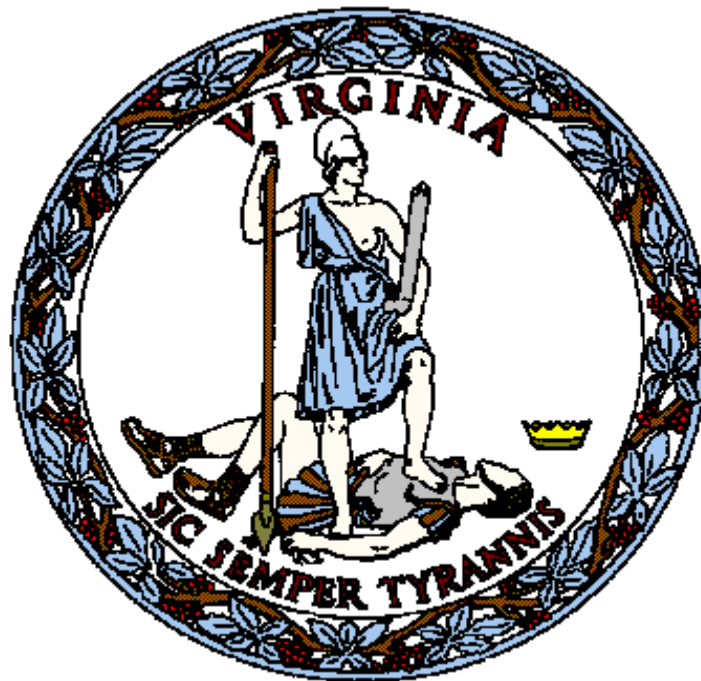


# **REPORT ON STATEWIDE COMPLIANCE**

**FOR THE QUARTER ENDED  
DECEMBER 31, 2019**



**OFFICE OF THE COMPTROLLER**

**DEPARTMENT OF ACCOUNTS**

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## STATEMENT OF PURPOSE

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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, 2019, and comparative FY 2019 data.

David A. Von Moll, CPA, CGFM  
Comptroller



Virginia Department of Accounts  

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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, 2019*

The APA issued 2 reports covering 3 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
<b>Administration</b>				
None				
<b>Agriculture and Forestry</b>				
None				
<b>Commerce and Trade</b>				
None				
<b>Education</b>				
University of Virginia <sup>(1)</sup>	5	2	7	YES
<b>Executive Offices</b>				
None				

	New Findings	Repeat Findings	Total Findings	CAW Received
<b>Finance</b>				
None				
<b>Health and Human Resources</b>				
None				
<b>Independent Agencies</b>				
Virginia Lottery	0	1	1	YES
<b>Natural Resources</b>				
None				
<b>Public Safety and Homeland Security</b>				
Virginia Alcoholic Beverage Control Authority	2	1	3	YES
<b>Technology</b>				
None				
<b>Transportation</b>				
Virginia Port Authority <sup>(2)</sup>	0	0	0	N/A
<b>Veterans and Defense Affairs</b>				
None	0	0	0	N/A

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

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



*Audit Findings - Quarter Ended December 31, 2019*

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

**Education**

*University of Virginia*

1. Improve Security Awareness Training Program. **This is a Partial Repeat Finding.**
2. Improve Patient Accounting, Billing, and Management System Segregation of Duties. **This is a Repeat Finding.**
3. Improve Segregation of Duties Controls over the Payroll and Human Resources System
4. Ensure Completion of the Commonwealth's Retirement Benefits System Reconciliation Process
5. Improve Process for Terminating Access to the Commonwealth's Retirement Benefits System
6. Develop Policies and Procedures to Ensure Compliance with Conflict of Interest Act Requirements
7. Improve Timesheet Approval Process

**Independent Agencies**

*Virginia Lottery*

1. Improve Server Operating System Security. **This is a Repeat Finding.**

**Public Safety and Homeland Security**

*Virginia Alcoholic Beverage Control Authority*

1. Improve Logical Access Controls for Users with Privileged Access. **This is a Repeat Finding.**
2. Improve Database Security
3. Improve Security Awareness Training Program



***Risk Alerts – Quarter Ended December 31, 2019***

No “Risk Alerts” were issued.

***Special Reports – Quarter Ended December 31, 2019***

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

2019 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, 2019

Report to the Joint Legislative Audit and Review Commission for the quarter July 1, 2019 through September 30, 2019

The APA issued the following “Special Reports” that contained management recommendations:

Cycled Agency Transfer Payment Review – Fiscal Year 2018

Review of Chapters 759/769 Bond Issuance Limit – Fiscal Year 2019

Review of the Department of General Services’ Capital Outlay and Maintenance Reserve Project Accounting – November 2019

Review of Department of General Services’ Tenant Project Management Services – October 2019

Revenue Reserve Fund Calculations for the year ended June 30, 2019

Revenue Stabilization Fund Calculations for the year ended June 30, 2019

Virginia Commission for the Arts – October 2019

***Other Audit Reports – Quarter Ended December 31, 2019***

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

Department of General Services’ Bureau of Real Estate Services for the year ended June 30, 2019

Hampton Roads Transportation Accountability Commission for the year ended June 30, 2019



Virginia529 for the year ended June 30, 2019

Virginia Commercial Space Flight Authority for the year ended June 30, 2019

Virginia Economic Development Partnership for the year ended June 30, 2019

Virginia Resources Authority for the year ended June 30, 2019

Virginia Tobacco Settlement Financing Corporation for the year ended June 30, 2019

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

Fort Monroe Authority for the year ended June 30, 2019

***Internal Control Questionnaire Reviews - Quarter Ended December 31, 2019***

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

Department of Forensic Science Internal Control Questionnaire Review Results as of September 2019

GENEDGE Alliance Internal Control Questionnaire Review Results as of June 30, 2019

Library of Virginia Internal Control Questionnaire Review Results as of July 2019



**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 General Services	0	0	0	2
Department of Human Resource Management	0	3	0	1
<b>Commerce and Trade</b>				
Virginia Employment Commission	1	0	3	0
<b>Education</b>				
Department of Education	0	3	0	0
Christopher Newport University	0	1	0	1
George Mason University	0	0	2	0
Longwood University	0	0	9	0
Norfolk State University	0	3	1	2
Radford University	0	1	1	0
Richard Bland College	1	0	1	4
Southern Virginia Higher Education Center	0	1	0	0
The College of William and Mary in Virginia	0	0	1	0
The Science Museum of Virginia	0	0	1	0
University of Mary Washington	0	1	2	0
University of Virginia Medical Center	0	1	0	1
Virginia Community College System – Central Office	2	0	2	0
Virginia Community College System – Shared Service Center	0	0	5	0
Central Virginia Community College	0	0	1	6
Dabney S. Lancaster Community College	0	0	0	1
Germanna Community College	1	0	4	0
J. Sargeant Reynolds Community College	0	0	1	1
Lord Fairfax Community College	0	0	11	3
New River Community College	1	0	4	0
Northern Virginia Community College	0	1	6	1
Patrick Henry Community College	0	0	5	0

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Paul D. Camp Community College	0	0	0	1
Piedmont Community College	0	0	12	0
Rappahannock Community College	0	0	0	4
Tidewater Community College	1	0	4	0
Virginia Western Community College	0	0	1	2
Virginia Military Institute	0	1	0	0
Virginia Museum of Fine Arts	0	2	1	0
Virginia School for the Deaf and the Blind	1	0	0	0
Virginia State University	3	0	7	3
<b>Executive Offices</b>				
Attorney General and Department of Law	0	0	0	2
<b>Finance</b>				
Department of the Taxation	0	1	1	1
Department of the Treasury	0	0	1	1
<b>Health and Human Resources</b>				
Department of Aging and Rehabilitative Services	1	1	2	0
Department of Behavioral Health and Developmental Services	0	5	0	0
Department of Health	0	3	0	0
Department of Medical Assistance Services	1	1	0	0
Department of Social Services	2	7	1	0
Department of the Blind and Vision Impaired	8	0	1	0
Department for the Deaf and Hard-of-Hearing	1	0	1	0
Virginia Board for People with Disabilities	1	0	1	0
<b>Independent Agencies</b>				
State Corporation Commission	1	0	2	0
<b>Natural Resources</b>				
Department of Game and Inland Fisheries	0	0	5	0
<b>Public Safety and Homeland Security</b>				
Department of State Police	0	19	0	1
Virginia Alcoholic Beverage Control Authority	0	1	0	0
<b>Transportation</b>				
Department of Motor Vehicles	0	1	0	0
<b>Veterans and Defense Affairs</b>				
Department of Veterans Services	0	0	4	0
<b>TOTALS</b>	<b>26</b>	<b>57</b>	<b>104</b>	<b>38</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 General Services (DGS)**

**Audit Year: 2018**

**Finding 18-02:** Improve Preparation Procedures for Attachment 11

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

**Status Summary:** Completed (Delayed)

**Audit Year: 2015**

**Finding 15-01:** Improve Information Security Program

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

**Status Summary:** Completed (Delayed)

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

**Audit Year: 2018**

**Finding 18-01:** Improve Controls over Financial Reporting

**Status:** Several members of DHRM's Finance staff attended the AICPAS webinar on GASB 75 Best Practices in OPEB Accounting and Auditing. Finance has another training to attend within a month or so and continues to look for new training. Deadline established for FY19 is proved to be not adequate to the reporting requirement. A new deadline will be given to the actuary for FY20 to allow ample time for internal review and adjustment before APA's review timeline. FY20 GASB 75 Allocation Percentage provided to actuary in November to start the GASB report process of the new FY.

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

**Finding 18-03/17-01/16-03/15-03/14-01:** Improve Web Application Security Controls. **This is a Partial Repeat Finding.**

**Status:** DHRM has taken steps to make the necessary changes but these efforts have uncovered additional issues that now require further investigation and testing.

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

**Finding 18-05:** Review and Document Service Organization Control Reports of Third-Party Service Providers

**Status:** Finance has a draft review procedure that will be finalized by October 15, 2019. SOC Reports by Service organization vendors are usually finalized towards the end of October. SOC report reviewed by DHRM for FY19 and a contract has been approved for Keiter to review SOC report in FY20 on behalf of DHRM.

**Status Summary:** Completed (Delayed)

**Audit Year: 2017**

**Finding 17-05:** Improve Database and Application Security

**Status:** DHRM has taken steps to make the necessary changes but these efforts have uncovered additional issues that now require further investigation and testing.

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

## Commerce and Trade

### Virginia Employment Commission (VEC)

**Audit Year: 2018**

**Finding 18-01/17-03/16-03/15-06:** Continue to Improve Oversight over Third-Party Service Providers. **This is a Repeat Finding.**

**Status:** All three vendors (GeoSol, VI, and C2T) are now under ECOS. VEC reviews monthly ECOS reports and annual SOC 2 reports. This finding is considered closed.

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

**Finding 18-02/17-02/16-02/15-03/14-03:** Complete IT Risk Assessments and Define System Boundaries. **This is a Repeat Finding.**

**Status:** Risk assessments with system boundary diagrams completed for all sensitive systems. This finding is considered closed.

