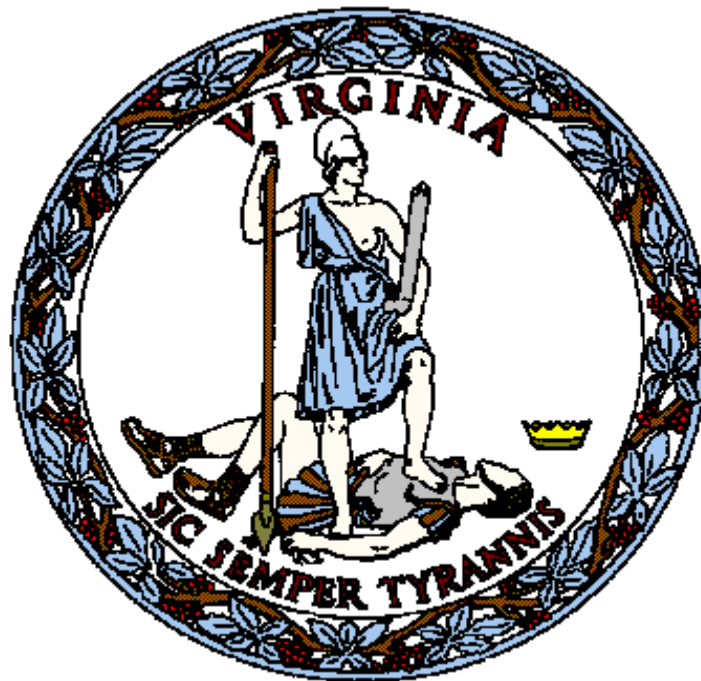


# **REPORT ON STATEWIDE COMPLIANCE**

**FOR THE QUARTER ENDED  
DECEMBER 31, 2017**



**OFFICE OF THE COMPTROLLER**

**DEPARTMENT OF ACCOUNTS**

Prepared and Published by  
Department of Accounts  
Commonwealth of Virginia  
P. O. Box 1971  
Richmond, VA 23218-1971

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*Quarter Ended December 31, 2017*

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## 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, 2017, and comparative FY 2017 data.

David A. Von Moll, CPA, CGFM  
Comptroller



Virginia Department of Accounts

Financial Accountability. Reporting Excellence.

## 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](http://www.apa.virginia.gov).

### *Audit Reports – Quarter Ended December 31, 2017*

The APA issued 11 reports covering 25 State Agencies for the Executive Branch and three 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
<b>Administration</b>				
None				
<b>Agriculture and Forestry</b>				
None				
<b>Commerce and Trade</b>				
Virginia Employment Commission	2	5	7	YES
Virginia Racing Commission	0	0	0	N/A
<b>Education</b>				
University of Virginia <sup>(1)</sup>	2	2	4	YES
University of Virginia Medical Center	5	0	5	YES

	New Findings	Repeat Findings	Total Findings	CAW Received
Virginia Commonwealth University	4	0	4	YES
<b>Executive Offices</b>				
Attorney General and Department of Law <sup>(2)</sup>	0	0	0	N/A
Governor's Cabinet Secretaries	1	0	1	YES
Office of the Governor	0	0	0	N/A
<b>Finance</b>				
None				
<b>Health and Human Resources</b>				
None				
<b>Independent Agencies</b>				
Virginia College Savings Plan	0	0	0	N/A
Virginia Lottery	2	0	2	YES
Virginia Retirement System	0	0	0	N/A
<b>Natural Resources</b>				
Department of Game and Inland Fisheries	2	6	8	YES
<b>Public Safety and Homeland Security</b>				
Virginia Alcoholic Beverage Control Authority	1	1	2	YES
Department of Corrections	4	0	4	YES
<b>Technology</b>				
None				
<b>Transportation</b>				
Virginia Port Authority <sup>(3)</sup>	0	0	0	N/A
<b>Veterans and Defense Affairs</b>				
None				

(1) Includes University of Virginia Academic Division (UVA/AD) and University of Virginia Medical Center (UVAH).

(2) The Attorney General and Department of Law audit included the Division of Debt Collection.

(3) The Virginia Port Authority audit was performed by PBMares, LLP and the audit report provided to the APA.



## *Audit Findings - Quarter Ended December 31, 2017*

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

### **Commerce and Trade**

#### *Virginia Employment Commission*

1. Continue to Upgrade Unsupported Technology. **This is a Repeat Finding.**
2. Continue to Improve Oversight over IT Risk Assessments. **This is a Repeat Finding.**
3. Continue to Improve Oversight over Third-Party Service Providers. **This is a Repeat Finding.**
4. Continue to Improve Database Security. **This is a Repeat Finding.**
5. Evaluate, Revise, and Implement the Change Management Process
6. Risk Management and Contingency Planning Documentation
7. Submit Required Reports Timely. **This is a Repeat Finding.**

### **Education**

#### *University of Virginia*

1. Improve Controls for Granting and Restricting Elevated Workstations Privileges. **This is a Partial Repeat Finding.**
2. Improve Security Awareness Training Program. **This is a Partial Repeat Finding.**
3. Improve Terminated Employee Procedures
4. Comply with Commonwealth Requirements for Wage Employees

#### *University of Virginia Medical Center*

1. Improve Database Security
2. Improve IT Risk Management Process and Documentation
3. Improve Oversight of Third Party Service Providers
4. Improve Monitoring over Estimated Accounts Payable
5. Improve Policies and Procedures for Removal of Terminated Employee Badge Access

#### *Virginia Commonwealth University*

1. Improve Risk Management and Continuity Planning Documentation
2. Improve Management Oversight of Wage Employee Timekeeping
3. Comply with Commonwealth Requirements for Wage Employees
4. Implement Newly Developed Policies over Information Technology Third-Party Service Providers

## Executive Offices

### *Governor's Cabinet Secretaries*

1. Improve Budget Transparency Regarding Cabinet Secretary Employees

## Independent Agencies

### *Virginia Lottery*

1. Improve Vulnerability Mitigation Efforts
2. Properly Record Fixed Asset Additions

## Natural Resources

### *Department of Game and Inland Fisheries*

1. Improve Controls Over Financial Reporting. **This is a Repeat Finding.**
2. Improve Procedures over Entry and Approval of Journal Entries
3. Improve Procedures over Physical Inventory. **This is a Repeat Finding.**
4. Improve Controls over Contract Procurement and Contract Management
5. Improve Reconciliation Procedures. **This is a Repeat Finding.**
6. Improve Procedures over Construction in Progress Recording and Reporting. **This is a Repeat Finding.**
7. Improve Procedures Over Monthly Commonwealth Retirement System Reconciliations. **This is a Repeat Finding.**
8. Perform Adequate Payroll Certification Procedures. **This is a Repeat Finding.**

## Public Safety and Homeland Security

### *Virginia Alcoholic Beverage Control Authority*

1. Improve Database Security
2. Upgrade or Decommission End-of-Life Operating Servers. **This is a Repeat Finding.**

### *Department of Corrections*

1. Improve Controls Over Building and Grounds Inventory at Fluvanna Correction Center for Women
2. Improve Internal Controls over Purchasing System Access
3. Perform Annual Access Certifications for Information Systems
4. Comply with 1,500 Hour Rule for Wage Employees





***Special Reports – Quarter Ended December 31, 2017***

The APA issued the following Special Report that did not contain management control findings:

2017 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, 2017

Report to the Joint Legislative Audit and Review Commission for the quarter July 1, 2017 through September 30, 2017

Review of Chapter 759/769 Bond Issuance Limit – Fiscal Year 2017

The APA issued the following Special Report that contained management control findings:

Cycled Agency Payroll Review for the year ended June 30, 2016

Report on Collections of Commonwealth Revenues by Local Constitutional Officers for the year ended June 30, 2017

Revenue Stabilization Fund Calculations for the year ended June 30, 2017

***Other Audit Reports – Quarter Ended December 31, 2017***

The APA issued the following “Other Report” that contained management recommendations:

Fort Monroe Authority for the year ended June 30, 2017

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

Department of General Services’ Division of Real Estate Services for the year ended June 30, 2017

Hampton Roads Transportation Accountability Commission for the year ended June 30, 2017

Virginia Biotechnology Research Partnership Authority for the year ended June 30, 2017

Virginia College Savings Plan for the year ended June 30, 2017

Virginia Commercial Space Flight Authority for the year ended June 30, 2017

Virginia Community College System Workforce Innovation and Opportunity Act Federal Grant Programs for the year ended June 30, 2017

Virginia Economic Development Partnership for the year ended June 30, 2017

Virginia Resources Authority for the year ended June 30, 2017

Virginia Retirement System for the year ended June 30, 2017

Virginia Tobacco Settlement Financing Corporation for the year ended June 30, 2017

Virginia Tourism Authority for the year ended June 30, 2017

***Internal Control Questionnaire Reviews for the Quarter Ended December 31, 2017***

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

Department of Criminal Justice Services Internal Control Questionnaire Review Results as of May 2017

Department of Environmental Quality Internal Control Questionnaire Review Results as of April 2017

Department of Health Professions Internal Control Questionnaire Review Results as of May 2017

Department of Small Business and Supplier Diversity Internal Control Questionnaire Review Results as of June 2017

Frontier Culture Museum of Virginia Internal Control Questionnaire Review Results as of May 2017

Jamestown-Yorktown Foundation Internal Control Questionnaire Review Results as of June 2017

State Council of Higher Education for Virginia Internal Control Questionnaire Review Results as of June 2017

Virginia Department of Aviation Internal Control Questionnaire Review Results as of June 2017

**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
<b>Administration</b>				
Department of Elections	0	1	0	2
Department of General Services	0	1	0	0
Department of Human Resource Management	0	3	0	0
<b>Agriculture and Forestry</b>				
Department of Agriculture and Consumer Services	0	0	2	0
<b>Commerce and Trade</b>				
Virginia Employment Commission	3	6	0	2
<b>Education</b>				
Christopher Newport University	0	1	0	0
Department of Education	0	4	0	0
George Mason University	0	2	0	0
James Madison University	0	0	0	2
Longwood University	7	0	0	0
Norfolk State University	0	3	0	0
Radford University	0	0	0	1
Richard Bland College	9	0	5	0
Southern Virginia Higher Education Center	0	1	0	0
The College of William and Mary in Virginia	1	2	4	0
University of Mary Washington	3	0	2	0
University of Virginia	0	1	0	1
Virginia Commonwealth University	0	1	0	0
Virginia Community College System - Central Office	2	1	1	0
Blue Ridge Community College	0	0	0	1
Central Virginia Community College	0	0	2	0
Danville Community College	0	0	1	0
John Tyler Community College	0	1	2	0

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Northern Virginia Community College	0	0	2	0
Virginia Highlands Community College	0	2	0	0
Virginia Western Community College	0	0	1	0
Virginia Military Institute	0	0	2	0
Virginia School for the Deaf and Blind	0	1	0	0
Virginia State University	1	0	7	0
<b>Executive Offices</b>				
Attorney General and Department of Law	0	2	0	0
<b>Finance</b>				
Department of Accounts	0	0	1	0
Department of the Treasury	1	0	0	1
<b>Health and Human Resources</b>				
Department of Behavioral Health and Developmental Services	0	3	0	2
Department of Health	0	1	0	0
Department of Medical Assistance Services	1	1	0	1
Department of Social Services	0	3	0	0
<b>Public Safety and Homeland Security</b>				
Department of State Police	0	5	0	0
<b>Transportation</b>				
Department of Motor Vehicles	0	3	1	2
<b>TOTALS</b>	<b>28</b>	<b>49</b>	<b>33</b>	<b>15</b>



## *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:** Corrective action plan has been completed.

**Status Summary:** Completed (Delayed)

**Finding 15-02:** Improve Process for Payments for General Registrars and Electoral Boards

**Status:** ELECT has adopted procedures for the disbursement of funds and reconciliation. Currently the agency is doing an internal review to determine if the process can be automated and it is a cost benefit to the agency. It is anticipated that this review will be completed by March 31, 2018.

