REPORT ON STATEWIDE COMPLIANCE

FOR THE QUARTER ENDED
SEPTEMBER 30, 2017

OFFICE OF THE COMPTROLLER

DEPARTMENT OF ACCOUNTS

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REPORT ON STATEWIDE COMPLIANCE
Quarter Ended September 30, 2017

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

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

This *Quarterly Report* includes information for the quarter ended September 30, 2017, and comparative FY 2017 data.

David A. Von Moll, CPA, CGFM
Comptroller

COMPLIANCE

Auditor of Public Accounts Reports - Executive Branch and Independent Agencies

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

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

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

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

Audit Reports – Quarter Ended September 30, 2017

The APA issued 9 reports covering 16 State Agencies for the Executive Branch and no reports for the Independent Agencies. The last column indicates whether the CAW has been received as of the date of this publication for each agency with audit findings. Note that in some cases, the CAW may not have been received because it is not yet due.

	New Findings	Repeat Findings	Total Findings	CAW Received
Administration				
None				
Agriculture and Forestry				
None				
Commerce and Trade				
Virginia Small Business Financing Authority	0	0	0	N/A
Education				
James Madison University	0	2	2	YES
Longwood University	5	0	5	NO
Radford University	0	1	1	YES

	New Findings	Repeat Findings	Total Findings	CAW Received
University of Mary Washington	5	0	5	YES
The College of William and Mary in Virginia[1]	2	3	5	YES
Richard Bland College	8	5	13	YES
Virginia Institute of Marine Science	0	0	0	N/A
Virginia Community College System - Central Office[2]	3	1	4	YES
Central Virginia Community College	0	2	2	YES
Danville Community College	1	0	1	YES
John Tyler Community College	2	0	2	YES
Northern Virginia Community College	2	0	2	YES
Virginia Western Community College	1	0	1	YES
Virginia Military Institute	2	0	2	YES
Virginia State University	5	3	8	YES

Executive Offices
None

Finance
None

Health and Human Resources
None

Independent Agencies
None

Natural Resources
None

Public Safety and Homeland Security
None

Technology
None

Transportation
None

Veterans and Defense Affairs
None

(1) *The APA issued one report covering The College of William and Mary in Virginia, Richard Bland College, and the Virginia Institute of Marine Sciences.*
(2) *The Virginia Community College System audit included 23 Community Colleges and the Virginia Community College System (VCCS) Central Office.*

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Audit Findings - Quarter Ended September 30, 2017

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

Education

James Madison University

1. Improve Compliance Over Enrollment Reporting. **This is a Repeat Finding**.
2. Promptly Return Unclaimed Aid to Department of Education. **This is a Repeat Finding**.

Longwood University

1. Improve Annual Financial Statement Reporting Procedures
2. Develop Procedures for Tracking Time and Effort on Federal Awards
3. Improve Information Security Officer Independence and Risk Acceptance Process
4. Improve Continuity of Operations Planning
5. Improve System Hardening for Server Operating Systems

Radford University

1. Properly Process Return of Title IV Calculations. **This is a Repeat Finding**.

The College of William and Mary in Virginia

1. Improve the Employee Termination Process. **This is a Repeat Finding**.
2. Improve Database Security Controls. **This is a Partial Repeat Finding**.
3. Improve Controls over Timesheet Approval. **This is a Partial Repeat Finding.**
4. Improve Information Technology Change Control
5. Improve Timeliness of Small Purchase Charge Card Reconciliations

Richard Bland College

1. Improve Controls over Financial Reporting. **This is a Material Weakness and a Repeat Finding**.
2. Comply with the Department of Human Resource Management Policy for Wage Employees. **This is a Repeat Finding**.
3. Improve Controls over Small Purchase Charge Cards. **This is a Repeat Finding**.
4. Improve Controls over Expenditure Vouchers. **This is a Repeat Finding**.
5. Continue to Improve Information Security Program. **This is a Repeat Finding**.
6. Improve System Patch Management
7. Improve System Logging and Monitoring
8. Improve Database and Network Security
9. Improve the myVRS Navigator Reconciliation Process
10. Improve Compliance with the Prompt Pay Provisions of the Procurement Act
11. Develop and Implement Personnel Action Forms

12. Improve the Employee Termination Process
13. Develop Policies and Procedures to Identify Potential Capital Assets

University of Mary Washington

1. Improve Controls over Financial System Access
2. Improve Database Security
3. Complete Implementation of the Process for Granting and Restricting Elevated Workstation Privileges
4. Improve IT Risk Management and Contingency Process
5. Improve Continuity of Operations Plan Testing

Virginia Community College System - Central Office

1. Continue to Improve Oversight of Information Technology Third-Party Service Providers. **This is a Repeat Finding**.
2. Improve Procedures for Employee Separation
3. Improve Leave Accounting
4. Perform myVRS Navigator Pre-Reconciliations

Central Virginia Community College

1. Improve Fixed Asset Inventory and Tracking. **This is a Repeat Finding**.
2. Properly Remit Unclaimed Property**. This is a Repeat Finding**.

Danville Community College

1. Improve Procedures for Employee Separation

John Tyler Community College

1. Improve Controls over Leave Reporting
2. Deactivate User Access Promptly Upon Employee Separation

Northern Virginia Community College

1. Improve Procedures for Employee Separation
2. Ensure Payroll is Properly Authorized

Virginia Western Community College

1. Improve Fixed Asset Inventory Oversight

Virginia Military Institute

1. Improve Virtual Private Network Security
2. Improve Firewall Change Management

Virginia State University

1. Improve the Change and Configuration Management Process
2. Improve User Access Controls
3. Enforce Contract Administration and Vendor Payment Controls
4. Update Contract Provisions, Enforce Contract Administration, and Evaluate Supporting Documentation and Reasonableness of Federal Grant Expenditures
5. Match Federal Grants with Qualifying State Expenses
6. Continue Improving Oversight over Third-Party Service Providers. **This is a Repeat Finding**.
7. Continue Improving Risk Management and IT Security Audit Plan Documents. **This is a Repeat Finding**.
8. Continue Addressing Weaknesses from Information Security Audits. **This is a Repeat Finding**.

