Human Resources	99.0%	99.5%
Independent Agencies	99.3%	98.1%
Judicial	99.9%	94.1%
Legislative	100.0%	99.3%
Natural Resources	99.9%	99.7%
Public Safety and Homeland Security	99.3%	99.3%
Technology	100.0%	100.0%
Transportation	99.9%	99.7%
Veterans and Defense Affairs	99.5%	99.3%
Statewide	**99.5%**	**98.2%**

Comparative		
Quarter Ended December 31, 2015		
Statewide	**99.8%**	**97.6%**

Statewide Salaried Direct Deposit Performance
Quarter Ended December 31, 2016

Salaried Direct Deposit Participation	99.5%

Salaried Direct Deposit Below 98 Percent

Agency	Percent	Number of Employees
Education		
Frontier Culture Museum of Virginia	97.1%	35
New College Institute	90.9%	11
Health & Human Services		
Hiram Davis Medical Center	95.4%	174
Public Safety & Homeland Security		
Fluvanna Women's Correctional Center	97.3%	333

Statewide Wage Direct Deposit Performance
Quarter Ended December 31, 2016

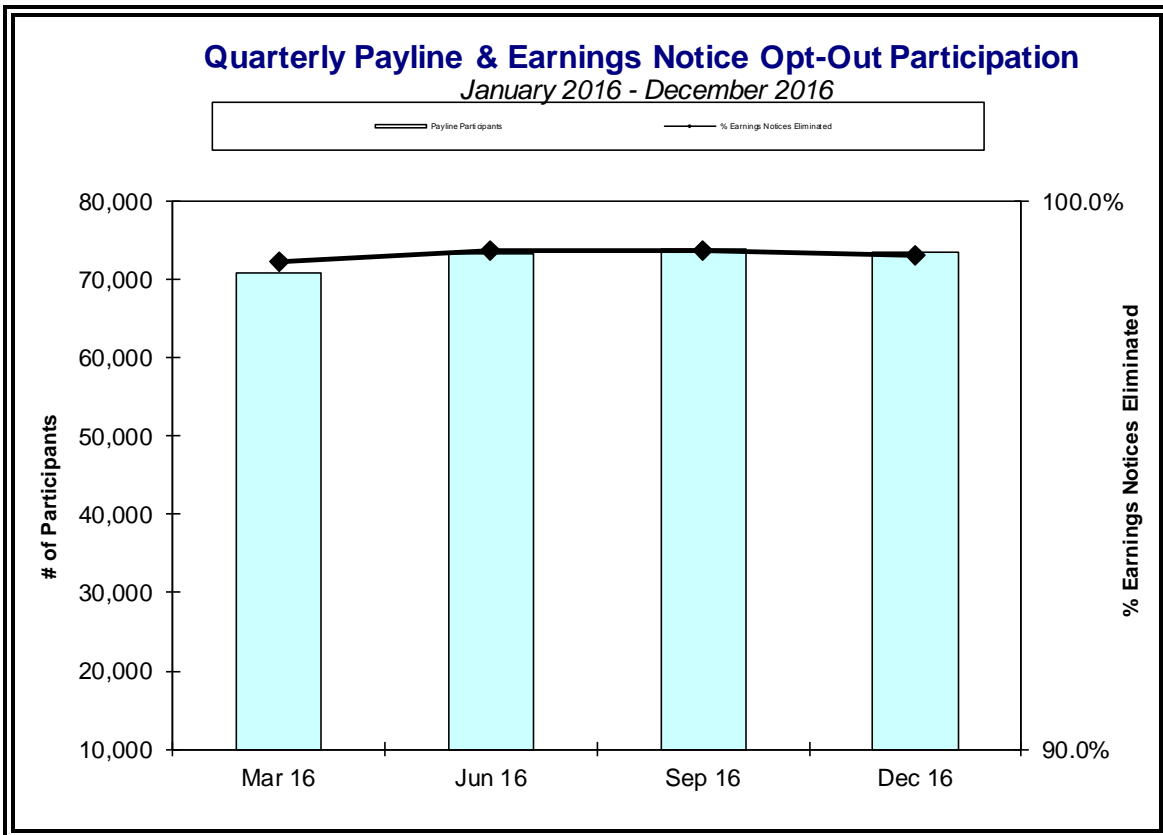| Wage Direct Deposit Participation	98.2%