**Status Summary:** In Progress (Delayed)

**Finding 15-04:** Ensure Adequate Internal Controls Exist for Federal Reporting

**Status:** Corrective action plan has been completed.

**Status Summary:** Completed (Delayed)

#### **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 has updated the Risk Assessment plan and completed the scheduled 2017 risk assessment for LIMS. Two more risk assessments are planned to be completed in 2018.

**Status Summary:** In Progress (Delayed)

#### **Department of Human Resource Management (DHRM)**

**Audit Year: 2016**

**Finding 16-01/15-01:** Improve IT Risk Management and Disaster Recovery Planning. **This is a Repeat Finding.**

**Status:** Analysis is in progress.

**Status Summary:** In Progress (Delayed)

**Finding 16-02/15-02:** Improve Security Awareness and Training. **This is a Repeat Finding.**  
**Status:** Purchase of online classes has been approved. Courses will be installed in the COVLC. DHRM staff will be able to take classes once classes are available.  
**Status Summary:** In Progress (Delayed)

**Finding 16-03/15-03/14-01:** Improve System Security for the Time, Attendance, and Leave System. **This is a Repeat Finding.**  
**Status:** Analysis is in progress.  
**Status Summary:** In Progress (Delayed)

## Agriculture and Forestry

### Department of Agriculture and Consumer Affairs (VDACS)

**Audit Year: 2016**

**Finding 16-02:** Improve Database Security  
**Status:** Corrective action plan has been completed.  
**Status Summary:** Completed (On Schedule)

**Finding 16-03:** Improve Oversight of Third-Party Service Providers  
**Status:** Corrective action plan has been completed.  
**Status Summary:** Completed (On Schedule)

## Commerce and Trade

### Virginia Employment Commission (VEC)

**Audit Year: 2016**

**Finding 16-01:** Upgrade Unsupported Technology  
**Status:** The remaining End of Life system is scheduled for decommission by the estimated completion date of December 31, 2017.  
**Status Summary:** In Progress (On Schedule)

**Finding 16-02/15-03/14-03:** Continue Improving Oversight over IT Risk Assessments and Security Audits. **This is a Repeat Finding.**  
**Status:** VITA has approved the Enterprise Cloud Oversight Services contract for the first third-party provider. Revised estimated completion date is December 2018.  
**Status Summary:** In Progress (Delayed)

**Finding 16-03/15-06:** Continue Improving Oversight over Third-Party Service Providers. **This is a Repeat Finding.**  
**Status:** Work on 10 Systems Risk Assessments for CY2017 is in progress. However, all systems should be completed by December 31, 2019.  
**Status Summary:** In Progress (On Schedule)

**Finding 16-05:** Improve Change Management Process  
**Status:** Corrective action plan has been completed.  
**Status Summary:** Completed (Delayed)

**Finding 16-06/15-04:** Continue Improving Physical and Environmental Security. **This is a Repeat Finding.**  
**Status:** All electronic badge readers and paper door logs are reviewed on a monthly basis. Fire suppression project is in progress. Revised estimated completion date is December 31, 2018.  
**Status Summary:** In Progress (Delayed)

**Finding 16-07:** Improve Procedures related to Retirement Contributions  
**Status:** Corrective action plan has been completed.  
**Status Summary:** Completed (Delayed)

**Finding 16-08: Submit Required Reports**

**Status:** The controls and query logic are in place so that the ETA 581 will be submitted by the required deadline each quarter.

**Status Summary:** In Progress (Delayed)

**Finding 16-09: Ensure Tax Wage Discrepancy Report is Complete**

**Status:** Work continues on this finding. The revised completion date remains December 31, 2017.

**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:** System Security Plans, with Separation of Duties matrix, is underway for all mission critical systems. The estimated completion date remains December 31, 2019.

**Status Summary:** In Progress (On Schedule)

**Finding 16-11: Remove System Access Timely**

**Status:** VEC is continuing efforts to improve system access removal. Revised estimated completion date is April 30, 2018.

**Status Summary:** In Progress (Delayed)

**Audit Year: 2015**

**Finding 15-02: Obtain Approval to Use End-of-Life Operating Systems**

**Status:** All systems that were identified in the approved exception by VITA/CSRM have been upgraded or decommissioned as of April 24, 2017, and the exception has been closed. The vendor under contract for the only remaining EOL system has developed a timeline for the project to be completed, which is October 31, 2017. This timeline has been provided to VITA/CSRM, but the exception is still in a pending status.

**Status Summary:** In Progress (Delayed)

## Education

**Christopher Newport University (CNU)**

**Audit Year: 2016**

**Finding 16-01: Improve Database Security**

**Status:** CNU has completed Access control reviews, implemented session limits, and the next steps will be to test additional configuration suggestions from November 2017 status call with the Auditor.

**Status Summary:** In Progress (Delayed)

**Department of Education (DOE)**

**Audit Year: 2016**

**Finding 16-05: Improve Information Security Program and IT Governance. This is a Material Weakness.**

**Status:** DOE has completed the initial iteration of the agency's policies and procedures manual. DOE has a gap analysis of the entire information security program and is working with the Vendor to create a plan for mitigation of any deficiencies over a 3-year cycle. DOE will use VITA to perform IT Sensitive System Security Audits.

**Status Summary:** In Progress (Delayed)

**Finding 16-06: Improve Database Security. This is a Material Weakness.**

**Status:** DOE has engaged a vendor to assist with documenting formal policies and procedures for monitoring database activity. DOE has requested database log access from VITA. DOE will use CIS benchmarks to baseline Oracle database configurations.

**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:** DOE has completed the initial iteration of the agency's policies and procedures manual. DOE has a gap analysis of the entire information security program and is working with the Vendor to create a plan for mitigation of any deficiencies over a 3-year cycle. DOE will use VITA to perform IT Sensitive System Security Audits.

**Status Summary:** In Progress (Delayed)

**Finding 15-04/14-04:** Improve Risk Management and IT Security Audit Plan Document. **This is a Repeat Finding.**

**Status:** DOE has completed the initial iteration of the agency's policies and procedures manual. DOE has a gap analysis of the entire information security program and is working with the Vendor to create a plan for mitigation of any deficiencies over a 3-year cycle. DOE will use VITA to perform IT Sensitive System Security Audits.

**Status Summary:** In Progress (Delayed)

**George Mason University (GMU)**

**Audit Year: 2016**

**Finding 16-01:** Improve Database Security

**Status:** GMU engaged a vendor consulting team specializing in Oracle security to assist staff with developing additional security controls and audit procedures, and to integrate them with the GMU's Security Information and Event Management (SIEM) tool. As of December 19, 2017, the consultants have identified the key high-risk events that will be monitored; SIEM integration will be completed as a follow-on project.

**Status Summary:** In Progress (Delayed)

**Audit Year: 2015**

**Finding 15-02:** Develop and Incorporate Information Transfer Policies, Procedures, and Agreements into the University's Information Security Program

**Status:** Three agreements remain to be updated, including Equifax (aka Talx), Fidelity, and Hobsons. GMU Counsel's office is working with Purchasing and the respective vendors to update the contractual agreements to include the new data protection language.

**Status Summary:** In Progress (Delayed)

**James Madison University (JMU)**

**Audit Year: 2016**

**Finding 16-01:** Improve Compliance Over Enrollment Reporting. **This is a Repeat Finding.**

**Status:** The original fix involved modifying the Degree Verify File to begin including information at the program-level (vs campus-level). Changes were put into place in May 2016 and tested. Unfortunately, the changes had an adverse effect on JMU's enrollment file. JMU has worked with the third party vendor to identify a new fix in which two enrollment files will now be sent, one of which will list only 'G' rows. Both files have been developed and are being sent consistently with no issues noted. A new submission schedule has been developed allowing us to report the graduated program level data before the enrollment program level is sent.

**Status Summary:** Completed (Delayed)

**Finding 16-02:** Promptly Return Unclaimed Aid to Department of Education. **This is a Repeat Finding.**

**Status:** Additional internal testing has been performed with no deficiencies noted. Staff involved with the process from both the University Business Office and Office of Financial Aid are in agreement that the new process in place is working effectively.

**Status Summary:** Completed (Delayed)



**Longwood University (LU)\***

**Audit Year: 2016**

**Finding 16-01:** Improve Annual Financial Statement Reporting Procedures

**Status:** No initial corrective action plan received.

**Status Summary:** In Progress (On Schedule)

**Finding 16-02:** Develop Procedures for Tracking Time and Effort on Federal Awards

**Status:** No initial corrective action plan received.

**Status Summary:** In Progress (On Schedule)

**Finding 16-03:** Improve Information Security Officer Independence and Risk Acceptance Process

**Status:** No initial corrective action plan received.

**Status Summary:** In Progress (On Schedule)

**Finding 16-04:** Improve Continuity of Operations Planning

**Status:** No initial corrective action plan received.

**Status Summary:** In Progress (On Schedule)

**Finding 16-05:** Improve System Hardening for Server Operating Systems

**Status:** No initial corrective action plan received.

**Status Summary:** In Progress (On Schedule)

**Audit Year: 2015**

**Finding 15-02:** Improve Virtual Private Network Security

**Status:** Longwood is making progress to address the weakness communicated in the audit report regarding virtual private network (VPN) controls; however, the corrective action remains in progress. Specifically, Longwood identified additional security equipment that, when implemented, should reduce this risk to a reasonable level and better align VPN controls with industry best practices. Additionally, Longwood made progress in implementing controls to improve VPN software patching and user training; however, the corrective actions are not complete. Longwood's adopted information security standard, ISO 27002, and industry best practices, such as the Special Publication 800-53r4 published by the National Institute for Standards and Technology, require and recommend specific VPN configuration settings to better ensure the adequate protection of remotely accessed information technology resources.