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Additional Recommendations – Quarter Ended September 30, 2017

The APA issued the following Risk Alert:

Virginia Community College System Access Controls

Special Reports – Quarter Ended September 30, 2017

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

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

Virginia Retirement System GASB 68 Schedules:

- Political Subdivision Retirement Plans for the fiscal year ended June 30, 2016
- State Employee Retirement Plan for the fiscal year ended June 30, 2016
- Teacher Retirement Plan for the fiscal year ended June 30, 2016

Virginia Retirement System Management's Assertions Related to Census Data for the year ended June 30, 2015

Other Audit Reports – Quarter Ended September 30, 2017

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

Clerk of the Court of Appeals in Virginia (Appeals) Audit of Collections for the year ended June 30, 2016

Clerk of the Supreme Court of Virginia (Clerk) Audit of Collections for the year ended June 30, 2016

Disability Services Agencies Audit of Select Cycles for the year ended June 30, 2016

Judicial Branch Audit of Information Systems Security for the year ended June 30, 2016

Potomac River Fisheries Commission for the fiscal year ended June 30, 2016

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

Rappahannock River Basin Commission for the year ended June 30, 2016

Virginia Board of Bar Examiners for the year ended June 30, 2016

Virginia Health Workforce Development Authority for the year ended June 30, 2016

Virginia State Bar for the year ended June 30, 2016

Internal Control Questionnaire Reviews for the Quarter Ended September 30, 2017

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

Department of Fire Programs Internal Control Questionnaire Review Results as of June 2017

Department of Forestry Internal Control Questionnaire Review Results as of May 2017

Department of Juvenile Justice Internal Control Questionnaire Review Results as of April 2017

Department of Military Affairs Internal Control Questionnaire Review Results as of April 2017

Gunston Hall Internal Control Questionnaire Review Results as of May 2017

Office of the State Inspector General Internal Control Questionnaire Review Results as of May 2017

Virginia Museum of Fine Arts Internal Control Questionnaire Review Results as of April 2017

Virginia Museum of Natural History Internal Control Questionnaire Review Results as of May 2017

The APA issued the following Internal Control Questionnaire Reviews that did not contain management recommendations:

Department of Motor Vehicles Dealer Board Internal Control Questionnaire Review Results as of April 2017

Virginia Indigent Defense Commission Internal Control Questionnaire Review Results as of April 2017

Virginia Workers' Compensation Commission Internal Control Questionnaire Review Results as of April 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
Administration				
Department of Elections	0	3	0	1
Department of General Services	0	1	0	1
Department of Human Resource Management	0	3	0	1
Agriculture and Forestry				
Department of Agriculture and Consumer Services	2	0	1	0
Commerce and Trade				
Virginia Employment Commission	7	4	0	0
Education				
Christopher Newport University	0	1	0	0
Department of Education	0	4	0	2
George Mason University	0	2	0	0
Longwood University	2	0	0	0
Norfolk State University	0	3	2	0
Old Dominion University	0	0	2	0
Richard Bland College	5	1	0	0
Southern Virginia Higher Education Center	1	0	0	0
The College of William and Mary in Virginia	0	2	0	0
University of Virginia	1	1	0	0
Virginia Commonwealth University	0	1	0	1
Virginia School for the Deaf and Blind	0	1	0	0
Virginia Community College System - Central Office	0	1	0	1
Blue Ridge Community College	0	1	0	0
Germanna Community College	0	0	0	1
John Tyler Community College	0	1	0	0
Mountain Empire Community College	0	0	0	1
Virginia Highlands Community College	0	2	0	0

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Executive Offices				
Attorney General and Department of Law	0	2	1	0
Finance				
Department of Accounts	1	0	0	0
Department of the Treasury	1	1	1	0
Health and Human Resources				
Department of Behavioral Health and Developmental Services	1	4	0	0
Department of Health	0	1	0	1
Department of Medical Assistance Services	1	2	0	1
Department of Social Services	3	0	0	0
Independent Agencies				
Virginia Lottery	0	0	2	0
Public Safety and Homeland Security				
Department of Alcoholic Beverage Control	0	0	0	1
Department of Corrections	0	0	0	1
Department of Emergency Management	0	0	1	0
Department of State Police	0	5	0	0
Transportation				
Department of Motor Vehicles	2	4	1	2
Department of Transportation	0	0	1	0
Veterans and Defense Affairs				
Veterans Services Foundation	0	0	1	0
TOTALS	27	51	13	15

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Status of Prior Audit Findings

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

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

Administration

Department of Elections (ELECT)
Audit Year: 2015

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

Finding 15-02: Improve Process for Payments for General Registrars and Electoral Boards
Status: 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's a cost benefit to the agency. It's anticipated that this review will be completed by December 31, 2017.
Status Summary: In Progress (Delayed)

Finding 15-03: Improve my VRS Navigator Reconciliation Processes
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Finding 15-04: Ensure Adequate Internal Controls Exist for Federal Reporting
Status: Reconciling completed. Reviewing procedures, with an anticipated grant close date in the first quarter of 2018.
Status Summary: In Progress (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)

Finding 15-03: Improve Oversight of Third-Party Service Providers
Status: Corrective action plan has been completed.
Status Summary: Completed (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: Analysis has been completed. 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)

Finding 16-04/15-04/14-02: Improve Controls over the Personnel Management Information System. **This is a Repeat Finding.**
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Agriculture and Forestry

Department of Agriculture and Consumer Affairs (VDACS)
Audit Year: 2016

Finding 16-01/13-01: Continue to Improve IT Risk Management and Contingency Planning. **This is a Repeat Finding**.
Status: The 2017 update to agency risk assessments, risk treatment plans, and BIA have been submitted to CSRM and approved. A work request for disaster recovery services was completed and submitted to VITA in early 2017. The agency's disaster recovery plan has been approved and signed by the Agency Commissioner. Initial disaster recovery testing occurred in June 2017, and will be done again each year in August as part of the COV disaster recovery test. Baseline configurations have been developed for all systems. Issues with system and data classification have been resolved.
Status Summary: Completed (On Schedule)

Finding 16-02: Improve Database Security
Status: VDACS will undertake planning to ensure recommended controls are in place for the agency enterprise database.
Status Summary: In Progress (On Schedule)

Finding 16-03: Improve Oversight of Third-Party Service Providers
Status: VDACS is refining the list of roles and responsibilities for third-party service providers. Policies addressing security oversight are being developed and tested.
Status Summary: In Progress (On Schedule)

Virginia Employment Commission (VEC)
Audit Year: 2016

Finding 16-01: Upgrade Unsupported Technology
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 (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: Common Control Risk Assessment has been completed. Work on the 10 Systems RAs for CY2017 has begun. Revised estimated completion date remains December 31, 2019.
Status Summary: In Progress (On Schedule)