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

**Finding 18-03/17-04:** Continue to Improve Database Security. **This is a Repeat Finding.**

**Status:** Database logging is now in place for Oracle database activities. This finding is considered closed.

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

**Audit Year: 2016**

**Finding 16-10/15-05:** Document Separation of Duties of Individuals for Mission Critical Systems. **This is a Repeat Finding.**

**Status:** VEC is working on a Separation of Duties (SoD) matrix for each mission essential system. VEC IT group is working on program that will provided Roles for an application/system. The estimated completion date remains December 31, 2019.

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

## Education

### Department of Education (DOE/COO and DOE/DAPE)

**Audit Year: 2018**

**Finding 18-07/17-11/16-06:** Continue Improving Database Security. **This is a Repeat Finding.**

**Status:** The agency is still on contract with Atos through VITA to determine the capabilities of the Commonwealth SIEM tool; however, the agency is also exploring alternative solutions outside of VITA that would be managed by the agency.

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

**Audit Year: 2015**

**Finding 15-03:** Continue to Improve Information Security Policies and Procedures. **This is a Repeat Finding.**

**Status:** The agency is still on contract with Atos through VITA to determine the capabilities of the Commonwealth SIEM tool; however, the agency is also exploring alternative solutions outside of VITA that would be managed by the agency.

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

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

**Status:** The agency is still on contract with Atos through VITA to determine the capabilities of the Commonwealth SIEM tool; however, the agency is also exploring alternative solutions outside of VITA that would be managed by the agency.

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

### **Christopher Newport University (CNU)**

**Audit Year: 2018**

**Finding 18-01:** Improve Web Application Security

**Status:** Banner Self-Service was migrated to RHEL-7 and Tomcat in Development in August of 2019 with an ETA to push to the Production environment no later than February 4, 2020. Mitigates the risk of the depreciated protocols. Mitigates the risk of the insecure cipher suites. Oracle Instances in PPRD/DEV and TEST were patched to v 12.1.0.2.0. System Software and Patching Standard has been submitted for Executive Steering Committee approval on September 26, 2019. Hardening guidelines for Windows Server and RHEL and system applications such as IIS and Apache Tomcat are currently being developed in accordance with industry standards with eta for completion February 4, 2020.

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

**Finding 18-02:** Develop and Implement Information Security Policies

**Status:** Four new draft standards and two new forms have been completed and submitted to Executive Steering Committee for review/approval on September 26, 2019: Network Firewall Standard, Remote Access Standard, Security Monitoring and Logging Standard, Staff VPN Form, Vendor VPN Form, System & Software Security Patching Standard

**Status Summary:** Completed (Delayed)

### **George Mason University (GMU)**

**Audit Year: 2018**

**Finding 18-01:** Improve Compliance over Enrollment Reporting

**Status:** Sent the final summer 2019 "Degree Verify" and "Grad Only" files in October. Identified technical glitch in "Grad Only" file that necessitated review of NSC Graduated enrollment files. Will continue to review files as needed.

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

**Finding 18-05:** Update Policies and Procedures to Ensure Compliance with Statement of Economic Interest Requirements

**Status:** Human Resources, CDE and the President's Office have implemented this process.

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

### **Longwood University (LU)**

**Audit Year: 2018**

**Finding 18-01:** Improve Financial Reporting Processes. **This is a Material Weakness.**

**Status:** Longwood is implementing the following steps to ensure that the proper oversight and training occur for future financial statement preparation: Beginning June 6, 2019, weekly meetings will occur between the Fixed Asset Accountant, Financial Statement Accountant and Associate VP for Finance & Administration to review/discuss the financial statement project plan, GASB guidance, financial statement entries and upcoming due dates. Beginning June 6, 2019, all due dates will be revised to ensure that adequate time is available for review of the information for accuracy. FY 19 financial statements will also be reviewed by external consultants for accuracy. Staff will continue to utilize the applicable lists and training offered through FOCUS along with direct correspondence with financial reporting staff at other higher education institutions when questions regarding financial statement entries or presentation arise. Policies and procedures will be reviewed during the FY 19 financial statement preparation process and updated as appropriate.

The search process for additional staff with the appropriate expertise and knowledge will begin immediately.

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

**Finding 18-02: Strengthen Internal Controls over Capital Assets. This is a Material Weakness and a Partial Repeat Finding.**

**Status:** Longwood University has updated procedures as outlined in the management letter comment. We reviewed our procedures, comparing to other universities, and accounting guidance to resolve the items addressed in the management letter comment. The Fixed Asset Accountant will continue to attend Fiscal Officers of Colleges and Universities State Supported (FOCUS) meetings and utilize the FOCUS Fixed Asset Listserv to obtain training and guidance related to capital asset financial reporting. The capital asset management software conversion to comply with GASB financial reporting standards is completed. The capital asset management software will provide the amounts for fiscal year 2019 financial statement reporting of capital assets. Accounts Payable staff and Capital Design & Construction staff received guidance to ensure that accounts payable amounts and retainage payable amounts will be correct in future financial statements.

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

**Finding 18-03: Improve Database Security and Information System Access Controls. This is a Material Weakness and a Repeat Finding.**

**Status:** Longwood has removed unauthorized access to system and implemented a reporting process to alert of system changes.

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

**Finding 18-04: Continue to Improve Oversight of Third-Party Service Providers. This is a Repeat Finding.**

**Status:** A process has been implemented to systematically onboard service providers products, to review compliance issues and to implement risk management.

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

**Finding 18-05: Continue to Improve Continuity of Operations Planning. This is a Repeat Finding.**

**Status:** Longwood has made progress in reviewing the COOP and is correcting the plan to better align with standard process.

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

**Finding 18-06: Improve Information Security Policies and Procedures**

**Status:** Policies and Procedures have been reviewed and changes submitted in adherence to University Policy.

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

**Finding 18-07: Improve Firewall Security**

**Status:** Current procedures have been reviewed and implementation of improved procedures are being implemented

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

**Finding 18-08: Improve Reporting to the National Student Loan Data System**

**Status:** Longwood will institute various Quality Control Review (QCR) processes to monitor the accuracy of enrollment reporting. Responsibility for QCR will be shared between the Financial Aid and Registrar's Offices. To ensure that the effective date of enrollment status changes in NSLDS match Longwood records, the Financial Aid Office and Registrar's Office will review policies and procedures related to unofficial withdrawals to ensure communication and coding are accurate. The Registrar's Office will review the records with inconsistent dates and determine the appropriate corrective action. The National Student Clearinghouse (NSC) will be engaged for troubleshooting should we find incorrect dates. To ensure that Longwood enrollment status matches NSLDS enrollment status, a second enrollment file will be sent at the end of each term after all students are graduated, and before the enrollment file for the following term is sent. This will result in an accurate enrollment status for graduated students.

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

**Finding 18-09:** Properly Process Title IV Refund Calculations

**Status:** To ensure that Longwood properly processes and calculates Title IV refunds, Longwood has two staff members in the Financial Aid Office performing withdrawal calculations. Both will perform calculations, and then conduct quality control checks of the other's work. Moving forward both staff members, the Director of Financial Aid, and the Registrar will review the calendar start, end, and break dates before processing withdrawals for each term. The Financial Aid Office and Registrar's Office will meet to review policies and procedures to ensure proper communication and coding occurs in any situation that results in a withdrawal, official or unofficial.

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

**Norfolk State University (NSU)**

**Audit Year: 2018**

**Finding 18-01:** Improve Controls over Fixed Asset Inventory

**Status:** NSU Controller's office has conducted the fixed asset inventory. The results of the inventory are being documented within the University financial system as part of the year-end close process.

**Status Summary:** Completed (Delayed)

**Finding 18-02:** Improve Processes for Employment Eligibility

**Status:** Human Resources has been actively working to improve the I-9 record system. Human Resources has created files for each employee hired FY 2019. We performed an audit and currently we have completed I-9 forms for every full-time employee that was hired in FY 2019. We are now in the process of auditing the wage employee I-9's, which will be completed by January 10, 2020.

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

**Finding 18-04:** Properly Process Title IV Refund Calculations

**Status:** The Financial Aid Office has followed the outlined process for 10-week and final grading reports from the Registrar's Office for both fall 2018 and spring 2019 semester. Copies of the 10-week and final unofficial information are kept in student records and in the Internal Audit Findings notebook. The monitoring of 10-week and final grading reports will continue to be monitored to ensure that unofficial withdrawal are processed in compliance with federal guidelines. The Financial Aid Office will continue to monitor students who withdrawal (officially and unofficially) between data reported between the NSU's Student information System, the National Clearinghouse and NSLDS is being reported accurately.

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

**Finding 18-06:** Improve Compliance over Enrollment Reporting. **This is a Repeat Finding.**

**Status:** The Financial Aid Office has conducted a random sampling of students who withdrew from the University (officially and unofficially), graduated and who did not return from fall 2018 to spring 2019 to ensure that student enrollment verification status and dates matches in both the National Clearinghouse and on the National Student Loan Database System (NSLDS). In addition, both the Financial Aid and Registrar's Offices received submissions and errors emails from the Clearinghouse. NSU complies with the reporting timeline administered by the Clearinghouse. The ARMICS coordinator in the University's Controllers Office also receives notifications when a file is uploaded to the NSLDS. Financial aid concluding sampling of students who withdraw from the University (officially or unofficially on September 30, 2019). Designated staff members will continue the efforts of monitoring student enrollment verification data between NSU submissions and the Clearinghouse and NSLDS.

**Status Summary:** Completed (Delayed)



## **Audit Year: 2017**

**Finding 17-01/16-01:** Improve Information Security, Risk Management and Contingency Programs. **This is a Repeat Finding.**

**Status:** Office of Information Technology (OIT), formerly ITS, is working with VITA ISO to ensure alignment with ITRM SEC501-10 (IT Security Standard). Security Policy updates are still in progress.

OIT internal impact analysis is complete and being entered into the Archer system with the assistance of the VITA ISO assigned to Norfolk State University. A review of Business Impact Analysis (BIA) results demonstrated the need for further details from organizations external to OIT so follow-up is being conducted with each organization to ensure compliance. These results were obtained as a result of the VITA ISO validation process. As previously noted, first phase of the risk assessment is underway and the Continuity of Operations Plan (COOP) will be driven by the results of the completed assessment. OIT is receiving monthly visits from NSU's VITA ISO representative.

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

**Finding 17-03/16-03/15-02:** Continue to Upgrade or Decommission End-of-Life Technology. **This is a Repeat Finding.**

**Status:** OIT has initiated a campus wide internal discussion on IT governance and centralized management of all IT assets in support of IT asset refresh planning. Expected results are centralized defined process and procedures; enforced baselines; and enhanced IT asset visibility. The following IT projects are under development in support of upgrades and decommissioning end-of-life technology: IT Asset Audit / Win 7 eradication, Server Infrastructure Refresh Plan, and Wireless Heat Map Assessment / Infrastructure Upgrade.