**Status Summary:** In Progress (On Schedule)

**Finding 15-04:** Improve Oversight of Third-Party Service Providers

**Status:** Longwood University is making progress to address the weakness communicated in the audit report related to maintaining oversight of third-party service providers; however, the corrective action remains ongoing. Specifically, Longwood developed a Data Protection Addendum that defines data protection requirements and methods for obtaining assurance. However, Longwood is still working to develop a formal process to identify contracts that require including the Data Protection Addendum. Additionally, Longwood does not have a formal review process for obtaining assurance and approving the technical stipulations of a contract by an authorized and qualified individual, which should be included in the corrective action plan. Longwood must establish requirements in their contractual agreements with service providers to protect sensitive data up to or exceeding the requirements of Longwood's adopted information security standard, ISO 27002 and University policies.

**Status Summary:** In Progress (On Schedule)

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

**Norfolk State University (NSU)**

**Audit Year: 2016**

**Finding 16-01:** Improve Information Security, Risk Management and Contingency Programs

**Status:** Information Technology Services (ITS) has partnered with VITA via memorandum of understanding to assist with auditing and development of the Information Security Program at NSU. NSU continues to work with VITA on NSU's Risk Assessment and Business Impact Analysis programs to be in compliance. NSU's security policies are being reviewed and are 90% complete and NSU has scheduled an audit with VITA in February 2018. The ITS COOP plan and Disaster Recovery Plan have been updated reflecting the current environment. NSU has a plan and process in place to continue monitoring and reviewing the agency's security program on an annual basis.

**Status Summary:** In Progress (Delayed)

**Finding 16-02/15-02:** Conduct Information Technology Security Audits on Sensitive Systems

**Status:** ITS is currently working with VITA Audit Services via memorandum of understanding to perform timely IT security audits of its sensitive systems in accordance with the COV Audit Standards. NSU has built a schedule for the audit plan to start in February 2018 and NSU is currently working with VITA and the various departments to identify NSU's sensitive systems. The culmination of the plan will ensure timely audits of NSU's systems and the ability to detect and mitigate potential weaknesses.

**Status Summary:** In Progress (Delayed)

**Finding 16-03/15-02:** Continue to Upgrade or Decommission End-of-Life Technology. **This is a Repeat Finding.**

**Status:** ITS has coordinated with VITA to implement its Infrastructure Refresh Project. The initial project meeting was held to move forward and begin installation of the new equipment to replace the end-of-life hardware. NSU is awaiting final approval to begin the replacement. The equipment has been configured, tested, and staged in the various building locations. NSU has put in place monitoring software that alert the ITS staff when equipment needs to be replaced. The replacement project will begin mid-January 2018 and be complete the first week of April 2018.

**Status Summary:** In Progress (Delayed)

**Radford University (RU)**

**Audit Year: 2016**

**Finding 16-01:** Properly Process Return of Title IV Calculations. **This is a Repeat Finding.**

**Status:** Additional validation was performed on the Spring 2017 term and no exceptions were noted. Operating effectiveness of process put into place as described in initial corrective action plan has been verified.

**Status Summary:** Completed (Delayed)

**Richard Bland College (RBC)**

**Audit Year: 2016**

**Finding 16-01/15-01/14-02:** Improve Controls over Financial Reporting. **This is a Material Weakness and a Repeat Finding.**

**Status:** CWM Finance and IT staffs are currently working with RBC staff to improve and document financial reporting procedures and controls.

**Status Summary:** In Progress (On Schedule)

**Finding 16-02/15-03:** Comply with the Department of Human Resource Management Policy for Wage Employees. **This is a Repeat Finding.**

**Status:** Policies and procedures for monitoring and complying with DHRM Policy 2.20 have been developed and implemented.

**Status Summary:** Completed (On Schedule)

**Finding 16-03/15-05:** Improve Controls over Small Purchase Charge Cards. **This is a Repeat Finding.**

**Status:** The development, implementation and documentation of procedures regarding the use of the SPCC are nearly complete. Some training has been provided with the balance occurring during the Spring semester.

**Status Summary:** In Progress (On Schedule))

**Finding 16-04/15-04:** Improve Controls over Expenditure Vouchers. **This is a Repeat Finding.**

**Status:** The development and implementation of procedures for collecting and maintaining expenditure records continued throughout the quarter and will continue during the Spring semester. Documentation of and wider dissemination of the procedures will happen in conjunction with further training.

**Status Summary:** In Progress (On Schedule)

**Finding 16-05/15-06/14-03:** Continue to Improve Information Security Program. **This is a Repeat Finding.**

**Status:** Firewall scanning is done quarterly and a fourth quarter review is conducted by a private IT Security firm. The firewall is configured to scan for anti-viruses, spyware and vulnerabilities. The lone remaining finding is two-factor authentication.

**Status Summary:** In Progress (On Schedule)

**Finding 16-06:** Improve System Patch Management

**Status:** Utilizing the new (in 2016) patching platform and upgrading the primary system has brought RBC into compliance. The Firewall SOP mandates bimonthly upgrades.

**Status Summary:** Completed (On Schedule)

**Finding 16-07:** Improve System Logging and Monitoring

**Status:** RBC IT is working with the College of William and Mary to develop a policy around activity logging and monitoring. As the policy is developed, an effort to obtain funding for additional resources is underway.

**Status Summary:** In Progress (On Schedule)

**Finding 16-08:** Improve Database and Network Security

**Status:** RBC IT is working with the CWM's IT staff developing policies and procedures to address Network Security. RBC is also pursuing additional funding to address the problems.

**Status Summary:** In Progress (On Schedule)

**Finding 16-09:** Improve the myVRS Navigator Reconciliation Process

**Status:** RBC is now up to date with monthly reconciliations with data in CIPPS; the office has been fully staffed.

**Status Summary:** Completed (On Schedule)

**Finding 16-10:** Improve Compliance with the Prompt Pay Provisions of the Procurement Act

**Status:** New personnel have been trained and prompt pay percentage continued to improve.

**Status Summary:** Completed (On Schedule)

**Finding 16-11:** Develop and Implement Personnel Action Forms

**Status:** All recommended forms have been developed and implemented. The HR website will be launched during Spring semester and will have all of the pertinent forms and instructions on it.

**Status Summary:** In Progress (On Schedule)

**Finding 16-12:** Improve the Employee Termination Process

**Status:** An employee separation checklist has been developed and implemented. It is issued to the employee's supervisor upon notification by HR of a resignation. In addition, the HR department has begun emailing the IT department when a resignation is received to ensure the technical access is terminated in a timely manner.

**Status Summary:** Completed (On Schedule)

**Finding 16-13:** Develop Policies and Procedures to Identify Potential Capital Assets

**Status:** Progress has been made in tracking and accounting for capital assets particularly IT equipment purchases. Procedures have been developed and implemented.

**Status Summary:** In Progress (On Schedule)

**Audit Year: 2015**

**Finding 15-02:** Improve Controls to Information Systems

**Status:** RBC has implemented an Access Control Policy that meets standards set forth in the Commonwealth's Information Security Standard SEC-501-09. Procedures in support of the policy have been developed and are being tested (including e-forms).

**Status Summary:** In Progress (On Schedule)

**Southern Virginia Higher Education Center (SVHEC)**

**Audit Year: 2016**

**Finding 16-01:** Strengthen Fixed Asset Inventory and Related Documentation

**Status:** Employees from R&D and the Center of Nursing Excellence were assigned to assist with physical inventory. These two departments have the highest dollar amounts of fixed assets. Physical inventory was completed in those two departments in June 2017 and FAACS was updated accordingly. Fiscal Technician has been assigned to assist the Accounting Manager with physical inventory of office equipment. This will be ongoing. IT staff are currently working on tagging new computers. Accounting Manager will review the asset listing provided by IT and update the master list accordingly. SVHEC is continuing to work on an updated agency policy for physical inventory and tagging items.

**Status Summary:** In Progress (Delayed)

**The College of William and Mary in Virginia (CWM)**

**Audit Year: 2016**

**Finding 16-01:** Improve the Employee Termination Process. **This is a Repeat Finding.**

**Status:** Human Resources with the assistance of IT developed an electronic workflow process for employees that terminate to ensure timely termination of access to University and State systems and ensure the collection of University property. This new process rolled out campus wide on November 13, 2017. The new on-line process allows supervisors and employees to start the separation process as soon as the employee's separation date is known.

**Status Summary:** Completed (On Schedule)

**Finding 16-02:** Improve Database Security Controls. **This is a Partial Repeat Finding.**

**Status:** Logs are being captured and stored on a secured server. Logs are being monitored for DBA activity. This corrective action will be fully implemented by the estimated completion date of March 31, 2018.

**Status Summary:** In Progress (On Schedule)

**Finding 16-03:** Improve Controls over Timesheet Approval. **This is a Partial Repeat Finding.**

**Status:** Developed and implemented a new Administratively Approved Timesheet Policy where supervisors must respond to payroll notifications by certifying that the time reported for each employee is correct within seven days of receiving notification. If no response in seven days then payroll will follow up with the departmental approver's supervisor.

**Status Summary:** Completed (On Schedule)

**Finding 16-04:** Improve Information Technology Change Control

**Status:** Information Technology has written a change control policy and developed standard procedures and tools to track changes.

**Status Summary:** Completed (On Schedule)

**Finding 16-05: Improve Timeliness of Small Purchase Charge Card Reconciliations**

**Status:** Procurement Services is monitoring sign-off of SPCC transactions. They receive a report on the 20th of the month before the cycle closes and send reminders to cardholders who have not completed sign off. A follow-up email is sent within 10 days if not completed and if after 60 days the cardholder has not completed the required signoff the account is suspended.

**Status Summary:** Completed (On Schedule)

**Audit Year: 2015**

**Finding 15-02: Improve the Reconciliation of Retirement Contributions. This is a Repeat Finding.**

**Status:** A new procedure for reviewing manual data entry into VNAV has been implemented during this quarter. Control of data integrity related to SNAPSHOT batch autoloads into VNAV has been addressed. A review of data inconsistencies between BANNER and VNAV has been completed. CWM has developed a plan for addressing the reconciliation of prior years' data and have begun implementing it. Additional resources have been identified and assigned to the reconciliation project. Representatives from CWM & VRS continue to meet monthly to evaluate progress on correcting records past the date on which CWM personnel can make changes. While all changes have not been accomplished to date, efforts are continuing into FY18 until the tasks are completed.