Wage Direct Deposit Below 90 Percent

Agency	Percent	Number of Employees
Education		
Radford	86.5%	1,088
Southwest Virginia Community College	89.1%	384

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. Since inception in November 2002, the Commonwealth has eliminated the printing of approximately 18,293,984 earnings notices.

Quarterly Payline & Earnings Notice Opt-Out Participation
January 2016 - December 2016

Payline Participants   % Earnings Notices Eliminated
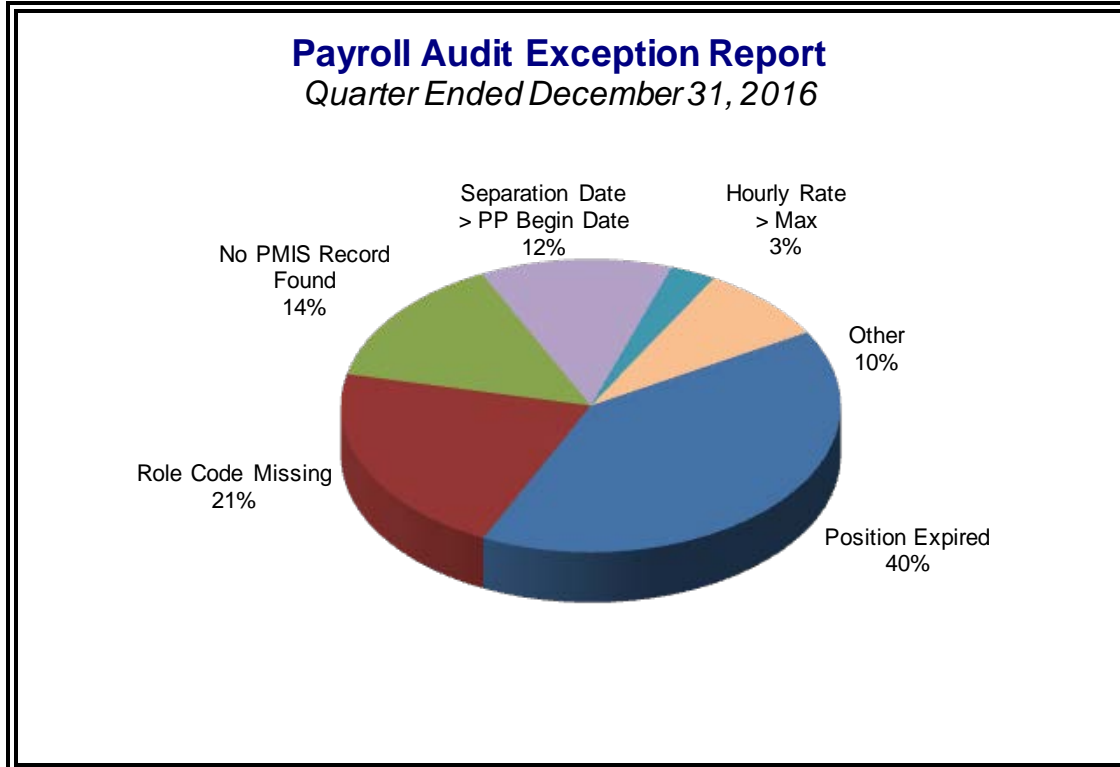
Payroll Controls

CIPPS/PMIS Payroll Audit

During the quarter, DOA's automated comparison of payroll (CIPPS) and personnel (PMIS) records examined 402,083 salaried pay transactions and 113,704 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 2,534 new exceptions noted statewide during the quarter, with an overall exception rate of 0.13%

The statewide salaried payroll exception rate was 0.38% and the wage payroll exception rate was 0.47%. During this quarter, 7 employee paychecks were reduced to recover $4,571.33 in overpayments.