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

## **Radford University (RU)**

### **Audit Year: 2018**

**Finding 18-01/18-02:** Improve Compliance over Enrollment Reporting

**Status:** Internal validation is still be conducted. This item will not be marked complete until validation has occurred. In addition, the Registrar's Office is still working with Financial Aid to determine the best policy and procedure to ensure effective dates are not overridden in NSLDS due to submission batch data. A process has been identified; however final testing cannot be conducted until the fall 2019 term ends and processing can occur to be validated.

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

**Finding 18-03:** Improve Database Security

**Status:** The Division of IT has prioritized resources to ensure that the review of database configuration settings will improve the security profile. This has been completed and verified.

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

## **Richard Bland College (RBC)**

### **Audit Year: 2018**

**Finding 18-01/17-01/16-01/15-01/14-02\*:** Improve the Financial Reporting Process: **This is a Material Weakness and a Repeat Finding.**

**Status:** Work continues (along with W&M staff) with respect to evaluating, updating and/or creating appropriate policies, procedures and processes around the financial reporting process to include internal controls. Simultaneously with this, we are also looking at the BANNER system set-up and functionality to ensure effective, efficient and accurate use of RBC ERP system. We have made necessary modifications to RBC chart of accounts and we have completed the implementation of the Banner Fixed Assets Module. Also, we have re-organized the Finance Department and have filled several positions with highly skilled professionals. We have created and implemented a comprehensive year-end checklist to ensure completeness of work necessary to create comprehensive year-end financial reports. While much progress has been made, work will continue into and likely through FY20.

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

**Finding 18-02/17-02/16-13:** Strengthen Internal Controls over Capital Assets. **This is a Material Weakness and a Repeat Finding.**

**Status:** RBC has strengthened internal controls over Capital Assets.

**Status Summary:** Completed (Delayed)

**Finding 18-03/17-03:** Improve Controls Surrounding the Reconciliation between Richard Bland's and the Commonwealth's Accounting and Financial Reporting Systems. **This is a Repeat Finding.**

**Status:** RBC has improved controls surrounding the reconciliation between RBC's and the Commonwealth's Accounting and Financial Reporting Systems

**Status Summary:** Completed (Delayed)

**Finding 18-05:** Perform IT Security Audits over Sensitive Systems

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

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

**Finding 18-08:** Strengthen Internal Controls over Federal Cash Management. **This is a Repeat Finding.**

**Status:** A process has been developed and implemented which includes a reconciliation. This ensures the drawdown is equal in total to student disbursements. The procedure has been documented.

**Status Summary:** Completed (Delayed)

#### **Audit Year: 2017**

**Finding 17-10:** Develop Procedures for Proper Accrual of Accounts Payable

**Status:** RBC complies with and adhere to DOA's year-end financial reporting directives related to recording the accrual of A/P liabilities.

**Status Summary:** Completed (Delayed)

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

**Audit Year: 2016**

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

**Status:** Building renovations began in August 2019 and are still ongoing. Some assets had to be moved to temporary locations. SVHEC is continuing to update SVHEC inventory listings. This will be an ongoing process.

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

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

**Audit Year: 2018**

**Finding 18-01:** Improve Oversight over IT Third-Party Service Providers

**Status:** Provider Oversight Policy and procedures have been revised and approved. Reviews of Third Party Providers have been completed.

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

#### **The Science Museum of Virginia (SMV)**

**Audit Year: 2018**

**Finding 18-01:** Improve Processes and Controls over Employment Eligibility

**Status:** SMV updated its current procedures to include all required employment eligibility practices in accordance with the U. S. Citizenship and Immigration Services guidelines and communicated the updated procedures to employees.

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

**University of Mary Washington (UMW)**

**Audit Year: 2018**

**Finding 18-01:** Conduct Information Technology Security Audits on Sensitive Systems. **This is a Repeat Finding.**

**Status:** UMW has engaged an outside IT audit firm to audit IT infrastructure and related controls. This will be complete before the end of fiscal year 2020. The same firm will also complete IT security audits of other systems in fiscal year 2021.

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

**Finding 18-02:** Improve Security Awareness Training

**Status:** Role-based security awareness training was implemented in March 2019 to faculty and staff. Information Technology continues to implement new security awareness training across campus.

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

**Finding 18-03:** Comply with Federal Regulations for Documentation of Employment Eligibility

**Status:** Training for HR staff was completed last quarter. Resources have been identified for the audit of all I-9 forms. Financial Aid/Student Employment staff training will take place this quarter.

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

**University of Virginia Medical Center (UVAH)**

**Audit Year: 2018**

**Finding 18-02/17-03:** Improve Oversight of Third-Party Service Providers. **This is a Repeat Finding.**

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

**Status Summary:** Completed (Delayed)

**Finding 18-04:** Improve Patient Accounting, Billing, and Management System Segregation of Duties

**Status:** Per the matrix and document previously provided, the Medical Center continues to implement the processes in order to demonstrate appropriate segregation of duties within the Patient Billing system, therefore strengthening internal controls within the Medical Center, while minimizing risk.

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

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

**Audit Year: 2018**

**Finding 18-01:** Encourage Community Colleges and the Shared Services Center to Control System Access

**Status:** VCCS-CO has developed additional tools for use by the colleges to better enable System Access following best practices. One such tool is the A/5 Role Reference guide that provides Security Administrators and the colleges' functional managers with a listing of all available roles within the accounting system and notes potential Segregation of Duties conflicts that will occur if roles are combined. A second tool that has been developed and published to the Colleges is the A/5 Role Navigation guide that displays page navigation by roles for the accounting system. Similar tools have been developed for the student information system. In addition, the System Office continues to support the College Security Administrators with quarterly Web Training and Support Calls. The System Office provides daily support to the Colleges through the use of VCCS-CO Ticketing System. Questions about System Access can be submitted to the System Office for guidance using the ticketing system at any time by any VCCS employee. The question of excess user access must be addressed at the college level since the security model for enterprise systems is for decentralized user access control. The System Office empowers the Security Administrators at each college with permissions that allow them to assign/ remove user roles. Privileged user Roles are controlled and monitored to prevent excess access. All user accounts are to be reviewed on an annual basis to further prevent excess access. For five of these organizations the System

Office oversees this review directly through the Information Security Shared Services program. The untimely deletion of inactive and terminated user accounts is likewise controlled at the College level. This issue can be best addressed by fostering communications between the College Security Administrator and the College's Human Resources Department. The System Office will continue to work with various stakeholders, including community college personnel, Shared Services and internal audit, to develop detailed and useful reference tools to ensure that managers over the various systems establish and maintain appropriate systems access levels. The System Office will continue to work to develop reference tools that provide guidance for management of the community colleges and VCCS-SSC justifying why conflicting access is necessary and to guide the design and implementation of compensating controls based on the Systems Security Standards. The System Office will continue to educate and monitor operations to ensure the community colleges and the Shared Services Center align employee access with employee work profile responsibilities to eliminate conflicting or unnecessary access to maintain least privilege and adequate segregation of duties. The System Office will also leverage the implementation of the Shared Services Center to help colleges grant appropriate access levels based on the coordination of accounting and business functions between the colleges and VCCS-SSC.

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

**Finding 18-02:** Continue Improving Vulnerability Mitigation Efforts. **This is a Partial Repeat Finding.**

**Status:** Acknowledging specific control weaknesses and compliance references communicated in a separate document to management marked Freedom of Information Act Exempt (FOIAE) under §2.2-3705.2 of the Code of Virginia, the VCCS offers the following remedies in response: ITS will continue to improve vulnerability mitigation efforts by implementing a new technical vulnerability management process and software tool to identify, investigate, and mitigate technical vulnerabilities. The new software tool has proven to be more accurate in initial testing than the present tool. This will allow system administrators to discover and remediate vulnerabilities in a timely manner and take necessary corrective actions to meet the current standards for technical vulnerability management.

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

**Finding 18-03:** Improve Web Application Security

**Status:** Acknowledging specific control weaknesses and compliance references communicated in a separate document to management marked Freedom of Information Act Exempt (FOIAE) under §2.2-3705.2 of the Code of Virginia, the VCCS offers the following remedies in response: complete an upgrade to the web application to mitigate known information security risks in compliance with the VCCS Information Security Program. Planning for this upgrade is currently ongoing with project completion expected by the end of second quarter FY21. On target for completion on or before December 31, 2020.

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

**Finding 18-04/17-04:** Continue to Complete a Risk Assessment for Each Sensitive System. **This is a Partial Repeat Finding.**

**Status:** On target for completion on or before March 31, 2020

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

**Virginia Community College System – Shared Service Center (VCCS-SSC)**

**Audit Year: 2018**

**Finding 18-01:** Ensure Proper Processing and Approval of Vouchers

**Status:** VCCS-SSC Travel and Expense (T&E) team developed and implemented a new policy in approving lodging reimbursements that were not pre-approved by the appropriate authority in April 2018. Effective April 11, 2018, a memo was sent to the colleges reiterating that all higher lodging exceptions must be approved in advance by the respective agency head and not after travel has begun. The T&E Team was instructed to NOT approve higher lodging reimbursements which were not approved by the Agency Head (or Designee), prior to the travel start date, unless there was an "emergency" travel situation.

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

**Finding 18-02:** Perform a Proper Evaluation and Analysis of System Access Levels

**Status:** VCCS-SSC Proper system access and control over those accesses is a vital part of system security. VCCS-SSC understands the potential impact and risks that improper access to systems can have on VCCS-SSC agencies' financials as well as payroll and human resources systems. The following corrective actions will be taken. Policies and procedures have been developed and implemented to ensure the timely termination of the employees in the Commonwealth's accounting and financial system. HR and Fiscal employees have been trained on the procedures to ensure that they are followed and that terminated employees' access is removed immediately. In order to ensure only those needing access into the system's administrative system, the onboarding procedures have been updated to ensure access is no longer generically granted based upon role codes, but instead granted based upon position responsibility. The Onboarding employees have been trained on the new procedure. To ensure access is appropriate, an access report has been requested to be produced monthly, and sent for review by the Finance Operations Line Manager. Access will be verified with the Department Supervisor. A procedure for review of the system's administrative system access and removal of access has been developed and appropriate employees in the HR Finance area have been trained on the new procedure. In order to ensure dual access to the Commonwealth's HR and Payroll Systems do not occur, HR and Payroll will review access reports together monthly. Any dual access will be terminated immediately. HR has been trained that the Payroll Specialist should not be granted update access to the Commonwealth's HR system. Payroll Security Officer has been trained that HR should not be granted update access in the Commonwealth's payroll system.

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

**Finding 18-03:** Ensure Contracts Are Valid and Current

**Status:** VCCS-SSC has already began a new solicitation process being aware that Lord Fairfax had allowed a service provider contract to expire in 2016. The services contained within the scope of this contract are required to be serviced through the mandatory source Department for the Blind and Vision Impaired (DBVI) unless waived by DBVI. Shared Services requested a waiver from DBVI and was not granted the waiver. VCCS-SSC has appealed on behalf of Lord Fairfax and is awaiting response. While waiting for this response, Lord Fairfax is analyzing the opportunity to bring the scope of this service in-house. Additionally, VCCS-SSC has identified a gap of functional support for contract deliverables beyond the scope of college contract administrator functions. VCCS-SSC has outlined the functional requirements and has assigned an internal individual to develop this functional implementation within VCCS-SSC. If a new revenue contract is entered into with a vendor, then VCCS-SSC will look to these new contract management processes to ensure compliance.