**Status Summary:** In Progress (Delayed)

**Finding 15-03: Improve Controls over Retirement Census Data. This is a Repeat Finding. Status:**

The revised procedure for certifying that BANNER data identified for monthly upload into VNAV is complete and correct in SNAPSHOT has been implemented. HR/IT continues to evaluate/enhance BANNER reports developed as part of the new procedure. While CWM is able to capture and correct for discrepancies caused during the current period, other older data inconsistencies are undoubtedly causing reconciliation errors that cannot be accounted for during the current period. As cleanup of the data continues these issues will be addressed.

**Status Summary:** In Progress (Delayed)

**University of Mary Washington (UMW)**

**Audit Year: 2016**

**Finding 16-01: Improve Controls over Financial System Access**

**Status:** Unnecessary access has been removed from critical access forms.

**Status Summary:** Completed (On Schedule)

**Finding 16-02: Improve Database Security**

**Status:** Corrective action plan has been completed.

**Status Summary:** Completed (On Schedule)

**Finding 16-03: Complete Implementation of the Process for Granting and Restricting Elevated Workstation Privileges**

**Status:** Work continues to remove local elevated privileges from non-authorized users.

**Status Summary:** In Progress (On Schedule)

**Finding 16-04: Improve IT Risk Management and Contingency Process**

**Status:** IT will enhance the disaster recovery failover process including creation of a schedule and document each test. IT has designated one person to manage the IT Systems Inventory and has created a process for performing the annual review.

**Status Summary:** In Progress (On Schedule)

**Finding 16-05: Improve Continuity of Operations Plan Testing**

**Status:** Executive Policy Group training was held which included COOP, CEMP, mitigation planning, incident command and national incident management system. Table top exercise is planned for December 8, 2017.

**Status Summary:** In Progress (On Schedule)

**University of Virginia (UVA/AD)**

**Audit Year: 2016**

**Finding 16-02/15-02:** Improve Controls for Granting and Restricting Elevated Workstation Privileges

**Status:** Corrective action plan has been completed.

**Status Summary:** Completed (Delayed)

**Finding 16-03:** Improve Security Awareness Training Program

**Status:** UVA has published guidance that will require annual security training effective March 2018. UVA currently has a manual process in place for enforcing compliance with the existing requirement to complete security training. In enforcing compliance, UVA has taken a risk-based approach with a goal of 100% compliance for users with access to highly-sensitive data. For those users with access to highly sensitive data, as of December 15, 2017, we have 99% compliance with the requirement. By January 5, 2018, we will be at 100% compliance for this population. For those who do not have access to highly sensitive data, UVA currently has 92% compliance. UVA will continue to work with this population to improve compliance.

**Status Summary:** In Progress (Delayed)

**Virginia Commonwealth University (VCU)**

**Audit Year: 2016**

**Finding 16-02:** Improve Oversight of Information Technology Third-Party Service Providers

**Status:** VCU developed a set of processes and plan in assessing and reviewing the SOC reports for service providers that are identified as sensitive. VCU Information Security Office in partnership with VCU procurement services has communicated the processes and expectations to VCU fiscal administrators in August 2017. In September 2017, the first round of requests for updated SOC2 or comparable reports are issued to all identified service providers in September 2017. As of September 20, 2017, review of two service providers is complete.

**Status Summary:** In Progress (Delayed)

**Virginia Community College System - Central Office (VCCS-CO)**

**Audit Year: 2016**

**Finding 16-01/15-01:** Continue to Improve Oversight of Information Technology Third-Party Service Providers. **This is a Repeat Finding.**

**Status:** The ISO security program update is still scheduled to be completed by April 20, 2018. The final standards for the update were presented at the Fall 2017 Technology Council meeting held September 26, 2017 and September 27, 2017. ACOP has also approved the final standards and the colleges have three months to complete the approved changes.

**Status Summary:** In Progress (On Schedule)

**Finding 16-02:** Improve Procedures for Employee Separation

**Status:** The new Director and HR Analyst have evaluated and refined the off-boarding process.

The prior off-boarding checklist with duties and responsibilities for the HR department, the departing employee and their supervisor has been revamped and re-instituted to ensure all equipment, access cards, keys, charge cards, or other State or VCCS property is returned on or before the last day of employment. Training and process documentation has been created to communicate to managers and employees the requirements with regards to the separation process. The off-boarding processes have been refined, and a checklist and clearance form is currently being vetted and tested with departments. They will be refined based on feedback. Once finalized, the additional communications will be shared with supervisors at all levels. The outstanding item is the finalization and communication of the clearance form, which will be in place by January 30, 2018.

**Status Summary:** In Progress (Delayed)

**Finding 16-03:** Improve Leave Accounting

**Status:** On target for completion on February 1, 2018.

**Status Summary:** In Progress (On Schedule)

**Finding 16-04:** Perform myVRS Navigator Pre-Reconciliations

**Status:** The HR department's responsibility, with regard to myVRS Navigator, is to ensure that employee information is entered into the State's Personnel Management Information System (PMIS) timely and accurately and to ensure that information interfaced to the myVRS Navigator system. Previously, certain information was transmitted via an automated interface with PMIS; however, that is no longer operational due to malfunctions resulting from the PMIS system upgrade. If the information does not transfer over via interface, HR is required to manually enter the employee information directly into the system.

The HR department has a new full-time HR Analyst who is knowledgeable, has experience working with the myVRS Navigator system, and with retirement benefits overall. In addition, the System Office HR Director has now created an added level of control involving oversight for this process.

The actual snapshot and reconciliation process in myVRS Navigator is handled by the Payroll department. The HR department is committed to continuing to partner with and assist the Payroll department as requested to fulfill the VCCS' compliance obligations.

HR and Payroll have already communicated on the necessary coordination of the processes and have been working closely to ensure the reporting is accurate and correct. These issues should be resolved at this point with the exception of documenting the process and responsible parties for training purposes.

**Status Summary:** Completed (On Schedule)

**Blue Ridge Community College (BRCC)**

**Audit Year: 2015**

**Finding 15-01:** Improve Compliance over Enrollment Reporting

**Status:** Corrective action plan has been completed.

**Status Summary:** Completed (Delayed)

**Central Virginia Community College (CVCC)**

**Audit Year: 2016**

**Finding 16-01:** Improve Fixed Asset Inventory and Tracking. **This is a Repeat Finding.**

**Status:** The Business Manager coordinated an inventory count in February 2017 and updated the asset records. The deficiencies noted regarding six assets that did not have the assigned tag affixed and two assets that did not have the proper surplus forms would be corrected by December 2017. CVCC will take a risk based approach to identifying and addressing specific areas of the college that have high dollar items and/or items susceptible of being moved and will test those areas on an ongoing basis. The College plans to create a position to assist with equipment inventory. Until such time that a position is created and filled, the business office will continue to test the acquisition, use, and disposal of inventory to improve record keeping. The additional monitoring of assets will be beneficial to the process of performing a full inventory count every two years.

**Status Summary:** Completed (On Schedule)

**Finding 16-02:** Properly Remit Unclaimed Property. **This is a Repeat Finding.**

**Status:** The Business Manager will notify recipients of outstanding checks in August 2017. Any remaining checks will be reported to the Department of Treasury for the annual report due November 1, 2017. Any remaining unclaimed funds will be remitted in November 2017.

Existing internal controls will be enhanced to provide a more thorough examination of outstanding checks. The Business Manager is responsible for reviewing and approving the monthly bank reconciliations. As part of this process, the Business Manager will review checks that have been outstanding more than 120 days. In maintaining compliance with the Code of Virginia, the Business Manager will notify recipients of outstanding checks and will promptly remit remaining checks that have been outstanding in excess of one year to the Division of Unclaimed Property.

**Status Summary:** Completed (On Schedule)

**Danville Community College (DCC)**

**Audit Year: 2016**

**Finding 16-01: Improve Procedures for Employee Separation**

**Status:** A part-time employee separation checklist has been developed to enhance the process of removing terminated part time employees from HR and payroll systems, collecting small purchase charge cards, keys, and tracking the removal of critical system access.

**Status Summary:** Complete (On Schedule)

**John Tyler Community College (JTCC)**

**Audit Year: 2016**

**Finding 16-01: Improve Controls over Leave Reporting**

**Status:** JTCC implemented the following procedures to improve controls over Leave Liability reporting: JTCC will ensure that all appropriate employees are included on the Leave Liability report received from the System Office, and will verify the accuracy of the leave reported for every person listed on the Leave Liability report. If needed, manual adjustments will be made to the leave liability report and those changes will be reflected on the VCCS State Schedule 7 to record Accrued Leave Liability.

**Status Summary:** Completed (On Schedule)

**Finding 16-02: Deactivate User Access Promptly Upon Employee Separation**

**Status:** JTCC will conduct quarterly audits of the AIS and SIS systems, in addition to the Annual Access Audit it currently conducts. Each quarter, JTCC's ASA will run internal reports for each system to determine who has access. The ASA will then compare those reports with reports run in PeopleSoft (the system of record). The ASA will then take action on any discrepancies found between the two sources of reports.

JTCC will screen new employees from other state agencies to determine if they currently have access to AIS and/or SIS. During the on-boarding process of a new hire from another state agency, HR will provide the ASA the new employee's employee ID. The ASA will run the new employee's employee ID through PeopleSoft to determine the employee's current access. The ASA will then take appropriate action based upon his findings.

JTCC's ASA will more closely monitor the procedure for deactivating employees in AIS and SIS. The ASA will review the log files of recently deactivated employees every two weeks to make sure their access has actually been revoked in PeopleSoft.

**Status Summary:** Completed (On Schedule)

**Audit Year: 2015**

**Finding 15-01: Improve Compliance over Enrollment Reporting**

**Status:** JTCC has increased the number of times that the College reports to the NSC each semester from three to five times. JTCC is actively working with faculty to report student non-attendance in a timely fashion, and Administration is taking steps to reduce the number of F grades given to students who should have been withdrawn. The NSC extract generated by PeopleSoft to report enrollment was modified by the VCCS on September 8, 2017, and is being used for Fall 2017 submissions. The VCCS expects to complete modifications to the reporting of unofficial withdrawals and the home institution consortium agreement by the end of December 2017.