Finding 16-03/15-06: Continue Improving Oversight over Third-Party Service Providers. **This is a Repeat Finding**.
Status: VEC has submitted its first WR for ECOS Assessment Review to VITA on one of VEC's third-party providers. If assessment goes well VEC will purchase ECOS for this one provider and complete this process for VEC's remaining third-party providers. Estimated completion date remains December 31, 2017.
Status Summary: In Progress (On Schedule)

Finding 16-05: Improve Change Management Process
Status: The Change and Configuration Management Plan was approved by the Commissioner on June 26, 2017. Although management considers this finding closed, VEC is leaving it open in the tracking system until APA completes their FY17 audit.
Status Summary: In Progress (Delayed)

Finding 16-06/15-04: Continue Improving Physical and Environmental Security. **This is a Repeat Finding**.
Status: The Bureau of Capital Outlay Management is evaluating to determine if it can be procured through the existing state contract, VEC has a preliminary quote if it is allowed. VEC expects a response soon. The Bureau also has to determine if it will lead the procurement or VEC in the event an RFP has to be issued. Estimated completion date remains December 31, 2017.
Status Summary: In Progress (On Schedule)

Finding 16-07: Improve Procedures related to Retirement Contributions
Status: VEC has made the necessary changes and it has been reviewed by internal audit and found to be resolved, however the complexity of some cases still takes longer than the target of one month to resolve. VEC expects this issue to be examined again by the APA.
Status Summary: In Progress (Delayed)

Finding 16-08: Submit Required Reports
Status: VEC has worked with the vendor on the controls and query logic used to prepare the ETA 581 This solution has been working. Revised estimated completion date is September 30, 2017.
Status Summary: In Progress (On Schedule)

Finding 16-09: Ensure Tax Wage Discrepancy Report is Complete
Status: VEC continues to work with the vendor in this area to analyze outcomes of its contingency plan for the best solutions. As this analysis continues, VEC has moved the estimated completion date to 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: Each information system security plan will incorporate a separation of duties matrix. Estimated completion date remains December 31, 2019.
Status Summary: In Progress (On Schedule)

Finding 16-11: Remove System Access Timely
Status: Continuing efforts to improve system access removal. Estimated completion date remains December 31, 2017.
Status Summary: In Progress (On Schedule)

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 developed a testing strategy for implementing the recommendations made by the APA in non-production environments. CNU is also working to consolidate user profiles to improve security. CNU is also in the process of distributing its annual access control review to approvers.
Status Summary: In Progress (Delayed)

Department of Education (DOE)
Audit Year: 2016

Finding 16-02: Improve Oversight and Review of Financial Reporting. **This is a Material Weakness**.
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

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)

Finding 16-07: Upgrade End-of-Life Technology. **This is a Material Weakness**.
Status: Corrective action plan has been completed.
Status Summary: Completed (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. Best practices and suggested next steps were discussed with Oracle consultants; and DBA staff attended Oracle Compliance security workshop in September 2017. Standards will be developed as part of the vendor consulting engagement.
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)

Longwood University (LU)*
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)

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 MoU 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 MoU 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)

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

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.
Status Summary: In Progress (Delayed)

Finding 16-04: Improve IT Asset Surplus and Sanitization Controls. **This is a Repeat Finding**.
Status: ITS has implemented procedures that align with the standards for Removal of Commonwealth Data from Electronic Media. In addition, NSU has procured a device that destroys hard drives and other types of media to ensure information is wiped or destroyed. The process is in place and effective. To date the university has realized substantial savings using this method in addition to ensuring assets are cleaned and data is removed.
Status Summary: Completed (On Schedule)

Finding 16-05: Comply with 1500 Hour Rule for Wage Employees
Status: The Department of Human Resources is running reports to monitor compliance with the 1500-hour regulation. Once employees reach 500 hours remaining HR contacts the employee and supervisors.
Status Summary: Completed (On Schedule)

Old Dominion University (ODU)
Audit Year: 2016

Finding 16-01: Ensure Return of Title IV Calculations are Accurate
Status: The date that is entered in Banner to reflect the last day of exams as the final day of the semester/term is being updated.
Status Summary: Completed (On Schedule)

Finding 16-02: Improve Enrollment Reporting Process
Status: Coordinated the schedule for National Student Clearinghouse with Financial Aid office to ensure that all updates to last date of attendance in Banner have been made prior to final submission for the applicable term.
Status Summary: Completed (On Schedule)

Richard Bland College (RBC)
Audit Year: 2015

Finding 15-01/14-02: Improve Controls over Financial Reporting. **This is a Repeat Finding**.
Status: GASB module implemented and used to build FY 2017 financial statements. Banner Finance module rebuilt as of July 1, 2017. GASB module implemented and used to build FY 2017 financial statements. Banner Finance module rebuilt as of July 1, 2017.
Status Summary: In Progress (Delayed)

Finding 15-02: Improve Controls to Information Systems
Status: Major steps have been taken to mitigate the issues, with many solutions already complete in FY 17 prior to the audit review of the prior year, including the patch management and versioning finding, which was by far the most significant. RBC estimates that the agency is currently about 80-85% complete on upgrades and process development that resolve issues. The remaining items will take longer because RBC does not currently have the personnel or financial resources to implement solutions.
Status Summary: In Progress (On Schedule)

Finding 15-03: Comply with the Department of Human Resource Management Policy for Wage Employees. **This is a Repeat Finding**.
Status: DOA Payroll Services were brought onboard in FY 2016. They provide monitoring of this and reports monthly.
Status Summary: In Progress (On Schedule)

Finding 15-04: Improve Controls over Expenditure Vouchers
Status: Many new desktop procedures and policies and procedures have been implemented as of September 30, 2017. Training sessions on travel related documentation has already been provided to numerous departments on campus.
Status Summary: In Progress (On Schedule)

Finding 15-05: Improve Controls over Small Purchase Charge Cards
Status: Many new desktop procedures and policies and procedures have been implemented as of September 30, 2017. Training sessions on travel related documentation has already been provided to numerous departments on campus.
Status Summary: In Progress (On Schedule)