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

**Finding 18-04:** Obtain Information Needed to Enforce Revenue Contract Deliverables

**Status:** VCCS-SSC reviewed the contract deliverables immediately upon notification that the contracts between a service provider and Germanna Community College required completion of performance contract administration activities. VCCS-SSC obtained the data from the vendor and calculated the commission payments for the years FY17 and FY18. The results of the calculations were that zero commissions payable due to below threshold sales. Additionally, VCCS-SSC has identified a gap of functional support for contract deliverables beyond the scope of college contract administrator functions. VCCS-SSC has outlined the functional requirements and has assigned an internal individual to develop this functional implementation within Shared Services. Additionally, VCCS-SSC has identified a gap of functional support for contract deliverables beyond the scope of college contract administrator functions. VCCS-SSC has outlined the functional requirements and has assigned an internal individual to develop this functional implementation within VCCS-SSC.

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

**Finding 18-05:** Ensure Vendors Are Aware of Special Instructions and Automated Processes Work as Intended

**Status:** VCCS-SSC began sending an auto response to vendors when an invoice was received in the Accounts Payable inbox in September 2018. This was an effort to assist vendors with knowing what a valid invoice is and what VCCS-SSC would accept. VCCS-SSC does not include any special instructions to the vendors on how to remit their invoices outside of VCCS-SSC physical and email address in the bill. The terms and conditions are the general Terms and Conditions in the Agency Procurement and Surplus Property Manual. A special term in the comments would be a change request that would have to be submitted to the Division of Purchases and Supply and CGI.

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

### **Central Virginia Community College (CVCC)**

**Audit Year: 2018**

**Finding 18-01:** Reconcile Financial Aid Activity to Federal Systems. **This is a Repeat Finding.**

**Status:** Hired highly qualified Financial Aid Director, replaced and added staff in the financial aid office, established procedures and documentation, and verified validity of procedures with APA.

**Status Summary:** Completed (Delayed)

**Finding 18-02:** Improve Reporting to National Student Loan Data System. **This is a Repeat Finding.**

**Status:** When NSC data file generation process was corrected, CVCC followed standard procedures for generating the file and delivering to NSC. Manual processes were followed in the interim.

**Status Summary:** Completed (Delayed)

**Finding 18-03:** Properly Process Title IV Refund Calculations

**Status:** The 2018 holiday calendar was not initially entered correctly in the student information system. Upon discovery, the calendar was corrected and the Return of Title IV processes were re-run and the records identified as needing correction were corrected and resubmitted to COD. CVCC will continue to monitor this process to ensure that the calendar days used in the Title IV Calculation is accurate.

**Status Summary:** Completed (Delayed)

**Finding 18-04:** Return Unclaimed Aid to Department of Education

**Status:** The Business Manager has developed a procedure to ensure that checks that are written by the service provider are cancelled timely and the funds returned to ED. Both CVCC and service provider will monitor uncashed checks to ensure that they are addressed before the 240 day cutoff. Specifically, the service provider has implemented a new process to use their system to track uncashed checks and return them to the colleges within the 240 days. CVCC will monitor this process to ensure that checks are returned and will contact the students to try to resolve the uncashed checks before the 240 day deadline. Any remaining checks will be returned to ED by the deadline. The financial aid department will adjust the student's awards for any unused funds, returning the funds to COD before the 240 day period expires.

**Status Summary:** Completed (Delayed)

**Finding 18-05:** Improve Cash Management Procedures

**Status:** The Business Office implemented a monthly G5 reconciliation process in 2017 that strengthened CVCC reconciliation processes. The new reconciliation processes were reviewed at that time and determined to be sufficient. A new Business Manager was hired and all required federal student aid reconciliations were completed since implementation of the new process. Despite these process improvements during 2017-2018, the reconciliations did identify excess cash that was noted in the audit finding. Staff were working with ED to return the funds, who had also noted the excess cash within their systems. The error was due to a miscalculation within a drawdown during December 2017 and it was identified by the internal controls provided by the new reconciliation process. CVCC had corrected this and funds were returned to ED although the return of funds did not occur within three days because CVCC staff were cautiously attempting to pinpoint

the source of the excess funds. CVCC has the appropriate reconciliation procedures in place to properly calculate drawdowns, complete reconciliations, and identify overdraws. Additionally, staff have been advised of the importance of obtaining timely supervisory reviews and approvals of the reconciliations as the reconciliation process is not complete until it receives final approval.

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

**Finding 18-06:** Perform Monthly Bank Reconciliations

**Status:** Staff will ensure that reconciliations are completed and verified by supervisory review by the end of the month in which the bank statement is received. The two cited reconciliations were complete within five to six weeks after the end of the month which was two weeks beyond the target window for completion. The Business Manager is responsible for confirming that reconciliations are being performed in a timely manner. Since April 2019, electronic approvals have been used that timestamp the date and time of approval to avoid the possibility of inadvertently not dating the reconciliation.

**Status Summary:** Completed (Delayed)

**Finding 18-07:** Improve Reporting to the Common Origination and Disbursement System

**Status:** The instances of non-compliance observed were the result of one single mistake when initial Originations and subsequent Disbursements were delivered to COD timely but were rejected causing non-compliance. Two additional full-time staff members were hired in the financial aid department, one of which has the specific responsibility for sending Originations and Disbursements.

**Status Summary:** Completed (Delayed)

### **Dabney S. Lancaster Community College (DSLCC)**

**Audit Year: 2018**

**Finding 18-01:** Improve Reporting to National Student Loan Data System

**Status:** The Admissions and Records Group at the System Office and NSC became aware of enrollment reporting errors occurring between the two systems. Dabney S. Lancaster Community College (DSLCC) was notified by System Office that the enrollment reporting issue occurring with the batch process reporting to the National Student Clearinghouse had been resolved on May 11, 2018. In order to confirm that the reporting issues have been resolved, it has become part of the DSLCC Financial Aid Calendar to double check R2T4 worksheets from the previous semester (to allow time for the enrollment reporting transmission schedule) to what is shown in NSLDS. The Financial Aid Coordinator has also implemented a quality control review process in which the R2T4 students are verified. Included in this review process is the confirmation that the "Effective Date" shown in NSLDS is congruent with the withdrawal date on the R2T4 worksheet.

**Status Summary:** Completed (Delayed)

### **Germanna Community College (GCC)**

**Audit Year: 2018**

**Finding 18-01:** Develop and Document Policies and Procedures for Operationalizing Payroll and Human Resource Functions

**Status:** Processes and Procedures are being updated to incorporate the change in processing related to the Shared Services Center (SSC) who now processes GCC payrolls. Once the procedures have been updated, they will be submitted to the GCC AVP of HR for review/approval. All process and procedure documentation is on target to be complete on or before June 30, 2020.

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

**Finding 18-02:** Remove System Access No Longer Necessary to Perform Job Duties

**Status:** The Beginning in Fall 2018, GCC convened a Task Force to develop improved processes for system access comprised of the Vice President of Administrative Services, the Vice President of Student Services, the Associate Vice President for Human Resources, the Associate Vice President of Workforce Development, the Director of Finance, GCC Registrar, the Information Security Officer, an Information Technology Specialist, and an academic dean. The following actions were taken as a result of this Task Force to mitigate security risks and ensure compliance.

Process for granting, modifying or revoking access has been clarified, documented, and disseminated to the college community. Data Owners were assigned for each functional area and multiuser system. Beginning Spring 2019, GCC Registrar along with the Information Technology department have commenced a thorough review of all access levels to perform job responsibilities in different functional areas and are adhering to the principle of least privilege when granting or modifying access. New access profiles have been created to align with the minimum level of access required. The annual access review has been modified to identify employees that require access modification or revocation.

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

**Finding 18-03:** Improve Payroll Document Retention

**Status:** GCC is still examining the many ways additional compensation is requested and approved and has already begun using appropriate forms for the approval of additional payments. The GCC payroll resource audits all documents submitted and seeks confirmation of final approval prior to payments being made. This provides payroll a source document for back-up to all payments being made.

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

**Finding 18-04:** Develop and Implement Policies and Procedures for Employee Terminations

**Status:** The findings from this audit occurred prior to a significant overhaul of processes. Beginning in Fall 2018 (FY19), GCC started to develop improved processes for system access due to a task force comprised of the Vice President of Administrative Services, the Vice President of Student Services, the Associate Vice President for Human Resources, the Associate Vice President of Workforce Development, the Director of Finance, GCC Registrar, the Information Security Officer, an Information Technology Specialist, and an academic dean. The following actions have been implemented as a result of this Task Force to mitigate security risks and ensure compliance.

Off-boarding process for employees separating from GCC have been clarified, documented and disseminated. This process for all separations are initiated by notifying Human Resources and ends with access revocation. A projected end date process via GCC in-house system CICO (Check In – Check Out) has been modified effective fall 2018 to assist in timely access removal allowing employees access removal based on the “end” date entered in the system which is monitored by Application Support Team members in conjunction with Human Resources Team. Beginning Spring 2019, GCC Registrar along with the Information Technology department have commenced a thorough review of all access levels to perform job responsibilities in different functional areas and are adhering to the principle of least privilege when granting or modifying access. New access profiles have been created to align with the minimum level of access required. HR Staff will follow up to ensure all checklist items are completed when employee is terminated in all systems. The annual access review has been modified to identify employees that require access modification or revocation.

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

**Finding 18-05:** Document Justification for Prepaying Expenses

**Status:** When an invoice is properly approved following established order and receiving procedures, GCC considers the expenditure both justified and beneficial to GCC. Most of the prepaid items fall under CAPP Manual topic 20310 paragraph Allowable Advance Payments: Written Contracts, Leases, or Agreements. This paragraph encourages but does not require monthly or quarterly invoicing. Prepaid items are often annual maintenance contracts which is the preferred vendor invoice period. Most prepaid items are facility lease payments where the commitments are long-term and there is low risk of bankruptcy or non-performance, and where the continued occupancy of the leased space is essential to providing student services and the mission of GCC. GCC made a diligent effort to watch for prepayments extending longer than a year. GCC will continue to watch for and enforce this policy. GCC has updated documented procedures used to determine that the prepayments are in compliance with CAPP Manual Topic 20310, as well as the process for the proper adjustment of prepaid amounts when services are partially performed in the current year. The process for adjustment includes a template to calculate the portion of the payment which is prepaid. Those processes will be enforced and followed in the preparation of



state schedules submitted to the System Office. The GCC Payments Policy 30320 that governs advance payments has been updated accordingly.