**Status Summary:** In Progress (Delayed)



**Northern Virginia Community College (NVCC)**

**Audit Year: 2016**

**Finding 16-01: Improve Procedures for Employee Separation**

**Status:** NVCC will review and update exit procedures as outlined on the 105-022 form as necessary. Given the business need to use adjunct faculty and wage employees at various times during the academic year, the college will create a policy to determine the length of time adjunct faculty and wage employees will remain active employees for NOVA. The policy will be approved by the Administrative Council and implemented college wide by October 2017. The manager is the first person to become aware of employees who are leaving the college and are responsible for notifying HR. Currently, managers do not have access to complete the 105-021 on behalf of the employee; only certain HR staff have this capability. Therefore, in an effort to mitigate the problem of delayed terminations, HR will work with our IT department and make the programming needed to change the electronic 105-021 to allow managers access to complete the form on behalf on his/her employees. Managers must complete the form or notify HR immediately after becoming aware of the last day of work for any given employee or ensure the employee completes the form prior to his/her departure. HR will conduct more frequent audits (monthly) to determine if there are adjunct and wage employees in the payroll system who have not been paid. If it is determined that the employee is no longer an active employee, HR will initiate the termination procedure. The manager and their supervisor will be made aware of the actions taken by HR because the manager failed to carry out their supervisory responsibilities in an effort to hold supervisors accountable.

**Status Summary:** Completed (On Schedule)

**Finding 16-02: Ensure Payroll is Properly Authorized**

**Status:** In an effort to ensure payroll is properly authorized, one week before classes are scheduled to begin each semester, HR will distribute a list of adjuncts and ask the academic dean to verify contracts were given to adjuncts and signed copies returned. All contracts must be signed by the adjunct prior to the start of teaching and when there is a change in his or her schedule. The Division must scan the signed contract into the adjunct's personnel file in Image Now. HR will conduct audits each semester to determine if there are contracts missing by reviewing payroll reports to identify adjuncts who were paid on the first adjunct pay date. In addition, sanctions will be imposed for academic deans who permit adjuncts to teach without a completed contract.

**Status Summary:** Completed (On Schedule)

**Virginia Highlands Community College (VHCC)**

**Audit Year: 2015**

**Finding 15-02: Improve Documentation of Policies and Procedures**

**Status:** The manual has been updated to reflect changes in some procedures including written procedures for establishing an allowance for doubtful accounts. VHCC's transition to the VCCS Shared Services Center for procure to pay on September 26 2017, created the need for additional refinement to the current policies and procedures manual. The SPCC reconciliation process has not transitioned to SSC but is scheduled to do so in early 2018. This transition will necessitate additional revisions. The estimated completion date has been extended until March 31, 2018.

**Status Summary:** In Progress (Delayed)

**Finding 15-03: Improve Compliance over Enrollment Reporting**

**Status:** Enrollment Management and IT has developed step-by-step instructions for submitting enrollment status, enrollment changes and graduation data and has designated employees responsible for submission and verification in both the National Student Clearinghouse and NSLDS. The Registrar is currently working with IT personnel on accurate submissions for enrollment reporting and reviewing accuracy within NSLDS to ensure that the G line populated correctly. The EM team is meeting monthly to review updated procedures that will ensure accurate compliance enrollment reporting.

**Status Summary:** In Progress (Delayed)

**Virginia Western Community College (VWCC)**

**Audit Year: 2016**

**Finding 16-01: Improve Fixed Asset Inventory Oversight**

**Status:** VWCC developed an Equipment Liaison Handbook in Fall 2016 utilizing guidance from the CAPP Manual requirements and the VCCS Fixed Asset Policies.

The College has assigned a full-time employee to perform the role of "Fixed Asset Coordinator." As outlined in the Equipment Liaison Handbook, this new role will ensure that new purchases are recorded in the AIS Fixed Assets Module in a timely manner and that routine fiscal inventories are performed on cycle. A field was also identified in the AIS Fixed Assets Module to designate the respective Equipment Liaison unit responsible for the asset. The Fixed Asset Coordinator held end user training for all identified Equipment Liaisons during Spring 2017 and provided each with a handbook. Each Equipment Liaison along with the Fixed Assets Coordinator performed a subsequent physical inventory in Spring 2017 so that VWCC could further refine the procedures in place.

**Status Summary:** Complete (On Schedule)

**Virginia Military Institute (VMI)**

**Audit Year: 2016**

**Finding 16-01: Improve Virtual Private Network Security**

**Status:** Remediated; new protections in place.

**Status Summary:** Completed (On Schedule)

**Finding 16-02: Improve Firewall Change Management**

**Status:** Initial/primary education efforts concluded; new procedures in place; monitoring to continue indefinitely.

**Status Summary:** Completed (On Schedule)

**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:** A purchase order has been issued to execute the Compliance Action Plan that was previously completed. It is estimated to take about one year to complete.

**Status Summary:** In Progress (Delayed)

**Virginia State University (VSU)**

**Audit Year: 2016**

**Finding 16-01: Improve the Change and Configuration Management Process**

**Status:** The updated Change and Configuration Management Policy and Procedure has been completed.

**Status Summary:** Completed (On Schedule)

**Finding 16-02: Improve User Access Controls**

**Status:** Logical Access Procedure is completed.

**Status Summary:** Completed (On Schedule)

**Finding 16-03: Enforce Contract Administration and Vendor Payment Controls**

**Status:** The Contract Administrator responsibilities for this contract were assigned to another person. The new contract administrator completed contract administration training in November 2017. In addition, the University finalized its investigation of the vendor overpayment. The University determined that it will not seek restitution against the vendor, but will utilize its own resources to cover the \$20,275 overpayment.

**Status Summary:** Completed (On Schedule)

**Finding 16-04:** Update Contract Provisions, Enforce Contract Administration, and Evaluate Supporting Documentation and Reasonableness of Federal Grant Expenditures

**Status:** The Office of Sponsored Research and Programs (OSRP) has integrated the requirements outlined in the Department of Labor review in the terms of the contracts. Also, OSRP has integrated PI approval in the receiving process.

**Status Summary:** In Progress (On Schedule)

**Finding 16-05:** Match Federal Grants with Qualifying State Expenses

**Status:** USDA/NIFA responded on September 8, 2017 approving VSU's request to repay the unallowable indirect costs for FY2014 in three installments. In 2016, VSU discontinued the practice of charging indirect costs against the matching State funds. Also, the University recorded a liability in the FY2017 financial statements for FY2015 and FY2016 unallowable indirect costs.

**Status Summary:** Completed (On Schedule)

**Finding 16-06:** Continue Improving Oversight over Third-Party Service Providers. **This is a Repeat Finding.**

**Status:** VSU has improved its vendor oversight over third-party service providers. VSU has implemented a Vendor Management Policy and procedures.

**Status Summary:** Completed (On Schedule)

**Finding 16-07:** Continue Improving Risk Management and IT Security Audit Plan Documents. **This is a Repeat Finding.**

**Status:** The Risk Assessment and Business Impact Analysis has been revised.

**Status Summary:** Completed (On Schedule)

**Finding 16-08:** Continue Addressing Weaknesses from Information Security Audits. **This is a Repeat Finding.**

**Status:** All policies have been revised and approved by the President and Board of Visitors. The University is still seeking a solution for the Police System. The project is now slated for FY 2018-2019.

**Status Summary:** Completed (On Schedule)

## Executive Offices

### Attorney General and Department of Law (OAG)

Audit Year: 2016

**Finding 16-02:** Improve Physical and Environmental Security

**Status:** DGS has been contacted and OAG is still working with each other to finalize the final agreement. Additionally, the server room policy has been updated to include a required server room access review, visitor guest log review, and physical access log review. Additional sub-items related to this item are still in progress.

**Status Summary:** In Progress (Delayed)

**Finding 16-03:** Improve Firewall Management

**Status:** A firewall management policy has been completed. Among other things, it includes requirements for reviewing policies, monitoring performance, and managing changes through a formal change management process. Several sub-items related to this are still in progress.

**Status Summary:** In Progress (Delayed)

## Finance

### Department of Accounts (DOA)

**Audit Year: 2016**

**Finding 16-03:** Adjust Practices as Needed and Request Identifying Numbers Assigned by Pass-Through Entities

**Status:** Corrective action plan has been completed.

**Status Summary:** Completed (On Schedule)

### Department of the Treasury (TRS)

**Audit Year: 2016**

**Finding 16-01:** Maintain Adequate Staffing in Accounting and Reporting Functions

**Status:** Treasury has requested an additional staff position during the upcoming 2018 - 2020 biennium budget development cycle.

**Status Summary:** In Progress (On Schedule)

**Audit Year: 2015**

**Finding 15-01:** Improve Financial Reporting

**Status:** Corrective action plan has been completed.

**Status Summary:** Completed (Delayed)

## Health and Human Resources

### Department of Behavioral Health and Developmental Services (DBHDS)

**Audit Year: 2016**

**Finding 16-02:** Continue to Improve IT Governance. **This is a Repeat Finding.**

**Status:** DBHDS acquired funds and contracted with an external consulting company to help provide remediation actions for this finding. Outdated technology/applications were identified. An overarching DBHDS Governance structure/process has been put in place, not only for the IT applications, but also for IT Security to be engaged from the beginning. The funding request to hire additional staff resources (Project Managers/Business Systems Analysts) to fully support the governance process was approved. Job descriptions have been created and hiring will start in January 2018.

**Status Summary:** In Progress (Delayed)

**Finding 16-03/15-02:** Continue to Upgrade Unsupported Technology. **This is a Repeat Finding.**

**Status:** DBHDS has engaged an external consulting company to assist with this audit finding (Gartner). The official start date was March 14, 2017. In addition, DBHDS has engaged three contractors to upgrade the operating system of 67 servers. All desktop computers no longer run XP, which was soon to be unsupported; and \$300,000 has been allocated to upgrade unsupported technology. DBHDS has submitted a security exception to Commonwealth Security to upgrade, consolidate, or decommission all end-of-life/end-of-support technology by March 31, 2018.

**Status Summary:** In Progress (Delayed)

**Finding 16-04/15-05:** Develop Baseline Configurations for Information Systems. **This is a Repeat Finding.**

**Status:** DBHDS has engaged an external consulting company to assist with this audit finding (Gartner). The official start date was March 14, 2017. In addition, DBHDS has engaged three contractors to upgrade the operating system of 67 servers. DBHDS process to upgrade servers will help develop baselines for upgraded applications. DBHDS will complete the installation of server software by March 31, 2018, which will establish and maintain security baseline configurations for our sensitive information systems. This software will ensure we meet the requirements of the Commonwealth's Security Standards.