While the largest cause of exceptions are employees whose position has expired in PMIS, the second largest cause of exceptions is the processing of payments to employees whose records have been terminated in PMIS. This can largely be avoided through timely PMIS data entry by agency Human Resource staff. Although segregation of these Human Resource and Payroll functions is an effective internal control, coordination and communication between agency Human Resource and Payroll staffs is essential.

Payroll Audit Exception Report
Quarter Ended December 31, 2016

- Position Expired 40%
- Role Code Missing 21%
- No PMIS Record Found 14%
- Separation Date > PP Begin Date 12%
- Other 10%
- Hourly Rate > Max 3%

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.

Payroll Exception Audit
Agency Payroll Exceptions as a Percent of Salaried Payments
Quarter Ended December 31, 2016

Agency	# of Salaried Exceptions	Exceptions as a % of Salaried Payments
Southern Virginia Mental Health Institute	19	1.70%
Salaried Payroll Exceptions for the Quarter		**0.38%**

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

Total Quarterly Salaried Exceptions
*December 2014 - December 2016*
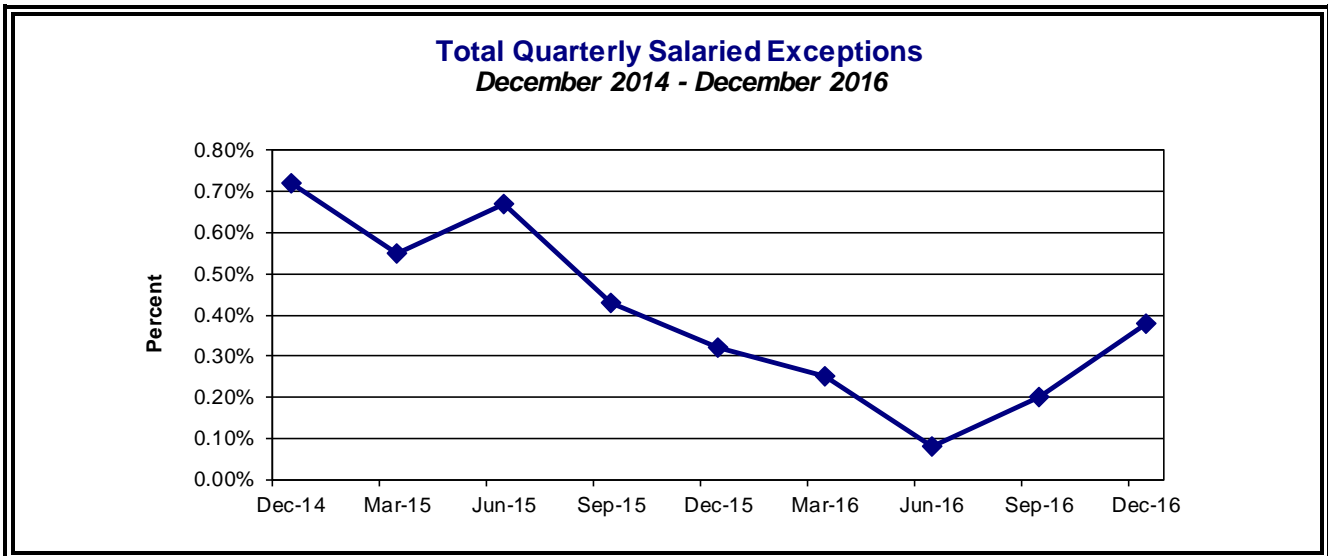
Payroll Exception Audit
Agency Payroll Exceptions as a Percent of Wage Payments
Quarter Ended December 31, 2016

Agency	# of Wage Exceptions	Exceptions as a % of Wage Payments
Norfolk State University	93	2.71%
Virginia State University	45	1.92%