Finding 15-06/14-03: Continue to Improve Information Security Program. **This is a Repeat Finding**.
Status: Major steps have been taken to mitigate the issues, with many solutions already complete in FY 17 prior to the audit review of the prior year, including the patch management and versioning finding, which was by far the most significant. RBC estimates that the agency is currently about 80-85% complete on upgrades and process development that resolve issues. The remaining items will take longer because RBC does not currently have the personnel or financial resources to implement solutions.
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: In order to strengthen SVHEC's fixed asset physical inventory procedures and related documentation, the Accounting Manager will review CAPP topics related to fixed assets each year so that the Manager remains abreast of all requirements. This will become a part of annual training. An employee from each department will be assigned to assist the Accounting Manager with physical inventory. Physical inventory for items valued < $5,000 will be completed on a cyclical basis (throughout the year) and the fixed asset spreadsheet updated accordingly. A physical inventory of fixed assets valued > $5,000 will be completed in April and May of each year and any necessary corrections made in FAACS prior to September 30th. The current fixed asset spreadsheets will be revised to add additional information to document dates of physical inventory and any findings. Assets that are fully depreciated will be noted on the fixed asset reports but will remain on FAACS if they are currently in use by SVHEC. SVHEC will notify DGS if there are items that are no longer needed and will follow their guidance for disposal. Procedures for tagging items will be reviewed and updated. An agency specific policy will be written governing physical inventory procedures and will be approved by the Chief Finance and Operations Officer.
Status Summary: In Progress (On Schedule)

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

> **Finding 15-02:** Improve the Reconciliation of Retirement Contributions. **This is a Repeat Finding**.
> **Status**: A new procedure for reviewing manual data entry into VNAV has been implemented during this quarter. Control of data integrity related to SNAPSHOT batch 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 Virginia (UVA/AD)
Audit Year: 2016

> **Finding 16-02/15-02:** Improve Controls for Granting and Restricting Elevated Workstation Privileges
> **Status**: UVA is continuing to test the proposed standard with representative units within UVA. The updated standard is estimated to be completed by August 20, 2017. Compliance with the new standard will be effective in 2018.
> **Status Summary**: In Progress (Delayed)
>
> **Finding 16-03:** Improve Security Awareness Training Program
> **Status**: UVA estimates completion of the policy updates by June 30, 2017. These policies include an annual training requirement. Compliance requirements with the new policy will be effective in 2018. The project to track and enforce training requirements was started in June 2017. The project will initially focus on completing initial training for those who have not received it. The next phase of the project will concentrate on the requirements for annual recurring training. Processes to track compliance and notify those not in compliance (and/or management) will be in place by December 2017. The start of the project to track and enforce training requirements has been delayed due to competing priorities, but is still expected to be completed by December 29, 2017.
> **Status Summary**: In Progress (On Schedule)

Virginia Commonwealth University (VCU)
Audit Year: 2016

> **Finding 16-01:** Continue Improving Mobile Device Security. **This is a Repeat Finding.**
> **Status**: Corrective action plan has been completed.
> **Status Summary**: Completed (Delayed)

Finding 16-02: Improve Oversight of Information Technology Third-Party Service Providers
Status: VCU developed a set of processes and plans 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 have communicated the processes and expectations to VCU fiscal administrators in August 2017. The first round of requests for updated SOC2 or comparable reports were issued to all identified service providers in September 2017. As of September 20, 2017, review of 2 service providers is complete.
Status Summary: In Progress (Delayed)

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

Finding 15-01: Document Firewall Policies and Procedures and Continue to Develop and Implement an Information Security Program. **This is a Repeat Finding**.
Status: A purchase order has been issued to execute the Compliance Action Plan that was previously completed. It is estimated to take about 1 year to complete.
Status Summary: In Progress (Delayed)

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

Finding 15-01: Improve Oversight of Information Technology Third-Party Service Providers
Status: Conversion of ISO program update is scheduled for completion on April 20, 2018.
Status Summary: In Progress (Delayed)

Finding 15-04: Improve Effectiveness of Administrative Information System Access Controls
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Blue Ridge Community College (BRCC)
Audit Year: 2015

Finding 15-01: Improve Compliance over Enrollment Reporting
Status: While portions of the NSC extract have been corrected, the VCCS System Office continues the process of modifying the logic for the extract. BRCC completes a manual process within 30 days from the end of each semester to supply the unofficial withdrawal data missing from the extract. Corrections were entered in January 2017, June 2017, and August 2017 for the Fall, Spring, and Summer semesters, respectively. BRCC will continue the manual process until the modified extract is available.
Status Summary: In Progress (Delayed)

Germanna Community College (GCC)
Audit Year: 2015

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

John Tyler Community College (JTCC)
Audit Year: 2015

Finding 15-01: Improve Compliance over Enrollment Reporting
Status: Since March 2017, JTCC has increased the number of times that the College reports to NSC. Additional communication and enforcement has been emphasized with faculty to report student non-attendance in a timely manner. Administration is taking steps to reduce the number of F grades given to students who should have been reported as withdrawn. The NSC extract generated by PeopleSoft to report enrollment was modified by VCCS on September 8, 2017, and is being used for Fall 2017 submissions. VCCS expects to complete modifications to the reporting of unofficial withdrawals and the home institution consortium agreement. The target date for completion remains December 31, 2017.
Status Summary: In Progress (Delayed)

Mountain Empire Community College (MECC)
Audit Year: 2015

Finding 15-03: Improve Compliance over Enrollment Reporting
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Virginia Highlands Community College (VHCC)
Audit Year: 2015

Finding 15-02: Improve Documentation of Policies and Procedures
Status: The manual has been updated to include 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, has created the need for additional refinement to the current policies and procedures manual. The estimated completion date has been extended until December 31, 2017.
Status Summary: In Progress (Delayed)

Finding 15-03: Improve Compliance over Enrollment Reporting
Status: VHCC IT staff have developed a query to identify all graduates who graduated in a term in which they had not enrolled. The query was needed as the VCCS System Office had not completed modifying the logic for the NSC extract. VHCC will manually correct the information in NSC to reflect the appropriate enrollment dates. The target date for completion remains December 31, 2017.
Status Summary: In Progress (Delayed)

Executive Offices

Attorney General and Department of Law (OAG)
Audit Year: 2016

Finding 16-01: Develop and Approve Backup and Restoration Policies and Procedures
Status: IT has developed and/or updated the policies surrounding the Backup and Restoration.
Status Summary: Completed (On Schedule)

Finding 16-02: Improve Physical and Environmental Security
Status: The room is currently being monitored by DGS, but no formal agreements have been designed or responsibilities outlined. ISO will work with DGS to formalize the agreements, document baselines, and agree on procedures should breaches of thresholds occur. Estimated completion date is October 30, 2017.
Status Summary: In Progress (Delayed)