**Status Summary:** In Progress (Delayed)

**Finding 16-05:** Improve SQL Database Security

**Status:** Corrective action plan has been completed.

**Status Summary:** Completed (Delayed)

**Finding 16-06/15-11/14-04:** Improve Access Controls over Financial Management System. **This is a Repeat Finding.**

**Status:** Corrective action plan has been completed.

**Status Summary:** Completed (Delayed)

#### **Department of Health (VDH)**

**Audit Year: 2016**

**Finding 16-05:** Ensure Oversight of Third Party Service Providers

**Status:** The SOC portion of the Contract Administration policy has been approved by Administration; however, there are additional edits that need to be made to the policy as a whole; and so it is not ready to be posted with a notice sent out to all applicable VDH personnel until those changes are also approved. Additionally, OPGS Procurement Officers ensure that SOC reporting requirements are added to all applicable VDH contracts which come across their desks.

**Status Summary:** In Progress (Delayed)

#### **Department of Medical Assistance Services (DMAS)**

**Audit Year: 2016**

**Finding 16-02:** Perform Information Technology Review as Required

**Status:** Corrective action plan has been completed.

**Status Summary:** Completed (Delayed)

**Finding 16-04:** Review and Document Service Organization Control Reports of Third-Party Service Providers

**Status:** In the third quarter of 2017, the DMAS Office of Compliance and Security created a SOC report evaluation questionnaire/template and used it to evaluate the SOC reports received from the subcontractors of the DMAS Fiscal Agent. OCS continues to fine tune the evaluation form so that it documents the review of the third party service provider's controls.

**Status Summary:** In Progress (On Schedule)

**Finding 16-06:** Continue Improving Accounts Receivable Collection Process

**Status:** Oracle R12 was successfully implemented November 13, 2017. All divisional efforts were focused on the implementation of Oracle R12 upgrade; thereby causing delays in projected enhancements to Accounts Receivable. Due to the intensity of the Oracle upgrade MES implementation for data warehouse and financial systems, the impact to the completion of this project is delayed to June 30, 2018.

**Status Summary:** In Progress (Delayed)

## Department of Social Services (DSS)

Audit Year: 2016

### **Finding 16-01:** Improve Database Security

**Status:** Finding 2017-031 was marked as FOIAE under §2.2-3705.2 of the Code of Virginia due to its sensitivity and description of security controls. Corrective action updates will be provided to the Auditor of Public Accounts under separate cover.

**Status Summary:** In Progress (Delayed)

### **Finding 16-02:** Improve Policies, Procedures, and Plans for Backup and Restoration

**Status:** DSS Information Security policies are in place that address BIA/CP linkage to IT Disaster Recovery. The next step is to document ITDR processes and include in the CP policy and process document.

**Status Summary:** In Progress (Delayed)

### **Finding 16-03:** Improve Oversight of Third Party Service Providers

**Status:** ECOS is providing third-party verification for VITA/IT contracts as DSS indicated in its corrective action plan. DSS will amend the existing CA-DSS Information Security Assessment and Authorization policy requirements to include a formal framework for gaining appropriate assurance over other outsourced operations procured by the Agency. DSS will develop and document a process to obtain, evaluate, and track third party service documentation reviews that provide reasonable assurance over the service's internal security controls in a way that mirrors the VITA ECOS services. DSS has developed contract language that requires third party service providers to adhere to applicable security standard requirements. DSS ISRM will take the lead for this effort, and will coordinate with General Services, Business Owners, and contractors to obtain, review and follow up with non-ECOS third party assurances.

**Status Summary:** In Progress (Delayed)

## Public Safety and Homeland Security

### Department of State Police (VSP)

Audit Year: 2014

### **Finding 14-01:** Improve Motor Vehicle Inspection Program Web Application Security

**Status:** The Mandiant reports will provide recommendations on tools necessary to secure the environment. The Mandiant/Presidio study is taking longer than expected to complete. Once the report is complete, VITA and VSP will develop a path forward.

**Status Summary:** In Progress (Delayed)

### **Finding 14-03/11-02/09-03:** Continue to Upgrade Database System Software. **This is a Repeat Finding.**

**Status:** Evidence pilot started September 5, 2017 and is going well, pilot ends December 31, 2017. The statewide wireless project is rolling out; Evidence application will be rolled out as wireless installation is completed.

**Status Summary:** In Progress (Delayed)

### **Finding 14-06:** Improve Fixed Asset Internal Controls and Processes

**Status:** Asset Tracking (AIMS phase 2) is underway and progress continues to understand and extract MAPPER data, the project is on track. AIMS Phase 1 is complete.

**Status Summary:** In Progress (Delayed)

### **Finding 14-08:** Improve Processes over Work Zone Project Billings

**Status:** Extended due date to June 30, 2019 (after Cardinal Payroll go live in March 2019). No further update at this time.

**Status Summary:** In Progress (Delayed)

**Audit Year: 2011**

**Finding 11-01:** Upgrade Unreliable and Unsupported Infrastructure Devices

**Status:** The Mandiant /Presidio study is taking longer than expected to complete. Once report is complete, VITA and VSP will develop a path forward.

**Status Summary:** In Progress (Delayed)

**Transportation**

**Department of Motor Vehicles (DMV)**

**Audit Year: 2016**

**Finding 16-02/15-01/14-01/13-01/12-01/11-02:** Continue to Improve Database and Application Baseline Security Configurations. **This is a Repeat Finding.**

**Status:** Corrective action plan has been completed.

**Status Summary:** Completed (Delayed)

**Finding 16-04/15-04:** Continue to improve IT Software Maintenance and Management Controls.

**This is a Repeat Finding.**

**Status:** Corrective action plan has been completed.

**Status Summary:** Completed (Delayed)

**Finding 16-05:** Improve Application Security Controls. **This is a Partial Repeat Finding.**

**Status:** A project has been established for this effort and resources are being secured. Project is underway, on target for dates provided.

**Status Summary:** In Progress (Delayed)

**Finding 16-08:** Improve Internal Controls over Small Purchase Charge Card Processing

**Status:** Corrective action plan has been completed.

**Status Summary:** Completed (On Schedule)

**Audit Year: 2015**

**Finding 15-05:** Improve System Authentication Controls

**Status:** A project has been established for this effort and resources are being secured. Project is underway, on target for dates provided.

**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. Project is underway, on target for dates provided.

**Status Summary:** In Progress (Delayed)



## 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. 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, 2017, the following agencies were not in compliance with the ARMICS process based on their 2017 ARMICS submission:



The following agencies did not comply with ARMICS in FY 2017 and submitted an Exhibit 4 Certification Statement:

<b>Agency Name</b>	<b>Reason for Non-Compliance</b>	<b>Initial Corrective Action Plan Received</b>	<b>Status of Corrective Action</b>
Frontier Culture Museum of Virginia	Exhibit 4 Filed	Yes	Agency states corrective action will be completed by June 30, 2018. No quarterly status update received.
Library of Virginia	Exhibit 4 Filed	Yes	Agency states corrective action will be completed by June 30, 2018. Quarterly status update received.
State Council of Higher Education for Virginia	Exhibit 4 Filed	Yes	Agency states corrective action will be completed by June 30, 2018. Quarterly status update received.
Virginia Racing Commission	Exhibit 4 Filed	Yes	Agency states corrective action will be completed by February 28, 2018. Quarterly status update received.

The following agency Fiscal Year 2017 ARMICS Certifications were rejected by DOA for not complying with ARMICS Minimum Requirements:

<b>Agency Name</b>	<b>Reason for Non-Compliance</b>	<b>ARMICS Certification or Exhibit 4 Received</b>
Department of Game and Inland Fisheries	FY17 ARMICS Certification Rejected	No
State Corporation Commission	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
Department of Education	Substantial non-compliance with ARMICS process based on a QAR.	Yes	Agency states corrective action will be completed by June 30, 2018.
Library of Virginia	Substantial non-compliance with ARMICS process based on a QAR.	Yes	Agency states corrective action will be completed by June 30, 2018. Quarterly status update received.
State Corporation Commission	Substantial non-compliance with ARMICS process based on a QAR.	Yes	In process. Agency initially stated corrective action would be completed by December 31, 2016. Revised completion date to June 30, 2018. Quarterly status update received.



## *Decentralized Agencies*

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.



**Compliance Monitoring**

**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 October and November were due 12/06/2017, and 1/08/2018 respectively.

**Certifications Late or Outstanding**

*As of March 13, 2018*

<b>Agency</b>	<b>Oct</b>	<b>Nov</b>
The Science Museum of Virginia	-	2/12/18
Virginia Employment Commission	1/11/18	-
Frontier Culture Museum of Virginia	-	2/14/18
Mental Health Treatment Centers	1/17/18	-
Intellectual Disabilities Training Centers	1/17/18	-
Department of the Treasury – Trust Funds	-	3/07/18*

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

\*Note: Department of the Treasury – Trust Funds were granted an extension until 1/31/2018 for the month of November.

## **Compliance with Comptroller's Directives**

Annually, all agencies and higher education institutions are required to submit information pursuant to the Comptroller's financial statement directives. The data is integral to the successful completion of the Commonwealth's Comprehensive Annual Financial Report (CAFR). For the FY 2017 reporting period, the following issue was noted.

### ***Comptroller's Directive 2-17, Directive Compliance Guidelines for Higher Education Institutions***

Longwood University – failed to submit the financial statement template and other related information promptly.

## E-Commerce

### *Travel Check Charges*

In accordance with Chapter 836, 2017 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 2018.