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

**J. Sargeant Reynolds Community College (JSRCC)**

**Audit Year: 2018**

**Finding 18-01:** Improve Direct Loan Reconciliations

**Status:** JSRCC hired a Director of Financial Aid and an Assistant Director of Financial Aid in spring 2018 to ensure the effective operation of the Office of Financial Aid. Specifically to ensure compliance and timely reconciliation of student loans, the Office of Financial Aid also hired a Student Loan Coordinator who is responsible for reconciling Direct Loans on a monthly basis, as required by the Department of Education. The Loan Coordinator imports monthly reports from COD into the student information system. The Loan Coordinator electronically stores the Direct Loan Reconciliation Reports monthly, as well as provides a hardcopy of the “worked” Reconciliation Report to the Director of Financial Aid for recordkeeping. The “worked” Reconciliation Report records action taken and date. The procedures for reconciling Direct Loans have been updated and is being adhered to by the Student Loan Coordinator.

**Status Summary:** Completed (Delayed)

**Finding 18-02:** Resolve Federal Department of Education Findings

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

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

**Lord Fairfax Community College (LFCC)**

**Audit Year: 2018**

**Finding 18-01:** Ensure Staff Transmits Sensitive Information Securely

**Status:** Human Resources staff were trained on encrypting emails and proper data protection by Information Technology Officer Security Specialist in June 2019. The Chief Human Resources Officer followed up with an email to HR staff on requirements to utilize encryption for sensitive data. LFCC does have a policy and policies and procedures in place and will be redeployed to all LFCC employees.

**Status Summary:** Completed (Delayed)

**Finding18-02:** Ensure Staff Responsible for Fixed Asset Inventory Receive Training

**Status:** Management will provide training to the Administrative and Office Specialist to ensure compliance with the Commonwealth CAPP Manual. LFCC will also update internal policies and procedures to ensure the accurate classification and tracking of items within the asset management system. LFCC will undertake a complete physical inventory by the end of FY20 to ensure all items are located and accounted for properly.

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

**Finding18-03:** Ensure Adequate Staffing to Provide for Proper Separation of Duties over the Cash Collection Process

**Status:** LFCC is adding additional staff resources to the business office in July 2019. This individual's duties will not include collecting or posting funds to accounts, or entering deposits into the accounting system. One of the new employee's duties will be to make the daily deposit, thus providing a compensating control between the collection point and the entry of the deposit into the accounting system. The Finance Director will serve as a back-up when the new employee is unavailable.

**Status Summary:** Completed (Delayed)

**Finding 18-04:** Ensure Proper Capitalization of Fixed Assets

**Status:** Management will provide training to the Administrative and Office Specialist to ensure compliance with Commonwealth CAPP Manual Topic 30305. LFCC will also update internal policies and procedures to ensure the accurate classification and tracking of items within the asset management system. LFCC plans to do a complete physical inventory by the end of FY20 to

ensure all items are properly recorded in the system of record. Additionally, LFCC has developed a form to be filled out by shipping/receiving to document equipment items as well as items over \$5,000. The Administrative and Office specialist will then enter the info in the system and assign a tag number to the asset. The form then goes to the business office for another person to verify the information is entered in the system and double checks the entries for accuracy.

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

**Finding 18-05:** Improve Effectiveness of System Access Controls

**Status:** LFCC will track the Virginia Community College System's administrative system and the Commonwealth's accounting and financial reporting system users via security groups in Active Directory. When a user account is disabled as part of the off boarding process, the Information Security Officer will automatically receive an e-mail if they had VCCS system/Commonwealth system access to ensure that access is removed promptly. Additionally, quarterly reviews of the VCCS's system and the Commonwealth's system users for employment change and proper tracking in the above-mentioned groups as well as an annual review that will include supervisor sign-offs on access have been scheduled.

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

**Finding 18-06:** Review Leave Liability Report for Accuracy

**Status:** In addition to following the validation steps newly outlined in the leave liability instructions, the Payroll Analyst will review the leave balance for each employee before the leave liability reporting is being performed.

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

**Finding 18-07:** Improve Documentation for Small Purchase Charge Cards

**Status:** During FY18, LFCC was without a Procurement Officer due to the transition to Shared Services. During this time the VP of Financial Administrative Services was overseeing the small purchase card usage. After determining that Shared Services would not be taking over all small purchase card usage, it was determined that there was a need for a procurement specialist on campus. LFCC has now assigned the purchase card oversight to a certified Virginia Contracting Associate who is knowledgeable of the documentation requirements for Small Purchase Charge Cards as well as the reconciliation process that is completed monthly.

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

**Finding 18-08:** Identify and Report Leases to Support the System's Financial Statements

**Status:** In the past when invoices were paid from the business office the accounts payable clerk had the ability to see each invoice and manage the leases properly. Since Shared Services is now paying many invoices without the business office seeing the invoice, LFCC are unable to track these items without the assistance of the buyers. Moving forward, LFCC will communicate to all buyers to report any expenditures which would be considered a lease to the business office. LFCC will develop a spreadsheet to track all leases as well as assist in calculating future liabilities. Year-end analysis will be performed to evaluate the general ledger account coding to investigate other potential leases.

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

**Finding 18-09:** Develop Policies and Procedures for Adjunct Employees without an Active Contract

**Status:** Adjunct faculty are employed to teach less than a normal faculty load or teach less than a full session on a semester by semester or summer term basis. Adjunct faculty are a contingent and fluid workforce that are designed to help meet the instructional and dynamic needs of LFCC automatically termed from employment as they may be needed again in a short period of time. Description of the actions that will be taken. LFCC will document internal procedures to include: send quarterly reminders requiring supervisors of adjunct faculty and wage employees to notify HR of adjunct faculty and wage employee terminations as soon as decided, the Payroll Analyst will run quarterly reports to identify adjuncts who have been inactive for three or more semesters. Off boarding will automatically be launched for these individuals so that IT will be notified to deactivate system access and ensure property is retrieved, and the Payroll Analyst will run monthly reports to identify wage employees inactive for three or more pay periods. Off boarding will automatically be

launched for these individuals so that IT will be notified to deactivate system access and ensure property is retrieved

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

**Finding 18-10:** Maintain Proper Documentation for System Access Termination

**Status:** A server will be setup to collect logs that are automatically generated by the Domain Controller whenever an account is created, changed, disabled, or deleted. These logs will show when an action was carried out on the server and to which user account they apply.

System Access Records: this series documents user permissions and access to information within a system. This series may include but is not limited to: a list of users with access to personally identifiable information (PII); documentation of access; and changes to user accounts and access rights per Code of Virginia § 2.2-3803. Retain 3 years after termination of user access, date of list, or until personal information is purged, whichever is shorter, then destroy per Code of Virginia § 2.2-3803.

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

**Finding 18-11:** Maintain Documentation for Federal Aid Program Reconciliations

**Status:** Currently Financial Aid reconciles the COD system with the student information system monthly. Going forward, procedures will be established whereby the Education Support Specialist in Financial Aid will provide these reconciliations to the Financial Services Specialist in the business office. The Financial Services specialist will compare these reconciliations to the payment reports in G5 as well as the related General Ledger Summary for each Federal Program on a monthly basis. Any discrepancies will be documented, and the proper correcting action taken in the proper system. These reconciliations will be scanned into a secured shared drive with the Financial Aid office and the Business office.

**Status Summary:** Completed (Delayed)

**Finding 18-12:** Identify and Report Prepaid Expenses

**Status:** In the past when invoices were paid from the business office, the Accounts Payable Clerk had the ability to see each invoice and manage the prepaids properly. Since Shared Services is now paying many invoices without the business office seeing the invoice, it is more difficult to track these items. Moving forward LFCC will communicate to all buyers to report any expenditures which would be considered prepaids to the business office. LFCC will utilize a spreadsheet to track prepaid expenses and perform the calculation so that prepaid expenses are allocated appropriately at year-end.

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

**Finding 18-13:** Assign Responsibility for Proper Coding

**Status:** Fund and program codes are originated in the position requisition and transfer to the transmittal (TPS) report in onboarding for payroll execution. Payroll analysts will confirm with the business office via email, the fund and program codes being keyed into the system prior to certifying the first pay.

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

**Finding 18-14:** Develop Policies and Procedures to Address Exceptions between the Commonwealth's Payroll and Human Resource Systems

**Status:** Procedures have been established as follows: the Business Officer receives the Commonwealth payroll system and the Commonwealth human resource reports and compares unresolved exception per the Department of Accounts and forwards to HR Staff members, HR Staff reviews discrepancies, corrects system data as appropriate, and notifies the Department of Accounts appropriately, and the Payroll Analyst or HR Analyst notifies CHRO when discrepancies are resolved.

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

**New River Community College (NRCC)**

**Audit Year: 2018**

**Finding 18-01: Improve Critical System Access Monitoring**

**Status:** NRCC will monitor access permissions on a quarterly basis to ensure New River personnel do not have access to systems that are not being utilized. NRCC will improve the monitoring process for terminated employees regularly to ensure timely removal to critical systems.

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

**Finding 18-02: Improve Fixed Asset Inventory and Tracking**

**Status:** Per the VCCS Capital Assets Policies and Procedures Manual and Topic 30505 of the CAPP Manual, NRCC will perform a physical inventory of fixed assets starting on July 1, 2019. The Procurement Officer will conduct spot checks weekly with corrections made within 5 days of any findings. All equipment will be tagged within 10 days of receiving. Items that are not found during inventories will be removed from the AIS asset management system within 5 days. On a quarterly basis, the Procurement Officer will send reminders to faculty and staff to complete the necessary forms when equipment is removed, lost, stolen or is ready to be sent to surplus.

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

**Finding 18-03: Ensure Contracts Are Properly Monitored**

**Status:** NRCC will work with the Shared Services center more closely to ensure the security services vendor meets all details of the contract. NRCC has assigned the Procurement Officer as the contract administrator for Security Services to review all invoices and renewals before processing occurs with the Shared Services Center.

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

**Finding 18-04: Confirm Virginia Retirement System Snapshot Timely**

**Status:** NRCC has initiated calendar alerts along with staff assignments to ensure contribution snapshot confirmations occur by the 10th of each month.

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

**Finding 18-05: Properly Report Accruals**

**Status:** Policies and procedures have been updated to better report accruals. NRCC will utilize a spreadsheet to track prepaid expenses so that the allocation of prepaid expenses is calculated accurately at fiscal year-end. Operating leases will be analyzed to determine the appropriate amount to report for the fiscal year-end schedules. The year-end schedules used to prepare the financial report will be properly reviewed to ensure accuracy of the amounts reported on the schedules.

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

**Northern Virginia Community College (NVCC)**

**Audit Year: 2018**

**Finding 18-01: Improve Compliance over Enrollment Reporting**

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

**Status Summary:** Completed (Delayed)

**Finding 18-02: Follow Commonwealth Requirements for the Stewardship of Fixed Assets. This is a Repeat Finding.**

**Status:** NVCC began a review and update of fixed asset processes and procedures in May 2018, after a similar audit finding last year. There was insufficient time to take corrective action before the fiscal year 2018 audit. The review and subsequent implementation of the changes has taken more than a year to implement and to complete all changes. NVCC's ASPM, last updated in July of 2016 is currently under revision and the updated procedures and controls will be implemented over the next few months. NVCC continues to make updates and refine processes as changes are implemented to improve control over assets. NVCC filled two warehouse management positions. As part of NVCC reorganization of the function, the warehouse and campus storeroom staff will be centrally managed. The Property Control & Warehouse Services Manager has responsibility for

upholding fixed asset procedures with direct supervisory oversight. This will help ensure the tagging of all fixed assets and proper recording of assets in the fixed assets system, ensure departments complete and submit required documentation in accordance with NVCC's ASPM and CAPP Manual requirements, and ensure department personnel are educated on proper fixed asset stewardship. The target date for completion has been extended until January 31, 2020.