Finding 16-03: Improve Firewall Management
Status: ISO will work with the Network Engineer to design a formal policy. Estimated completion date is October 30, 2017.
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: The FY 2017 financial reporting directives were modified to capture any identifying numbers assigned by pass-through entities. The directive submissions are being analyzed to verify the identifying numbers have been provided, and this information will be included in the draft SEFA provided to the APA in November 2017.
Status Summary: In Progress (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)

Finding 16-02: Improve myVRS Navigator Documentation and Procedures
Status: Corrective action plan has been completed.
Status Summary: Completed (On Schedule)

Audit Year: 2015

Finding 15-01: Improve Financial Reporting
Status: DOA has changed the fund type for Unclaimed Property from a Special Purpose Trust Fund to a Special Revenue Fund, the Unclaimed Property Fund. Treasury is completing the required new template(s)for the financial statements this fiscal year. Treasury is required to estimate the unclaimed property liability and has hired a consultant to assist in the calculation of the liability. Treasury has filed the completed financial statements for Unclaimed Property utilizing the new template.
Status Summary: In Progress (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 has engaged an external consulting company to assist with this audit finding (Gartner). The official start date was March 14, 2017. IT Governance Committee has been established at DBHDS Central Office.
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.
Status Summary: In Progress (On Schedule)

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.
Status Summary: In Progress (Delayed)

Finding 16-05: Improve SQL Database Security
Status: DBHDs has improved the SQL database security to a limit the technology allows. Once the outdated technology has been upgraded then work on this audit finding can continue. DBHDS has purchased a Database Security Tool (IDERA) and is in the process of implementing the application. After which, DBHDS will improve the security of each database. DBHDS is waiting for NG to configure two servers in order to finish implementation.
Status Summary: In Progress (Delayed)

Finding 16-06/15-11/14-04: Improve Access Controls over Financial Management System. **This is a Repeat Finding.**
Status: DBHDS is investigating Identity Access Management software ("IAM") to assist in remediating this audit finding. DBHDS has purchased the Identity Access Management Tool (Tools4Ever) and is in the process of implementing the application. There have been delays with the vendor, and implementation and testing have been delayed as a result.
Status Summary: In Progress (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)

Finding 16-09: Strengthen Subrecipient Monitoring Process
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Department of Medical Assistance Services (DMAS)
Audit Year: 2016

Finding 16-02: Perform Information Technology Review as Required
Status: The contractor, Assura, completed the security audit test work and provided audit points on September 25, 2017. Assura submitted the supporting work papers and the draft report for IA review on September 25, 2017. Once the report is approved, Assura/IA will submit it to IM and OCS for their review and hold an exit conference to discuss the audit findings. IM and OCS will have 30 days to respond to the draft report. Assura will issue the final report after IM and OCS provide a response.
Status Summary: In Progress (Delayed)

Finding 16-03/15-04/14-04: Correct Operating Environment and Security Issues Identified by their Security Compliance Audit*. **This is a Repeat Finding**.
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: DMAS is making good progress and are on target to meet the March 30, 2018 completion date.
Status Summary: In Progress (Delayed)

Department of Social Services (DSS)
Audit Year: 2016

Finding 16-01: Improve Database Security
Status: DSS DBAs implemented the SECURE_CONTROL settings in the VaCMS development environment, which caused an immediate outage. DBAs are working with Division of Enterprise Services to determine what services were impacted by the secure setting. Information Security is monitoring and working with DBA to identify the alternative security controls that will be acceptable. Account Review: DSS Information Security and Risk Management (ISRM) and Division of Information Systems (DIS) are working together to develop the account review process. The initial draft of the DSS Oracle 12c Schema document contains test scripts for account review. The DSS Logical Access Controls Policy will be updated to reflect the process once it has been through a review cycle. Password Requirements: DSS DIS Oracle team implemented the recommended password requirements into the VaCMS development environment, and are still testing functionality. Security recommends additional testing on smaller DSS systems (LASER or FAAS). Audit Options: DSS ISRM implemented the audit options for SYS.AUD$ in Oracle Audit Vault, and the result overwhelmed the log database. DIS is working to procure additional audit vault storage, and ISRM is looking to validate Audit Vault on a smaller subset. Dedicate Resources: On December 7, 2016, VDSS DIS initiated Service Request 1864 Oracle Environment Security Overhaul to address APA, CMS, and IRS findings. The group has been working together with ISRM on all of the database security recommendations for APA, IRS, and CMS findings.
Status Summary: In Progress (On Schedule)

Finding 16-02: Improve Policies, Procedures, and Plans for Backup and Restoration
Status: On May 1, 2017, ISRM provided Division of Information Systems (DIS) with a revised Business Impact Analysis-IT DR Priorities document with updated RTO/RPO. DIS will coordinate those requirements into the DR services from VITA. The next step is ISRM will work with DIS to verify that revised VITA/NG DR services align with BIA.
Status Summary: In Progress (On Schedule)

Finding 16-03: Improve Oversight of Third Party Service Providers
Status: In December 2016, VITA implemented the Enterprise Cloud Oversight Services (ECOS) and this service applies to any contract that involves hosting of sensitive data or providing third-party hosted solution that is critical to an agency Mission Essential Function. ECOS will meet or exceed the APA Management Point recommendation.
Status Summary: In Progress (On Schedule)

Independent Agencies

Virginia Lottery (VAL)
Audit Year: 2016

Finding 16-01: Improve Application and Database Controls over the Dynamics AX Financial System
Status: Corrective action plan has been completed.
Status Summary: Completed (On Schedule)

Finding 16-02: Improve IT Risk Management Controls
Status: Corrective action plan has been completed.
Status Summary: Completed (On Schedule)

Public Safety and Homeland Security

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

Finding 16-02: Improve Web Application Security
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Department of Corrections (DOC)
Audit Year: 2015

Finding 15-02: Manage Offender Trust Accounts in Accordance with Requirements
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Department of Emergency Management (DEM)
Audit Year: 2016

Finding 16-01: Strengthen Internal Controls over Time and Effort Reporting for Federal Grants
Status: Corrective action plan has been completed.
Status Summary: Completed (On Schedule)

Department of State Police (VSP)
Audit Year: 2014

Finding 14-01: Improve Motor Vehicle Inspection Program Web Application Security
Status: SLAIT report has been finalized. The Mandiant study kicked off on September 18, 2017 and is underway. The study will conclude mid-October 2017 with final reports being delivered in the months to follow. Mandiant reports will provide recommendations on tools necessary to secure the environment. AV on Linux finding – installation is complete.
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. The statewide wireless project has been kicked off, the rollout priority has been defined and site surveys are being scheduled.
Status Summary: In Progress (Delayed)