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**

<b>Agency by Secretarial Area</b>	<b>Quarter Ended December 31, 2017</b>	<b>Fiscal Year 2018 To-date Charges</b>
<b>Education</b>		
Virginia Military Institute	\$30.00	\$40.00
Virginia State University	\$40.00	\$40.00
Cooperative Extension and Agricultural Research Services	\$5.00	\$5.00
Eastern Shore Community College	\$15.00	\$20.00
<b>Health and Human Resources</b>		
Department of Health	\$15.00	\$15.00
<b>Judicial</b>		
Magistrate System	\$55.00	\$105.00
Circuit Courts	\$155.00	\$275.00
General District Courts	\$220.00	\$395.00
Juvenile and Domestic Relations District Courts	\$40.00	\$100.00
<b>Legislative</b>		
Virginia State Crime Commission	\$5.00	\$5.00
<b>Public Safety and Homeland Security</b>		
Department of Military Affairs	\$5.00	\$5.00
Department of Emergency Management	\$55.00	\$65.00
Department of Corrections - Central Administration	\$5.00	\$5.00
Virginia Correctional Enterprises	\$20.00	\$25.00
Department of Juvenile Justice	\$5.00	\$5.00
Department of Alcoholic Beverage Control	\$20.00	\$20.00
<b>Veterans and Defense Affairs</b>		
Department of Veterans Services	\$5.00	\$5.00

### *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. 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, 2017*

<b>Secretarial Area</b>	<b>Direct Deposit % of Salaried Employees</b>	<b>Direct Deposit % of Wage Employees</b>
Administration	99.6%	100.0%
Agriculture and Forestry	99.9%	91.9%
Commerce and Trade	100.0%	99.5%
Education	99.6%	98.0%
Executive Offices	99.8%	100.0%
Finance	99.6%	100.0%
Health and Human Resources	99.4%	99.3%
Independent Agencies	99.9%	100.0%
Judicial	100.0%	92.8%
Legislative	100.0%	100.0%
Natural Resources	99.8%	97.1%
Public Safety and Homeland Security	99.4%	99.2%
Technology	99.5%	100.0%
Transportation	99.8%	99.1%
Veterans and Defense Affairs	99.7%	99.2%

<b>Statewide</b>	<b>99.6%</b>	<b>98.2%</b>
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<i>Comparative</i>		
<i>Quarter Ended December 31, 2016</i>		

<b>Statewide</b>	<b>99.5%</b>	<b>98.2%</b>
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## Statewide Salaried Direct Deposit Performance

*Quarter Ended December 31, 2017*

<b>Salaried Direct Deposit Participation</b>	<b>99.6%</b>
----------------------------------------------	--------------

### Salaried Direct Deposit Below 98 Percent

Agency	Percent	Number of Employees
<b>Education</b>		
Patrick Henry Community College	97.6%	168
<b>Natural Resources</b>		
Virginia Museum of Natural History	97.1%	34
<b>Public Safety &amp; Homeland Security</b>		
Greensville Correctional Center	97.7%	814
Haynesville Correctional Center	97.7%	392

## Statewide Wage Direct Deposit Performance

*Quarter Ended December 31, 2017*

<b>Wage Direct Deposit Participation</b>	<b>98.2%</b>
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### Wage Direct Deposit Below 90 Percent

Agency	Percent	Number of Employees
<b>Agriculture &amp; Forestry</b>		
Department of Forestry	86.6%	67
<b>Education</b>		
Virginia State University	82.7%	510
<b>Judicial</b>		
Combined District Courts	89.5%	19

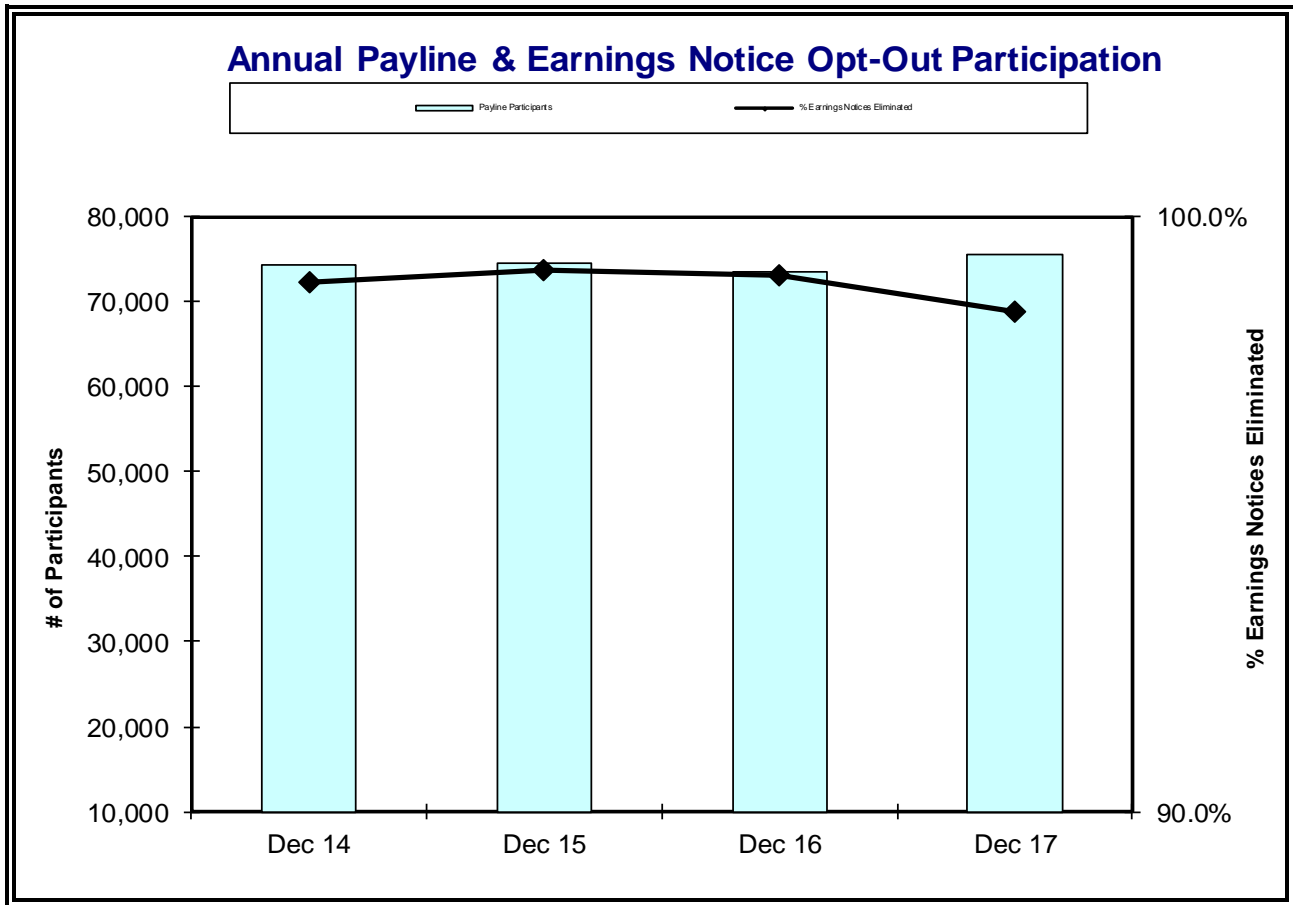




### Payroll Earnings Notices

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.



## Payroll Controls

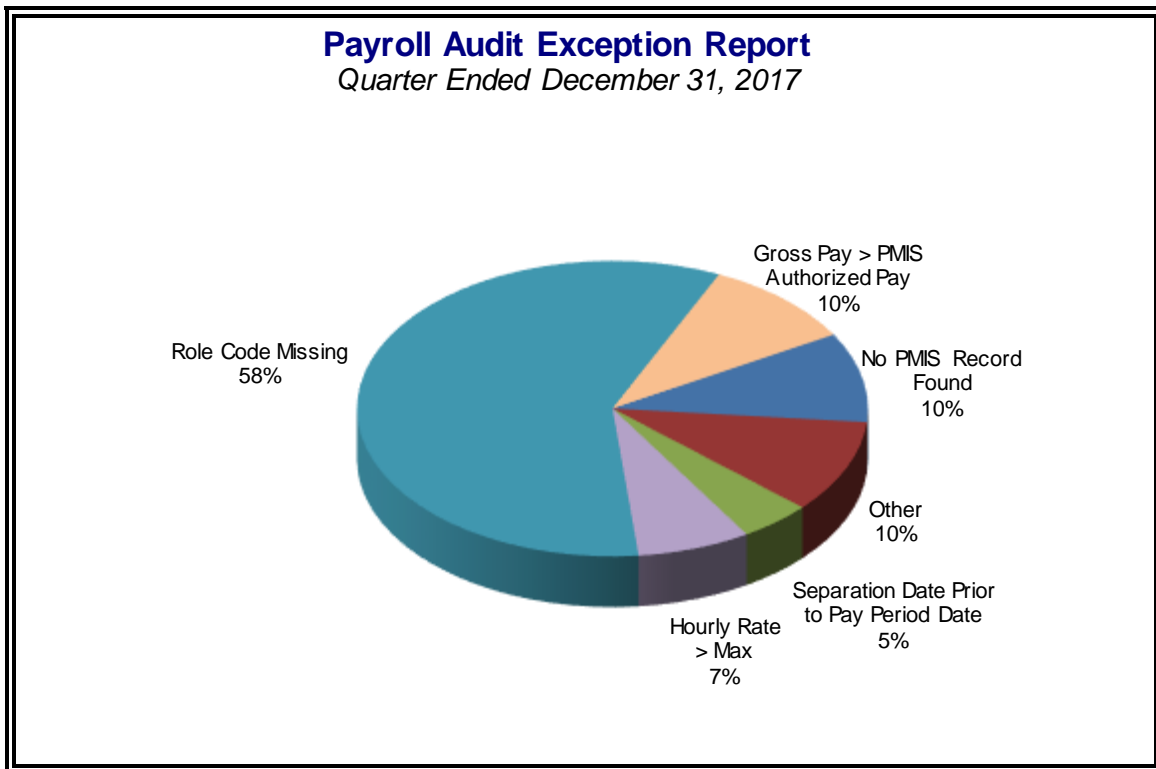
### *CIPPS/PMIS Payroll Audit*

During the quarter, DOA's automated comparison of payroll (CIPPS) and personnel (PMIS) records examined 397,849 salaried pay transactions and 147,979 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 2,909 new exceptions noted statewide during the quarter, with an overall exception rate of 0.05%.

The statewide salaried payroll exception rate was 0.06% and the wage payroll exception rate

was 0.37%. During this quarter, 7 employee paychecks were reduced to recover \$1,140.35 in overpayments.