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

**Finding 18-03:** Improve Effectiveness of System Access Controls

**Status:** Steps have been implemented so that upon deactivation of the Commonwealth's purchasing system access, any associated VCCS's (System's) administrative system access roles will also be removed by the IT Accounts Team in accordance with the principle of least privilege. IT Security will perform a System's administrative system review of Last Logon Date for all users. Users found to have not accessed the administrative system in excess of two years will have access removed. Those who have not accessed the administrative system in excess of a year will require manager approval justifying the need to retain access. This process will be incorporated into the annual manager review of access.

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

**Finding 18-04:** Ensure Proper Processing of Vouchers

**Status:** NVCC will distribute an email to all travelers and managers emphasizing the requirements for travel, including pre-approval guidelines, hotel rate limitations, and the importance for managers to review these documents thoroughly before approval, in order to remain in compliance with the Commonwealth's guidelines. NVCC will also include a link to the travel expense website maintained by the Shared Services Center which contains Training and Travel Links. The Shared Services Center also holds periodic training sessions on topics such as New Users, Advanced Users, and Major System Enhancements. All NVCC staff may attend these sessions. Expense Vouchers: accounts payable personnel are aware of the requirements for the goods or services receipt date to be correctly entered in the accounts payable system; however, there are situations that require proper due diligence prior to processing an invoice. NVCC will take steps to help ensure the due diligence is conducted in a timely manner.

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

**Finding 18-05:** Ensure All Contracts Are Valid and Current

**Status:** The dining services contract record of monthly payments evidenced acknowledgement between NVCC and the vendor of the continued services for Fiscal Year 2018. The vendor adhered to the revised commission structure per Contract Modification 4. NVCC will correct the omission and generate a Contract Modification Agreement for Fiscal Year 2018. NVCC will continue to ensure that it has valid contracts to use to verify proper adherence to all contract specifications, terms and conditions in accordance with APSPM requirements.

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

**Finding 18-06:** Implement Effective Exit Procedures for Adjunct Faculty and Wage Employees.

**This is a Repeat Finding.**

**Status:** Effective immediately, NOVA HR will develop and implement more effective exit procedures and monitoring controls to ensure timely removal of system and building access for adjunct faculty and wage employees. Specifically, the following actions will be taken: communicate to supervisors, adjunct faculty, and wage employees required exit procedures, update exit procedures on the website to include exit procedures for adjunct and wage employees, send quarterly reminders requiring supervisors of adjunct faculty and wage employees to notify HR of adjunct faculty and wage employee terminations as soon as decided, the Data Ops team in HR will run quarterly reports to identify inactive adjuncts. Information will be sent to IT so building and system access are deactivated and property and IDs are retrieved, the Data Ops team in HR will run monthly reports to identify inactive wage employees. Information will be sent to IT so building and system access are deactivated and property and IDs are retrieved.

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

**Finding 18-07:** Complete Employment Eligibility Verification within the Required Timeframe

**Status:** Effective immediately, NOVA HR will ensure timely completion of employment eligibility (I-9 Form) for all new employees. Specifically, the following actions will be taken. NVCC HR will train users on how to complete the I-9 form accurately and in a timely manner. HR compliance officer will assume increased oversight of the E-Verify process to ensure regulations are followed.

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

**Finding 18-08:** Improve Reporting to the National Student Loan Data System

**Status:** NVCC has been working with the VCCS to ensure that the data extract used for enrollment reporting is correct. The Registrar's department will continue to educate faculty and staff on correctly entering enrollment data and class dates to ensure accurate enrollment reporting.

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

### **Patrick Henry Community College (PHCC)**

**Audit Year: 2018**

**Finding 18-01:** Improve the Management of Critical System Access

**Status:** Human Resources, Business Office, and Information Technology will work together to strengthen procedures for granting, monitoring and removing critical system access. Coordination between the groups will help to ensure that the correct forms are completed prior to granting security and that the removal or adjustment of access rights is performed in a timely manner. Roles and privileges will be reviewed to promote the segregation of duties. Management will also continue to monitor staffing to ensure that critical positions have a designated back up for continuity of operations.

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

**Finding 18-02:** Improve Fixed Asset Inventory Procedures and Tracking of Fixed Assets

**Status:** The Business Office staff shortage contributed to the deficiency. The fixed asset management responsibility has been reassigned to the newly created position, Fixed Asset Coordinator. Management will continue to evaluate staffing and monitor compliance with the Commonwealth CAPP Manual with regard to capital asset policies and procedures. Management will also reinforce the requirement that departments notify the Business/Procurement Office when donated assets are received.

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

**Finding 18-03:** Ensure Revenue Generating Contracts Are Current and Properly Monitored

**Status:** The Local Funds Accountant will review commission reports on a monthly basis and notify management if a payment has not been received on an existing contract. This process has been put in place and will be ongoing. The Vice President of Finance and Administrative Services will monitor expiration dates of contracts to ensure the timely renewal, extension or completion of contract. The VCCS Shared Services Center will be contacted to initiate new Requests for Proposals (RFPs) for services as needed such as vending.

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

**Finding 18-04:** Ensure Human Resources Department Corrects Inaccurate Employee Leave Balances

**Status:** Reorganization of the Human Resources Department was necessary due to recent turnover of staff responsible for managing employee leave balances. The Human Resources Generalist will now assume the responsibilities for ensuring that leave balances and payouts are accurate and that the leave liability is reported correctly for financial statement purposes.

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

**Finding 18-05:** Comply with Employment Eligibility Requirements

**Status:** The process for the timely completion of I-9 forms has changed substantially since PHCC began using the onboarding module in 2016. PHCC will continue using the onboarding module to assist with I-9 compliance and ensure that employee files contain an I-9 for those employees who commenced work prior to the onboarding implementation in 2016.

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

**Paul D. Camp Community College (PDCCC)**

**Audit Year: 2018**

**Finding 18-01:** Improve Reporting to National Student Loan Data System. **This is a Repeat Finding.**

**Status:** The finding was noted as a repeat for the FY18 audit. PDCCC management implemented a quality control review (QCR) process and workgroup. The Registrar, Financial Aid Coordinator, Dean of Student Affairs, and Return of Aid Processor created a calendar to perform the following functions: review the NSLDS Roster, disseminate the NSLDS Reporting Manual to the QCR members, increase subsequent reporting to NSC, collaborate on the R2T4 report, and review the graduation file. Two members of the workgroup attended a March 2019 NSC training session. However, in order to prevent future non-compliance, and due to turnover in Financial Aid subsequent to the March training, staff training is ongoing, as is refinement of the QCR process and timeline. Target date for completion is now August 1, 2019 to allow for a full cycle of implementation of the QCR process.

**Status Summary:** Completed (Delayed)

**Piedmont Virginia Community College (PVCC)**

**Audit Year 2018**

**Finding 18-01:** Improve Controls over Fixed Asset Inventory

**Status:** PVCC will perform another fixed asset inventory this fall. A part-time employee will be hired to perform duties of the Fixed Asset Coordinator. This position will be responsible for inventory of each room instead of unit managers. Discrepancies will be investigated and entries will be recorded in the general ledger system. Inventory policies and procedures will be updated to reflect changes and address the donated equipment issue. There is currently a Donated Equipment Form in place. This information will be distributed to PVCC unit managers. The Business Manager will meet with the IT department to ensure clear communication in notifying the Business Office when there are items that are out of service so that the assets can be scrapped or surplused.

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

**Finding 18-02:** Remove System Access When Employees No Longer Need Access

**Status:** Human Resources reviews employee access on a biannual basis. When an employee changes job duties, the Business Manager will be notified to review that employee's access. The IT Department and Business perform a review of the Commonwealth's purchasing system employee access on a quarterly basis and the System's administrative system employee access on an annual basis. Upon employee termination, the Business Manager will be notified through the ticket process and will ensure that employee access is removed for the System's administrative system and the Commonwealth's purchasing system within required dates.

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

**Finding 18-03:** Properly Monitor Grant Programs to Ensure Proper Accounting and Compliance for Accounts Receivable

**Status:** The PVCC Cashier will review accounts receivable on a monthly basis to ensure accounts are invoiced correctly. The Fast Forward receivable accounts for grades and credentials will be handled appropriately in the Accounts Receivable Report to account for the following: The Fast Forward program requires a student to pay one-third of the tuition cost, then the Commonwealth in accordance with the program, will pay one-third of the tuition when the student passes the class and then the remaining one-third when the student earns the credential for the related program.

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

**Finding 18-04:** Properly Consider if the Costs Associated with Putting an Asset into Service Should be Capitalized

**Status:** PVCC will perform the proper review of invoices to identify assets. When assets are identified, the installation and shipping costs will be included in the cost of the asset when placed in service. CAPP manual guidance concerning the capitalization of assets will be reviewed and adhered to by PVCC.

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

**Finding 18-05:** Ensure Payroll Reconciliation is Performed as Required

**Status:** Payroll services for PVCC are now being performed by the Shared Services Center (SSC) for the Virginia Community College System. Payroll reconciliation is a part of those services.

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

**Finding 18-06:** Perform and Document Retirement Benefit System Reconciliations

**Status:** A monthly reconciliation of employee personnel data, and creditable compensation, and a review of the cancelled records report and automated reconciliation reports to comply with the Commonwealth guidelines were complete on June 1, 2019. Policies and procedures will be updated related to the performance and documentation of the reconciliation between the Commonwealth's HR system and the Commonwealth's retirement system.

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

**Finding 18-07:** Confirm Retirement Contributions within the Required Timeframe

**Status:** Timely retirement contribution snapshot and reconciliations are performed by the 10th of each month by the HR Benefits Analyst. A position serving as backup to perform the task has been identified and will be granted access once the training occurs by August 10, 2019. Written policies and procedures documenting the process and timeline for completion will also be complete by August 10, 2019.

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

**Finding 18-08:** Properly Accrue Prepaid Expenses

**Status:** PVCC has developed a spreadsheet to track prepaid expenses so that the allocation of prepaid expenses is calculated accurately. Policies and procedures will be updated to formally document the new spreadsheet and prepaid accrual process.

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

**Finding 18-09:** Return Unearned Title IV Funds Timely

**Status:** The accountant is responsible for returning unearned Title IV funds timely. The drawdown will be performed twice a week so that any Return of Title IV students will be captured correctly. Financial Aid will communicate with the Business Office when there are Title IV returns. If there is excess cash on hand, the funds will be returned through the G5 system at that time.