Finding 14-06: Improve Fixed Asset Internal Controls and Processes
Status: Asset Tracking (AIMS phase 2) is underway. MAPPER data extracts and requirements clarifications continue. 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: The Property and Finance Division has asked Oracle to perform a best practice review (OEBS STEPS) of current billing and accounts receivable processes. Also consideration of using Agency Use Field 1 to track agency specific grant project information which will be recorded through Time and Labor when Cardinal Payroll is implemented for VSP to assist with automating the billing processes for work zones and private security agreements. No further update at this time.
Status Summary: In Progress (Delayed)

Audit Year: 2011

Finding 11-01: Upgrade Unreliable and Unsupported Infrastructure Devices
Status: SLAIT report has been finalized. The Mandiant study kicked off on September 18, 2017 and is underway. The study will conclude mid-October 2017 with final reports being delivered in the months to follow. Mandiant reports will provide recommendations on tools necessary to secure the environment.
Status Summary: In Progress (Delayed)

Transportation

Department of Motor Vehicles (DMV)
Audit Year: 2016

Finding 16-01: Improve Controls over Financial Reporting. **This is a Material Weakness.**
Status: Corrective action plan has been completed.
Status Summary: Completed (On Schedule)

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: Multiple databases, applications, and operating systems have had security baselines applied. Since this process has a high probability of causing a service disruption its being handle following DMV's SDLC process with multiple iterations of testing.
Status Summary: In Progress (Delayed)

Finding 16-04/15-04: Continue to improve IT Software Maintenance and Management Controls. **This is a Repeat Finding**.
Status: Significant progress has been made in the upgrade/removal of unsupported software in the environment. There's still a number of systems that due to their complexity are taking longer to migrate.
Status Summary: In Progress (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. Expectation is to start the project by the end of 2017.
Status Summary: In Progress (Delayed)

Finding 16-06: Improve Data Backup and Restoration Procedures
Status: Corrective action plan has been completed.
Status Summary: Completed (Delayed)

Finding 16-08: Improve Internal Controls over Small Purchase Charge Card Processing
Status: Significant progress has been made in SPCC assessments, policies, and procedures. Training has been completed. All supporting documentation has been maintained.
Status Summary: In Progress (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.
    Expectation is to start the project by the end of 2017.
    Status Summary: In Progress (On Schedule)

    Finding 15-08: Create Processes for Review and Assessment of Third Party Vendors' Controls
    Status: Corrective action plan has been completed.
    Status Summary: Completed (Delayed)

Audit Year: 2013

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

Department of Transportation (VDOT)
Audit Year: 2016

    Finding 16-03: Continue to Develop and Implement Formal IT Hardening Policies and
    Procedures. **This is a Partial Repeat Finding.**
    Status: Corrective action plan has been completed.
    Status Summary: Completed (On Schedule)

Veterans and Defense Affairs

Veterans Services Foundation (VSF)
Audit Year: 2016

    Finding 16-01/15-01: Improve Internal Controls over Donations. **This is a Repeat Finding.**
    Status: VSF became its own agency effective July1, 2017. As a result of that, all donations for
    the VSF are now collected, deposited and entered into Cardinal at the Veterans Services
    Foundation Office, which is co-located with the Department of Veterans Services HQ. Since
    checks are no longer handled in the field or at Care Centers, all donation acknowledgment (thank
    you) letters will now be sent and retained by the Foundation office. This solution was discussed
    with APA during the 2016 audit exit conference and or corrective action was acceptable to them.
   **Status Summary**: Completed (On Schedule)

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Annual Summary of APA Audit Findings

The Auditor of Public Accounts issued 43 audit reports in fiscal year 2017. These 43 audits covered 79 Executive Branch agencies. Of these reports, 25 reflected no internal control weaknesses or compliance findings. The APA identified 178 audit findings that cited internal control weaknesses and instances of noncompliance. In fiscal year 2016, 34 of 49 issued reports contained 188 total findings.

Category	New Findings	Repeat Findings	Total Findings
General Information Technology Security	57	25	82
Federal Programs and Grants Accounting	29	3	32
Payroll and Leave Accounting	15	8	23
Financial Accounting Systems and Reporting	14	3	17
Fixed Assets	6	5	11
Expenditures and Procurement	8	-	8
Miscellaneous	1	2	3
Cash Receipts and Revenue	1	1	2
	131	**47**	**178**

Statewide Findings by Category
FY 2015 - FY 2017 Comparison
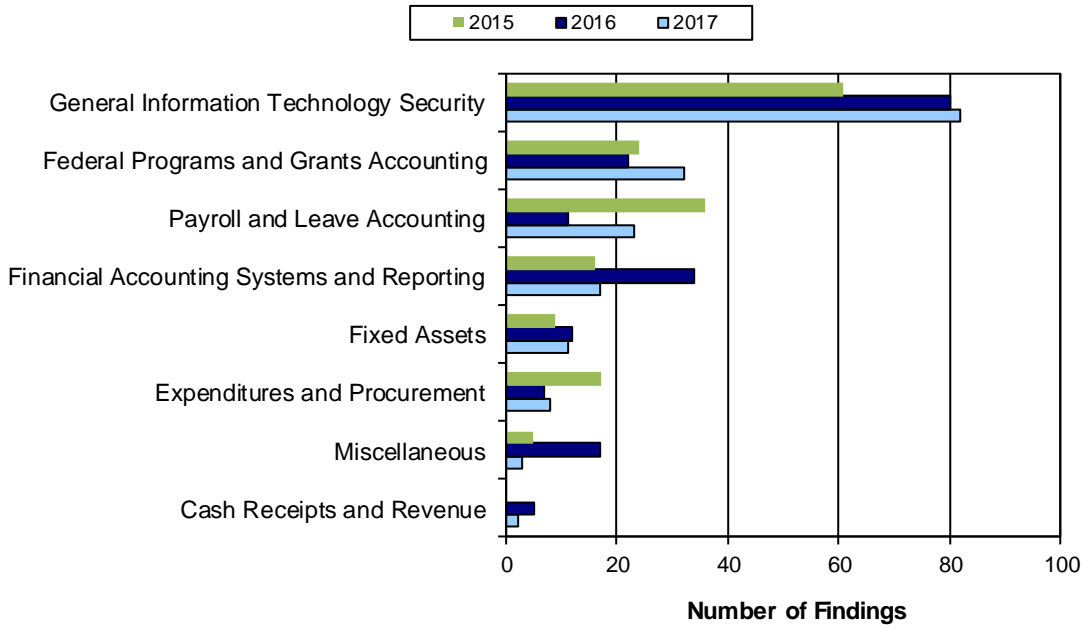
Compliance Monitoring