Wage Payroll Exceptions for the Quarter	**0.47%**

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

Total Quarterly Wage Exceptions
December 2014 - December 2016
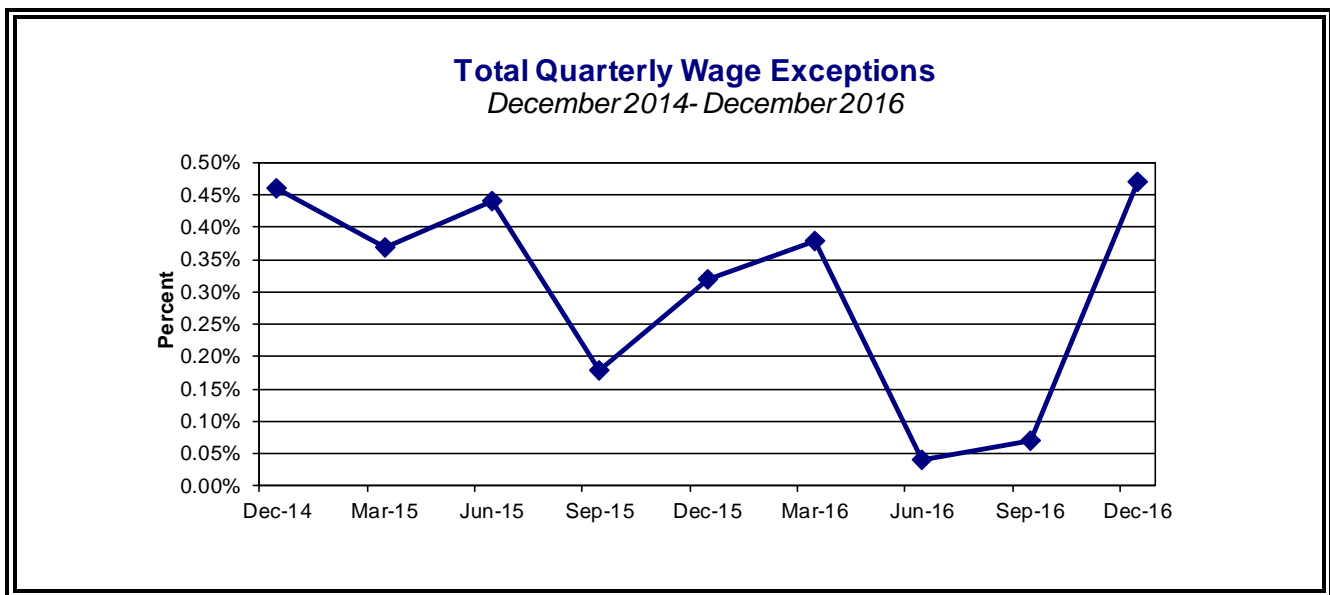
CIPPS/PMIS Exceptions

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. As of December 31, 2016, there were no agencies with exceptions that remained unresolved six weeks after receipt of the report.

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)
Health and Human Services				
Western State Hospital		1		
Veterans and Defense Affairs				
Virginia Veterans Care Center	$26,986			

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.

Health Care Reconciliations

Employee health care fringe benefits costs are covered by a combination of agency-paid and employee-paid premiums. Agencies are required to return a *Certification of Automated Health Care Reconciliations* package to DOA by the close of the month following the month of coverage. This reconciliation annotates differences between health care eligibility records (BES) and health care premium payments collected through payroll deduction. As of December 31, 2016, all agencies complied with reporting requirements.

❖ ❖ ❖ ❖ ❖

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 107,221 employees. Payroll services are also provided through eight decentralized higher education institutions.

On average, 92,727 employees were paid each month, of which 67,280 were salaried employees.