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

**Finding 18-10:** Perform Accurate Return of Title IV Calculations

**Status:** The Financial Aid Department worked with the IT Department to address the issue of accounting for the additional day during spring break. PVCC has made the correction and documentation has been changed to reflect the number of days that are included with breaks of five or more consecutive days and the number of calendar days in which classes are held. Recalculation of all students identified for a Return of Title IV during spring 2018 is currently underway. The Financial Aid and IT departments will work together for future reporting periods to ensure that the calendar days used in the Title IV Calculation is accurate.

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

**Finding 18-11:** Reconcile Federal Aid Programs Timely

**Status:** A plan was formulated to ensure the appropriate segregation of duties. The accountant will perform the reconciliation between the accounting system, student system, and federal system (G5). The Business Manager will continue to review the reconciliations and complete the reconciliation between the bank balances and check register. The Vice President of Finance will review all transactions. All accounting entries in the accounting system will be approved and



released by the Business Manager once the accountant enters the drawdowns/disbursements. The Business Manager will review check requests and the VP of Finance will process requests in the student refund disbursement system.

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

**Finding 18-12:** Improve Reporting to National Student Loan Data System

**Status:** PVCC performed a review of current enrollment reporting policies and procedures. During this review, the National Student Clearinghouse (NSCH) representative was contacted to discuss ways in which PVCC could improve enrollment reporting. As a result, PVCC will now submit two reports on graduates. The GRADS ONLY ENROLLMENT file ("G File") will be uploaded after the spring graduates have been conferred and then the DEGREE VERIFIED file will be sent a day or two after the first file. The GRADS ONLY ENROLLMENT file was developed specifically to help alleviate errors and has proven to be effective with other colleges. PVCC will send both files in May after graduates have been conferred. Upon further collaboration with the NSCH representative, it was determined to change the date of monthly reporting to Clearinghouse from the 9th of the month to the 20th of each month. This change allows additional time to capture all enrollment changes which will result in more accurate and timely reporting.

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

**Rappahannock Community College (RCC)**

**Audit Year: 2018**

**Finding 18-01:** Ensure Revenue is Recorded Timely and Accurately

**Status:** The Cashier will reconcile revenue entries originating in the student information system weekly. The Business Manager will ensure that revenue is recorded accurately in the accounting system on a weekly basis. Management will properly document and implement procedures to ensure revenue entries are properly and timely recorded in the accounting system.

**Status Summary:** Completed (Delayed)

**Finding 18-02:** Update Policies and Procedures for Cash Management Requirements

**Status:** RCC will update policies and procedures to address dated checks and properly remit the funds to Unclaimed Property in a timely manner. The accountant will research all outstanding checks and the Business Manager will ensure proper resolution. Additionally, a local petty cash account will be created in the accounting system to properly record and monitor activity associated with this account.

**Status Summary:** Completed (Delayed)

**Finding 18-03:** Assign Contracts Administrator Responsibilities in Writing

**Status:** The Procurement Manager will execute a designation letter that outlines specific delegated tasks, which include acceptance of goods or services, approval of invoices, scheduling and monitoring of project progress, coordination of the provision of agency or other resources when part of the contract, and favorable or critical feedback to the contractor and buyer. Management will ensure that contracts are routinely monitored to ensure that vendors are in compliance with the terms of the contract.

**Status Summary:** Completed (Delayed)

**Finding 18-04:** Properly Document Federal Aid Reconciliations

**Status:** While reconciliations were completed, the reconciliations were not dated or signed. The Business Manager will sign and date all federal aid monthly aid reconciliations. Management will review current policies and procedures related to the reconciliation of federal aid programs and will implement corrective action to ensure monthly reconciliations are completed, documented, and reviewed timely to prevent future noncompliance.

**Status Summary:** Completed (Delayed)

**Tidewater Community College (TCC)**

**Audit Year: 2018**

**Finding 18-01: Perform Effective Review of System Access**

**Status:** TCC is in compliance with ISO27002:2013, as there was no risk related to data integrity or the sensitivity of the data. The access these users had was Inquiry only access to the Administrative Information System (AIS). While TCC agree that the AIS system is a critical system for TCC, the access that the identified users had was not critical or sensitive in nature. These users had access to inquire on budgets and expenses. They could also review existing Requisitions and Purchase Orders. TCC sends annual confirmations to the users and managers asking them to confirm the access is still needed. If they respond that access is not needed, TCC remove it. Each of the users identified were asked if their access was still needed during TCC annual review. They indicated that there should be no change in their access and their managers agreed. TCC will enhance TCC current processes by sending notifications to users and their managers who have not logged in to AIS in the past 180 days. Users/managers will be given the opportunity to request deactivation at that time, if appropriate.

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

**Finding 18-02: Properly Monitor Revenue Contract Deliverables**

**Status:** TCC acknowledges that there was a weakness in tracking the payments received from this vendor with the revenue reported by the vendor. This was a result of the payments being received in one department and the contract deliverables being tracked in a different department. There has since been a process change whereby the person assigned to monitor contract deliverables is also monitoring revenue received in the general ledger system.

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

**Finding 18-03: Strengthen Interdepartmental Communications Related to Terminated Employees**

**Status:** TCC agrees with the recommendation of the audit to strengthen communications between department supervisors and human resources so that the employee termination form is completed accurately and timely. The action that will be taken is as follows. TCC will add a required responsibility to the job descriptions for all Managers throughout TCC. The responsibility will state the following: "Ensure terminations for all employees are entered into the online termination form no later than the employee's last date of work." Additionally, TCC will combine the online termination form with the Supervisor Checklist. This will ensure Commonwealth property is returned timely. TCC will also encourage the System Office to consider implementation of the PeopleSoft HRMS Manager Self Service Termination functionality.

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

**Finding 18-04: Ensure Prepaid Expenses and Other Payments Comply with Commonwealth Requirements**

**Status:** TCC acknowledges that CAPP Policy was not followed regarding a small amount of Advance Payments; however, the DP&S Procurement Manual does not forbid contracts which allow discounts for multi-year contracts. It was economically advantageous in certain situations to agree to multi-year contracts with advance payments because the vendors, especially in the Technology area, offered substantial discounts for pre-payments. Thus, TCC saved money by issuing these contracts. TCC has notified all Procurement staff of the need to ensure that purchase orders are written in support of this policy. TCC has also provided guidance to the Accounts Payable department on Advance Payments. These measures, along with notice to the Shared Services Center, should ensure compliance with the policy in the future.

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

**Finding 18-05: Improve Reporting to National Student Loan Data System**

**Status:** Inaccurate enrollment reporting was mostly found with data for students in the fall 2017 semester. In May 2018, The VCCS successfully implemented an updated file extract addressing students who have unofficially withdrawn as well as improvements with graduation reporting. TCC submits an enrollment file to the NSC approximately every 21 days throughout a given semester, and extending beyond the semester not more than 25 days. TCC also altered the timeline and order for graduation reporting, which went into effect in August 2018. Both of these changes have

resolved the issues stated in the finding. TCC will continue to diligently review the Enrollment Error reports and SSCR reports, as well as completing any necessary error resolution in a timely manner. TCC will also ensure graduation information is reported timely and completely; with attention to any student reported by the NSC as not having had a graduation row applied to the record.

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

### **Virginia Western Community College (VWCC)**

**Audit Year: 2018**

**Finding 18-01:** Improve Notification Process for Federal Direct Loan Awards to Students

**Status:** The Financial Aid Manager and Education Support Specialist meet the beginning of each semester to determine the disbursement schedule. They also meet on a monthly basis to review loan disbursements and ensure that Direct Loan notifications are sent to students within the required timeframe.

**Status Summary:** Completed (Delayed)

**Finding 18-02:** Reconcile Federal Aid Programs Timely

**Status:** The Financial Aid Manager runs multiple queries that identify disbursed Federal Direct Loans on a monthly basis. This information is captured from both the Common Origination and Disbursement system and the student information system for direct comparison. The Education Support Specialist reviews the balances monthly and makes any appropriate corrections. The Director of Financial Aid also performs a review to ensure compliance and timely reconciliation.

**Status Summary:** Completed (Delayed)

**Finding 18-03:** Resolve Federal Department of Education Findings

**Status:** Corrective Action has been completed.

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

### **Virginia Military Institute (VMI)**

**Audit Year: 2018**

**Finding 18-01:** Improve Controls over Fixed Asset Reporting

**Status:** VMI has purchased and is in the process of implementing a new fixed asset tracking system. Conversion of application 7,000 units is underway, department by department, in order to ensure accuracy of recording system. Comptroller's Office working directly with VMI IT Programmer on installation, implementation of the system in order to batch, streamline wherever possible. Surplus process review continues to indicate issue remediation through online electronic form submission and tacking. Additional personnel identification to assist with comprehensive inventories underway.

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

### **Virginia Museum of Fine Arts (VMFA)**

**Audit Year 2018**

**Finding 18-01:** Properly Record Assets in the Commonwealth's Capital Asset System

**Status:** The Accounting and Procurement management teams are continuing work to complete entry of the unrecorded assets into FAACS.

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

**Finding 18-02:** Implement Policies and Procedures over Construction in Progress

**Status:** The Capital Outlay, Fiscal Services and Procurement teams have met and are currently drafting a revised policy and procedures for Construction-In-Progress.

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

**Finding 18-03:** Reconcile Capital Assets Monthly

**Status:** The reconciliation between the COVA's capital asset system and the Cardinal accounting and financial reporting system is now being performed on a monthly basis.

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

**Virginia School for the Deaf and Blind (VSDB)\***

**Audit Year: 2017**

**Finding 17-01/15-01:** Continue to Develop an Information Security Program. **This is a Repeat Finding.**

**Status:** No updated corrective action workplan received.

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

**Virginia State University (VSU)**

**Audit Year: 2018**

**Finding 18-01:** Improve Compliance over Enrollment Reporting

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

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

**Finding 18-02:** Improve Reporting to the Common Origination and Disbursement System

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

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

**Finding 18-03:** Improve Virtual Private Network Security. **This is a Repeat Finding.**

**Status:** Virginia State University is utilizing MFA (multi-factor authentication) for VSU VPN per COV SEC 501 standards. The solution (RSA) has been implemented to current VPN users. All new request for faculty/staff/vendors to utilize VPN will be using MFA. VSU utilizes a hybrid system of both hard tokens and soft tokens to accommodate this standard. Artifacts containing screenshots of the utilization of this solution were provided during the audit. Correction Action is completed as of December 31, 2019.

**Status Summary:** Completed (Delayed)

**Finding 18-04:** Improve User Access Controls. **This is a Partial Repeat Finding.**

**Status:** Virginia State University has procured an IAM (Identity & Access Management) system by Fischer International to help with this deficiency. Users' privileges in some cases were not removed in a timely manner due to improper notifications of departing employees. Technology Services has mechanisms in place to alert of inactivity and no logons from workstations and Active Directory credential usage. This takes 30 days to kick off an alert if Technology Services is not properly notified. VSU is using the IAM system for SSO and onboarding/off boarding to help HR give timely notices of departing employees. Technology Services is also working with the various departments to help with this collaborative effort. Data Owners participate in the annual security role based training where user access to the systems are provided and reviewed. Signatures for the training was provided along with signatures of completed reviews. The university now utilizes an online utility (SharePoint) for access request forms and no longer utilizes paper forms for requesting access to University systems. Correction Action is completed as of December 31, 2019.