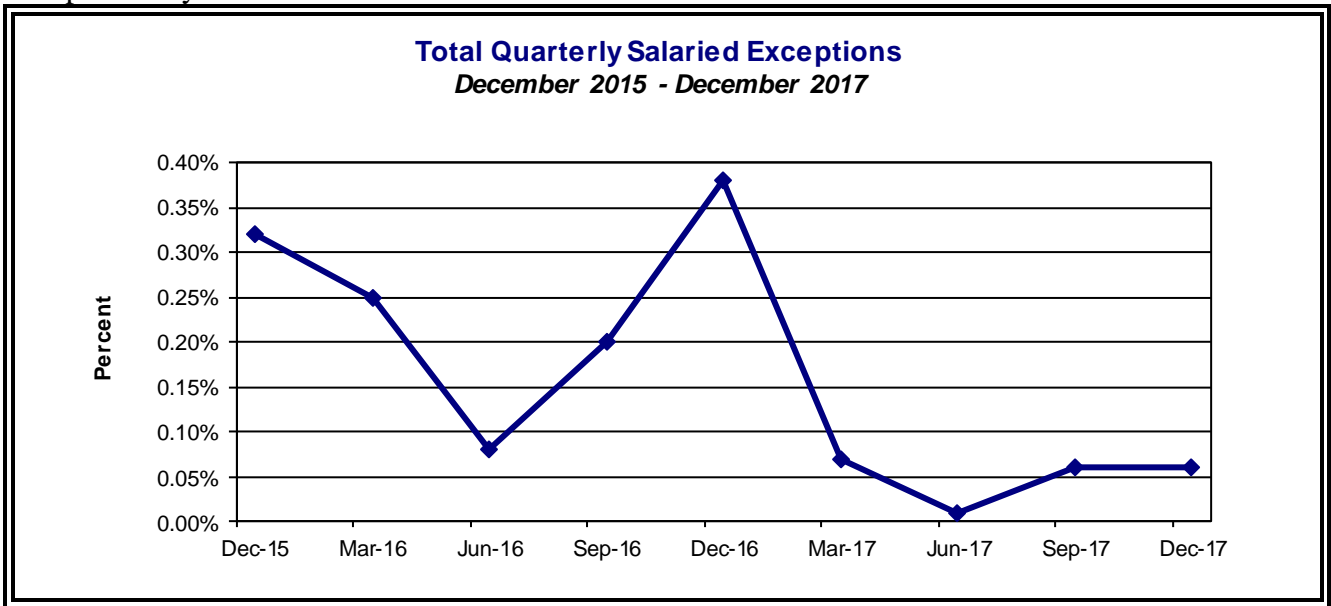
The largest cause of exceptions is due to the processing of payroll with no corresponding PMIS record found. This can largely be avoided through timely PMIS data entry by agency Human Resource staff. Although segregation of these Human Resource and Payroll functions is an effective internal control, coordination and communication between agency Human Resource and Payroll staffs is essential.



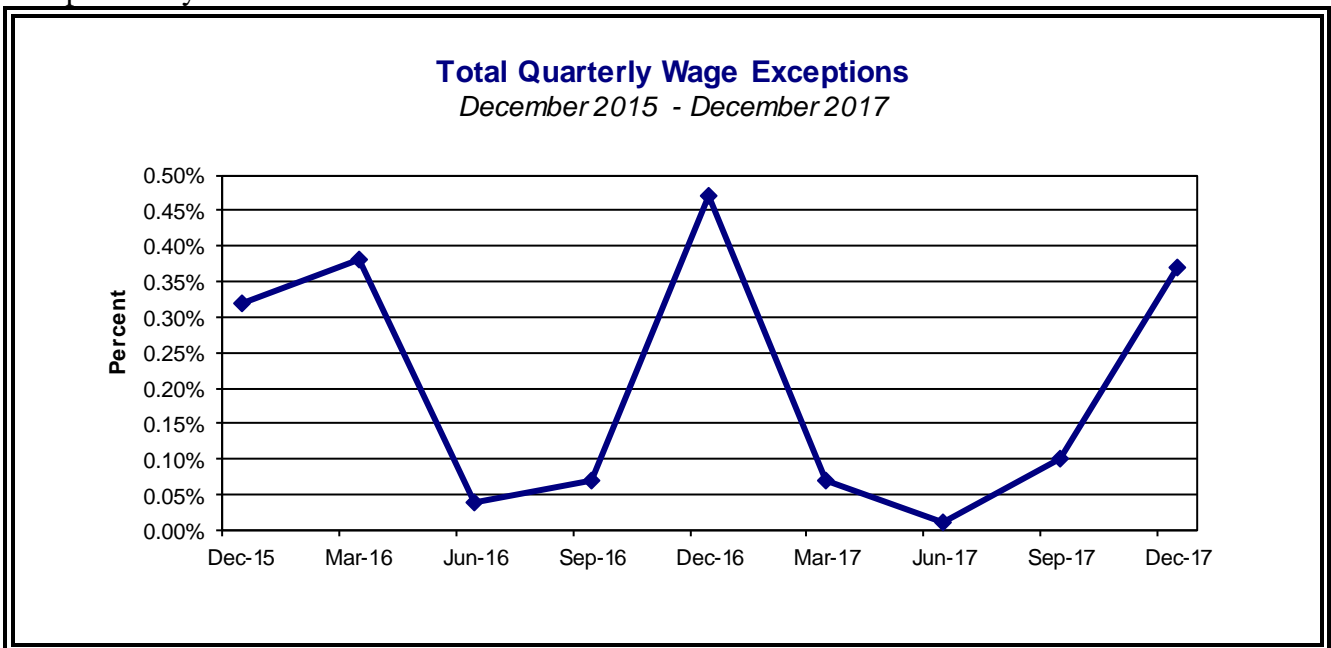
Exception percentages are calculated by dividing the number of exceptions by the number of salaried or wage employees. Agencies are reported below if the percentage of payroll exceptions to salaried or wage

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, 2017.

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



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



### *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.

<b>Agency</b>	<b>Unresolved Exceptions</b>
Virginia State University	70
VSU - Cooperative Extension & Agricultural Research Services	1
Paul D. Camp Community College	15
Piedmont Virginia Community College	25
John Tyler Community College	1
Tidewater Community College	13
Lord Fairfax Community College	13
Virginia Alcoholic Beverage Control Authority	4



## *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**

<b>Agency</b>	<b>Variance Amount (a)</b>	<b>Performed by DOA (b)</b>	<b>Submitted Late (c)</b>	<b>Corrected by DOA (d)</b>
<b>Education</b>				
John Tyler Community College	\$280,910			
Southside Virginia Community College	75,979			
Thomas Nelson Community College	52,938			
Virginia State University			4	
VSU - Cooperative Extension and Agricultural Research Services			3	
<b>Health and Human Resources</b>				
Department for the Blind and Vision Impaired	36,793			
Department of Health	33,697			
Piedmont Geriatric Hospital	38,743			
<b>Legislative</b>				
Division of Capital Police	189,572			
<b>Public Safety and Homeland Security</b>				
Haynesville Correctional Center	36,339			
<b>Veterans and Defense Affairs</b>				
Virginia Veterans Care Center	33,390			

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. The following table lists those agencies that did not comply with reporting requirements.

### Health Care Reconciliations as of December 31, 2017

<u>Agency</u>	<u>Incomplete*</u>	<u>Errors*</u>	<u>Late</u>
The Science Museum of Virginia			1
Virginia Workers' Compensation Commission			1
Longwood University			1
New River Community College			1
Piedmont Virginia Community College			1
Patrick Henry Community College			1
Catawba Hospital			1
Sussex I State Prison			1
Deerfield Correctional Center			1
Pocahontas State Correctional Center			1

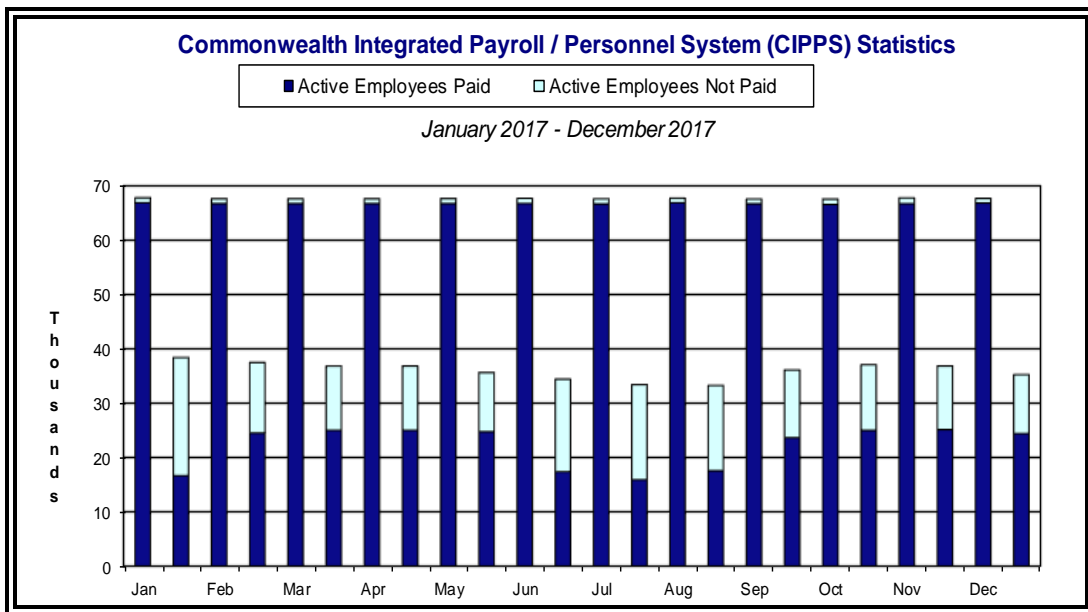
\*Agencies with more than two occurrences over the most recent 5-month period are reported.



**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, 88,784 employees were paid each month, of which 66,734 were salaried employees.



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.

**Benefit Participation  
Number of Participating Employees**

<b>Benefit</b>	<b>As of 12/31/2017</b>	<b>Comparative</b>	
		<b>As of 12/31/2016</b>	<b>As of 12/31/2015</b>
<b>Health Care**</b>			
COVA Care	79,493	75,905	76,837
COVA Health Aware	6,643	5,499	4,706
Kaiser	1,964	1,986	2,089
Tricare	117	72	60
<b>Optional Retirement Plans**</b>			
Fidelity Investments	701	712	702
Political Appointee - ORP	108	110	116
TIAA/CREF	1,667	1,691	1,713
<b>Deferred Compensation**</b>			
Commonwealth of Virginia 457 D/C Plan	36,488	38,288	39,795
Commonwealth of Virginia 457 Roth Plan	2,108	1,476	N/A
Hybrid 457 Voluntary D/C Plan	7,961	2,030	878
<b>Flexible Reimbursement**</b>			
Dependent Care	1,001	963	951
Medical Care	10,611	9,873	9,780

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



**Loans and Advances**

Treasury loans may be used to advance funds to a State agency or institution for a designated purpose prior to some form of reimbursement, typically federal or special revenues. They are loans of a temporary nature, approved on the basis of the following conditions:

- **Anticipation of Federal Operating Funds** supports the operations of federal grants and contract programs for which advance funding has been delayed or for those that require expenditure of funds prior to federal reimbursement.

- **Anticipation of Special Revenue Funds** supports the operations of non-general funded activities when collections are spread unevenly throughout the year while expenses require steady funding.
- **Construction** supports capital projects in anticipation of the sale of authorized debt or other financing for such projects.

For the quarter ended December 31, 2017, the following agency failed to repay their Treasury Loan by the established due date.

**Treasury Loan Repayments  
Late or Outstanding**  
*As of December 31, 2017*

<b>Agency</b>	<b>Loan Type</b>	<b>Loan Amount</b>	<b>Outstanding Balance</b>	<b>Due Date</b>
Department of Education	Anticipation of Federal Operating Funds	\$1,591,171.74	\$1,421,398.32	12/31/2017