Commonwealth Integrated Payroll / Personnel System (CIPPS) Statistics
January 2016 - December 2016
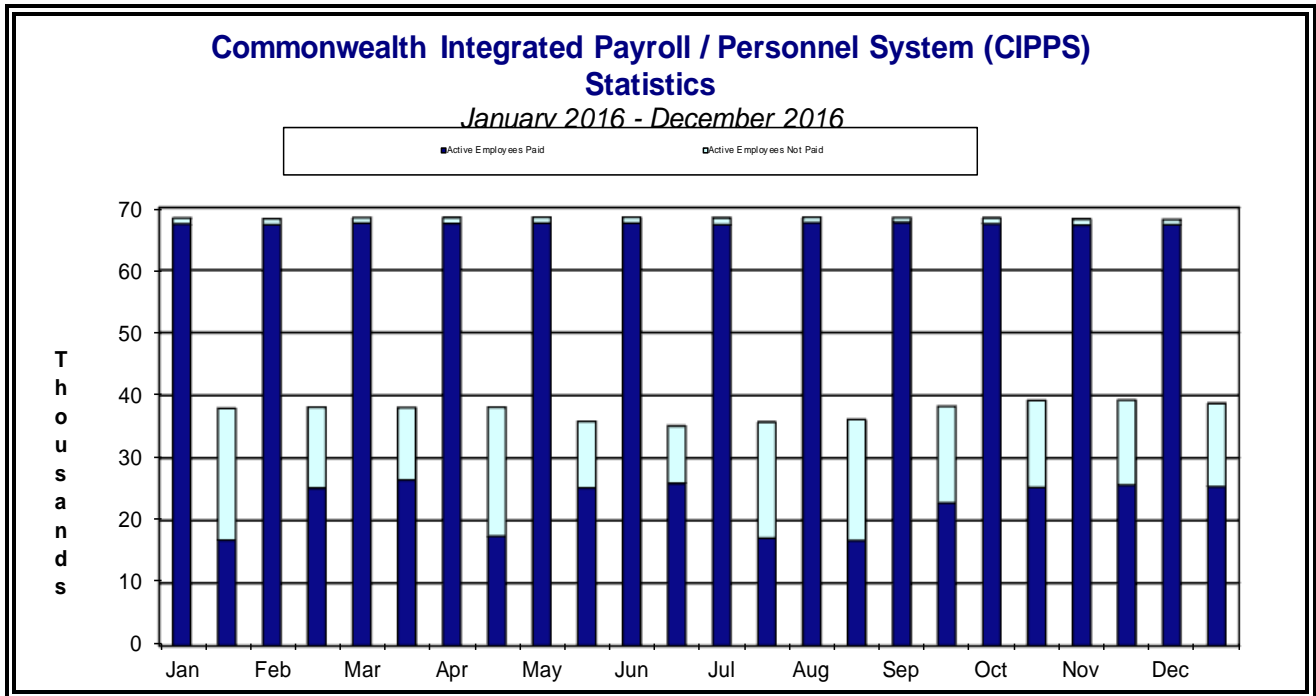
Note: The first bar for each month represents salaried employees, and the next bar represents wage employees. Not all active employees are paid on a current basis. Examples would include employees on extended leave without pay and adjunct faculty not teaching during the current semester.

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

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

Benefit Participation
Number of Participating Employees

Benefit	As of 12/31/2016	Comparative As of 12/31/2015	As of 12/31/2014
Health Care**			
COVA Care	75,905	76,837	78,740
COVA Health Aware	5,499	4,706	3,988
Kaiser	1,986	2,089	2,106
Tricare	72	60	60
Optional Retirement Plans**			
Fidelity Investments	712	702	693
Political Appointee - ORP	110	116	107
TIAA/CREF	1,691	1,713	1,745
Deferred Compensation**			
Commonwealth of Virginia 457 D/C Plan	38,288	39,795	42,330
Commonwealth of Virginia 457 Roth Plan	1,476	N/A	N/A
Hybrid 457 Voluntary D/C Plan	2,030	878	N/A
Flexible Reimbursement**			
Dependent Care	963	951	936
Medical Care	9,873	9,780	9,706

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

❖ ❖ ❖ ❖ ❖