Agency Risk Management and Internal Control Standards (ARMICS) Compliance

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

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

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

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

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

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

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

As of September 30, 2017, the following agencies were not in compliance with the ARMICS process based on their 2017 ARMICS submission:

Agency Name	Reason for Non-Compliance	Quarterly Corrective Action Plan Received	Status of Corrective Action
Department of Criminal Justice Services	Exhibit 4 Filed	Yes	Agency states corrective action will be completed by November 15, 2017.
Frontier Culture Museum of Virginia	Exhibit 4 Filed	Yes	Agency states corrective action will be completed by June 30, 2018.
Library of Virginia	Exhibit 4 Filed	Yes	Agency states corrective action will be completed by June 30, 2018.
State Council of Higher Education for Virginia	Exhibit 4 Filed	Yes	Agency states corrective action will be completed by June 30, 2018.
Virginia Racing Commission	Exhibit 4 Filed	Yes	Agency states corrective action will be completed by February 28, 2018.

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

Agency Name	Reason for Non-Compliance	Quarterly Corrective Action Plan Received	Status of Corrective Action
Department of Criminal Justice Services	Substantial non-compliance with ARMICS process based on a QAR.	Yes	In process. Agency initially stated corrective action will be completed by September 30, 2017. Revised completion date to November 15, 2017. Quarterly status update received.
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.

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

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

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

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

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

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

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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 first 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

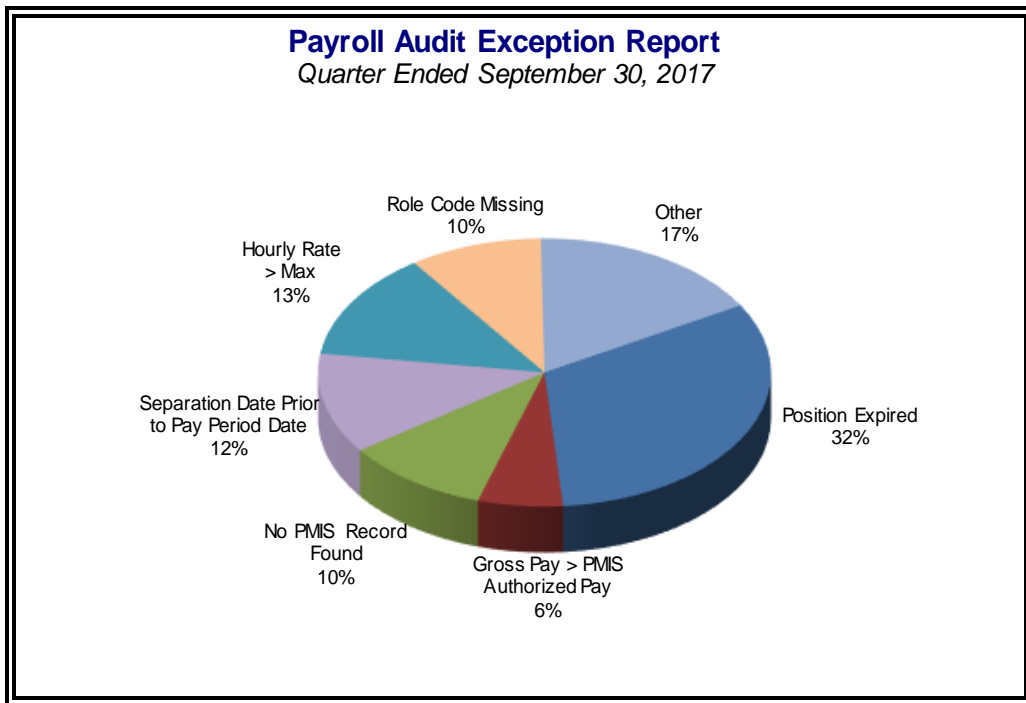| Agency by Secretarial Area	Quarter Ended September 30, 2017	Fiscal Year 2018 To-date Charges
Education		
Virginia Military Institute	$10.00	$10.00
Eastern Shore Community College	$5.00	$5.00
Judicial		
Magistrate System	$50.00	$50.00
Circuit Courts	$120.00	$120.00
General District Courts	$175.00	$175.00
Juvenile and Domestic Relations District Courts	$60.00	$60.00
Public Safety and Homeland Security		
Department of Emergency Management	$10.00	$10.00
Virginia Correctional Enterprises	$5.00	$5.00

Payroll Controls

CIPPS/PMIS Payroll Audit

During the quarter, DOA's automated comparison of payroll (CIPPS) and personnel (PMIS) records examined 400,228 salaried pay transactions and 94,405 wage pay transactions. The comparison is performed following each payday and is designed to identify discrepancies between authorized salary/wage amounts in PMIS and amounts paid in CIPPS. There were 3,385 new exceptions noted statewide during the quarter, with an overall exception rate of 0.02%

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

was 0.10%. During this quarter, 13 employee paychecks were reduced to recover $3,466.33 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.

Payroll Audit Exception Report
Quarter Ended September 30, 2017

- Role Code Missing 10%
- Other 17%
- Hourly Rate > Max 13%
- Position Expired 32%
- Separation Date Prior to Pay Period Date 12%
- No PMIS Record Found 10%
- Gross Pay > PMIS Authorized Pay 6%

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 September 30, 2017.

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

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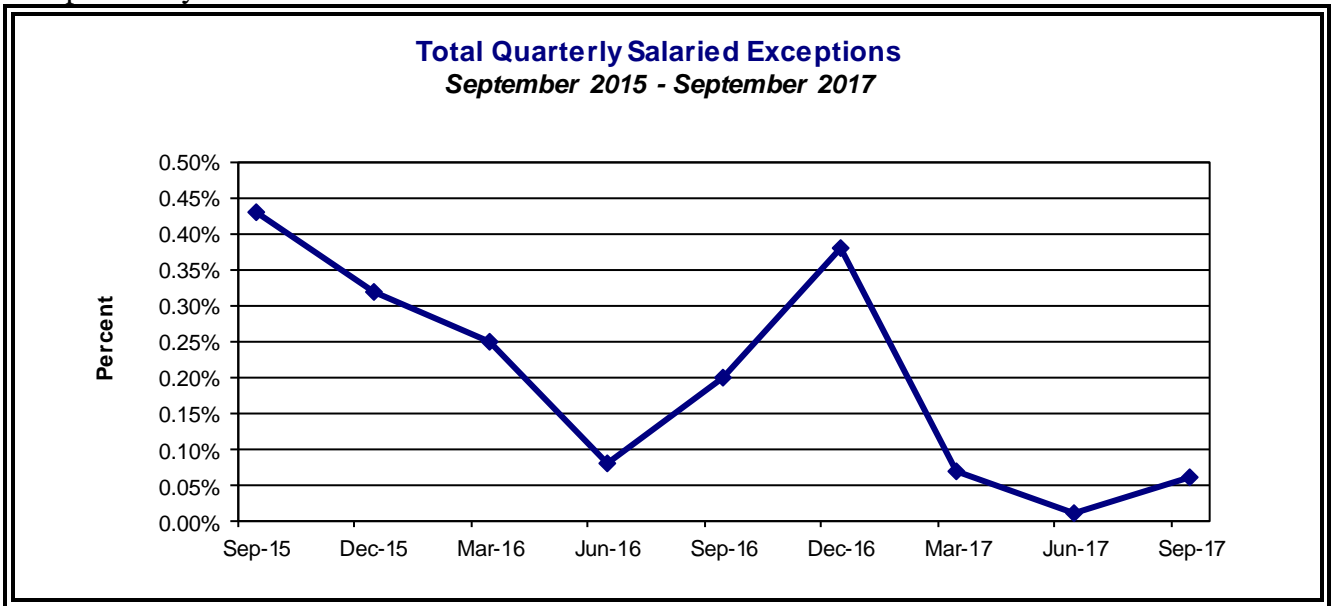
The following chart compares payroll exceptions as a percentage of wage payments by quarter for the past two years.

Total Quarterly Wage Exceptions
September 2015 - September 2017

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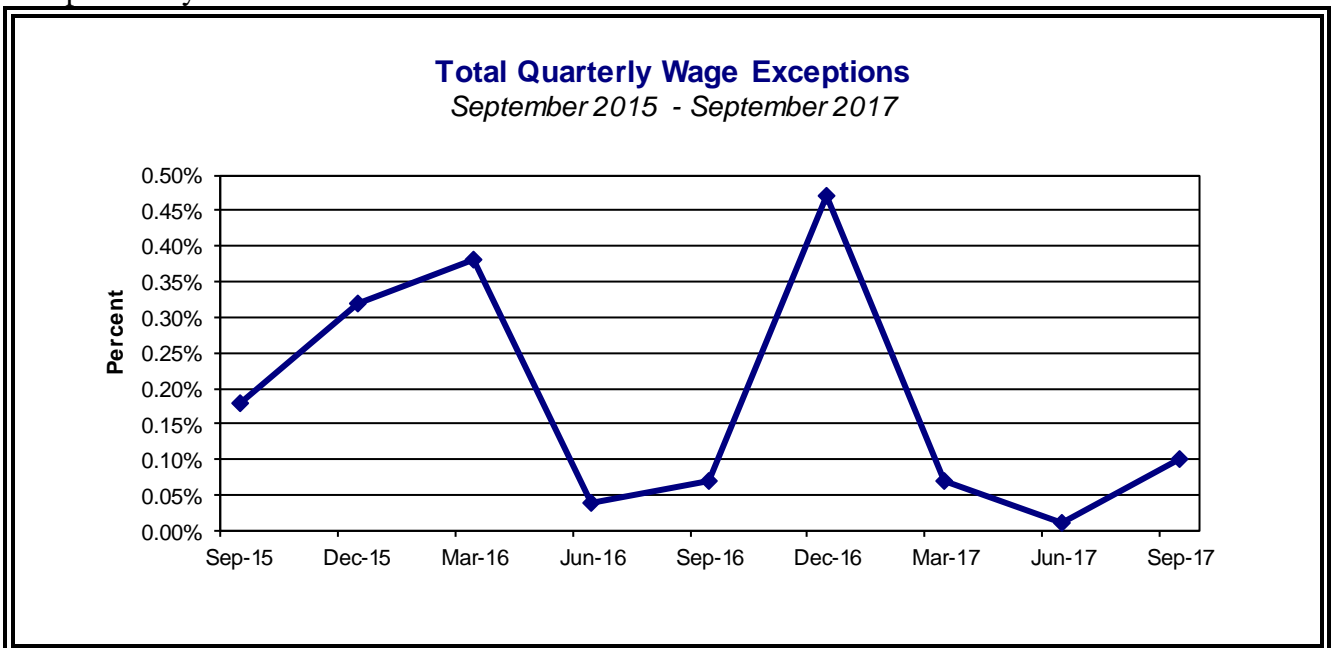
CIPPS/PMIS Exceptions

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

Agency	Unresolved Exceptions
Education	
Paul D. Camp Community College	3
Piedmont Virginia Community College	2
Lord Fairfax Community College	6
Sitter & Barfoot Veterans Care Center	4
Department of Alcoholic Beverage Control	3

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

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

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

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

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

Payroll Certification Compliance

Agency	Variance Amount (a)	Performed by DOA (b)	Submitted Late (c)	Corrected by DOA (d)
Education				
Germanna Community College				2
New River Community College		1		
Virginia State University	$23,682			
VSU - Cooperative Extension and Agricultural Research Services	30,951			
Health and Human Resources				
Catawba Hospital	50,772	1		
Central State Hospital	54,094			
Department of Health	57,553			
Hiram Davis Medical Center	81,185			
Southwestern Virginia Mental Health Institute	34,449			
Public Safety and Homeland Security				
Department of Alchoholic Beverage Control	1,146,099			
Sussex Two State Prison	36,910			
Virginia Correctional Enterprises	1,970,390			
Transportation				
Department of Transportation	35,145			
Veterans and Defense Affairs				
Sitter-Barfoot Veterans Care Center			1	

Columns show the following:

(a) Variance in dollars for agencies whose certified amounts varied from actual computed amounts if the variance is more than $20,000 for any payrolls processed during the quarter or the explanation for gross pay difference was submitted late.

(b) The number of times DOA had to perform the certification function for the agency due to inadequate agency back-up.

(c) The number of certifications that were submitted or altered later than the daily deadline.

(d) The number of times DOA made corrections to agency certifications during the quarter.

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

Health Care Reconciliations
as of September 30, 2017

Agency	Incomplete*	Errors*	Late
Piedmont Virginia Community College			2
Red Onion State Prison			1
The Science Museum of Virginia			1
Virginia College Savings Plan			1
Virginia Veterans Care Center			1

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

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