**Status Summary:** Completed (Delayed)

**Finding 18-05/17-03:** Improve Documentation of Emergency and Sole Source Procurement. **This is a Repeat Finding.**

**Status:** The Procurement Director met with the VPs on October 29, 2019 to discuss the new processes and provide training for University Executives to ensure everyone understands what constitutes emergency and sole source procurements. This corrective action is now complete.

**Status Summary:** Completed (Delayed)

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

**Finding 18-06:** Develop Procedures for Proper Accrual of Accounts Payable

**Status:** No further action necessary; the correction action was complete and as of September 30, 2019.

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

**Finding 18-07:** Strengthen Internal Controls over Capital Assets

**Status:** The University is still ensuring items are properly surplus and currently undergoing a campus-wide inventory by department. A campus-wide e-mail was also sent regarding items received directly by various departments.

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

**Finding 18-08:** Enhance Special Pay Monitoring Controls

**Status:** There is approximately 30% of the overpayment still outstanding. The employee in question has now retired and the remaining balance has been provided to collections and added to tax debt set off. The University has now completed its corrective action on this matter.

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

**Finding 18-09:** Improve Processes for Employment Eligibility

**Status:** The Human Resources Office has completed an update of the Desk Procedures to ensure staff understand how to complete the I-9 Form appropriately.

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

**Finding 18-10:** Improve Processes over Payroll and Human Resource Reconciliations

**Status:** Both the Payroll office and HR office have implemented procedures to ensure timely reconciliations as well as proper documentation of these reconciliations. The last step is to perform an internal review of the reconciliations that have been performed since the processes were implemented.

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

**Finding 18-11:** Establish a Process for Periodically Reviewing Stagnate Grants and Contributions

**Status:** The Grants & Contracts Office is still pulling supporting documentation for stagnant grants and working towards clearing out or re-purposing the grant proceeds with grantor approval.

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

**Finding 18-12:** Improve IT Asset Surplus Process

**Status:** The University has a standard procedure that includes a documentation log which is used to track the data removed (Hard Drive) from all electronic media devices (laptops, Desktops, iPads, and Surface.) A field has been added to the log that associates each electronic media device to the respective hard drive that was removed and presented for destruction.

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

**Finding 18-13:** Improve Reporting to National Student Loan Data System

**Status:** Generate report to capture students who fail to return from a given semester or term to ensure that the enrollment status for these students are reported accurately. Review all batches upload to the NSLDS to ensure that batches are accepted without errors, and/or correct errors that are reported. Each semester, quality control reviews will be conducted in collaboration with staff from the Financial Aid Office to ensure timely and accurate reporting.

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

## Executive Offices

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

Audit Year: 2018

**Finding 18-01:** Continue to Improve Firewall Management. **This is a Repeat Finding.**

**Status:** With the help of InfoTech, OAG now have a formal change control standard operation procedure that will facilitate managing all the changes in the formal configuration management policy OAG now have.

**Status Summary:** Completed (Delayed)

**Finding 18-02:** Continue to Improve Physical and Environmental Security. **This is a Repeat Finding.**

**Status:** OAG has installed temperature and humidity sensors and configured them to trigger alerts in OAG ticketing system (for monitoring and tracking purposes) if there are breaches in any of the set thresholds.

**Status Summary:** Completed (Delayed)

## Finance

### Department of Taxation (TAX)

Audit Year: 2018

**Finding 18-03:** Improve Controls over Workgroups

**Status:** We will include workgroups as part of the continuing re-certification process beginning June 2019. The work groups will be included in the manager's certification which runs 7/1/2019 thru 7/31/2019. The reference to the beginning of June is the Prep for the July certification period.

**Status Summary:** Completed (Delayed)

**Finding 18-04:** Improve the Effectiveness of the Access Termination Process

**Status:** An additional reporting and notification step into the separation process was added to ensure a reminder to system administrators until they have completed the separation activity (e.g. account deletion).

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

**Finding 18-06:** Improve Disaster Recovery Planning Documentation

**Status:** General Services Manager has distributed email to preparers of COOP plan describing the APA comment and plan of action to address issues. Internal Audit Director discussed plan of action at next LT. General Services Manager distributed COOP to VDEM and Tax management by March 31, 2019 to hit DEM due date. Business Impact Analysis was revised

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

### Department of the Treasury (TD)

Audit Year: 2018

**Finding 18-01:** Improve Accounting and Financial Reporting Control Environment of Trust Accounting. **This is a Repeat Finding.**

**Status:** The position has been trained on key responsibilities in Trust Accounting and cross-trained on other Trust Accounting responsibilities. Position has completed first year-end reporting cycle and was responsible for a select group of year-end activities.

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

**Finding 18-03/17-04:** Improve Information System Access Controls. **This is a Repeat Finding.**

**Status:** Security roles and user permissions have been reviewed. Proposed changes have been sufficiently tested, and moved into production.

**Status Summary:** Completed (Delayed)

## Health and Human Resources

### Department of Aging and Rehabilitative Services (DARS)

Audit Year: 2018

**Finding 18-01:** Update Disability Services Agencies Memorandum of Understanding

**Status:** The management teams have met with facilitator to begin the workplan for the development of MOU and management engagement. The DARS administrative leadership are documenting all services provided to DBVI and will present to them within the next 60 days.

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

**Finding 18-02:** Improve Internal Controls over Financial System Reconciliations

**Status:** The DBVI and DARS fiscal management team have started preliminary planning.

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

**Finding 18-03:** Improve Internal Controls over Client Gift and Fuel Card Purchases. **This is a Partial Repeat Finding.**

**Status:** The Virginia Division of Rehabilitative Services (DRS) updated their policy on December 3, 2018 allowing counselors the ability to purchase store gift cards and fuel cards for VR clients for vocational rehabilitation. DRS Staff are required to maintain a log of each card and to whom the card was issued. Additionally, counselors are expected to provide the Gift/Fuel Card Client Acknowledgement Letter to the client for signature. It's mandatory that the client sign the Gift/Fuel Card Client Acknowledgement Letter before receiving the card and the staff is responsible for keeping the signed letter in the client's case record. Client usage of the card signifies receipt and agreement to use the card only for the VR purpose intended. Receipts are currently not required under DRS policy for the purchase/usage of store gift and fuel cards. The SPCC Program Administrator will communicate with all cardholders monthly reminding them of current policies and procedures for gift and fuel card purchases. As part of the Program Administrators routine audits, in instances where a Gift/Fuel Card Client Acknowledgement Letter is not attached, she will follow up with the cardholder and their supervisor directly for corrective action.

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

**Finding 18-04:** Improve Purchase Card Reconciliation and Document Retention. **This is a Partial Repeat Finding.**

**Status:** The SPCC Program Administrator will send out a reminder email to cardholders and supervisors on the 18th of each month with deadlines for each agency to submit their small purchase charge card reconciliations. As part of the Program Administrators routine audits, in instances where there's no supporting documentation included in a small purchase charge card reconciliation or if it was submitted after the deadline, she will follow up with the cardholder and their supervisor directly as needed for corrective action.

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

**Finding 18-05:** Improve Documentation over Traveler's Reimbursement of Purchase Cards. **This is a Partial Repeat Finding.**

**Status:** DARS has revised its initial correction action plan. DARS will update the training provided to end users and supervisors on the travel rules and regulations. Specifically, focusing on that direct billed stays must not request lodging reimbursements.

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

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

**Audit Year: 2018**

**Finding 18-02/17-02:** Improve IT Contingency Management Program. **This is a Repeat Finding.**  
**Status:** DBHDS has started an IT COOP / DRP project with a projected completion date of April 1, 2020. This project will develop procedures, assign roles and responsibilities, and update the IT COOPs and DRPs ensuring they are consistent across the agency. DBHDS will ensure these IT COOPs and DRPs are tested annually. DBHDS has received cost estimates from Unisys for the COOP and DRPs for affected servers. In addition, part of the Contingency Management Program planning at DBHDS is the continued movement to Cloud Storage.  
**Status Summary:** In Progress (Delayed)

**Finding 18-03/17-03/16-03/15-02:** Continue to Upgrade Unsupported Technology. **This is a Repeat Finding.**  
**Status:** DBHDS has decommissioned or replaced 52 of 55 network servers running end-of-life software (Windows Server 2000-2003). Applications on those servers were recoded where necessary. The remaining three servers are either in progress or in flux due to facility closing delays. The new date for completion is December 31, 2019.  
**Status Summary:** In Progress (Delayed)

**Finding 18-04:** Develop Baseline Configurations for Information Systems. **This is a Repeat Finding.**  
**Status:** DBHDS has upgraded the operating system of 52 servers. DBHDS is developing baselines for the upgraded applications present on these servers. DBHDS plans to complete the installation of server software by March 31, 2018, which will establish and maintain security baseline configurations for DBHDS sensitive information systems. This software will ensure DBHDS meet the requirements of the Commonwealth's Security Standards. Servers, and software, have been configured. DBHDS has baseline configurations for hardware, and DBHDS is in the process of completing the baseline configurations for software requirements. An estimated completion date is December 31, 2019.  
**Status Summary:** In Progress (Delayed)

**Finding 18-05:** Improve Application Security  
**Status:** Generic application procedures have been developed. DBHDS Information Security will conduct a new risk assessment of the Kronos application after it moves to a cloud based environment in 2020.  
**Status Summary:** In Progress (Delayed)

**Finding 18-10:** Improve Controls over the Commonwealth's Retirement Benefits Systems. **This is a Repeat Finding.**  
**Status:** Policies and procedures have been standardized for DBHDS facilities and Central Office. The access issue has been corrected. A revised VNAV reconciliation policy/procedure was sent out to all DBHDS HR managers on October 25, 2017. All DBHDS facilities submitted their revised VNAV reconciliation procedures by December 14, 2017. Training on the VNAV reconciliation was held on December 14, 2017. The VNAV reconciliation will be added to the ARMICS work completed by all DBHDS facilities and Central Office. Revised VNAV Reconciliation procedures have been received from all DBHDS facilities. Training has been provided, but ongoing issues continued during the past year. FY 2018 Payroll audits performed by APA and Internal Audit showed some VNAV Reconciliation deficiencies are still occurring at some facilities. While all DBHDS facilities now have policies and procedures in place, it appears they are not always being properly followed. DBHDS will work with its facilities to ensure all employees are trained on the procedures. Update: FY19 APA audit continues to identify this as an issue and DBHDS anticipate a repeat finding. Additional efforts will be made in the coming year to further training and standardize this process.  
**Status Summary:** In Progress (Delayed)



**Department of Health (VDH)**

**Audit Year: 2018**

**Finding 18-06:** Ensure Adequate Separation of Duties when Certifying WIC Participants  
**Status:** Policy has been drafted for review by USDA to address this finding. Once approval is obtained a process will be developed to roll out the changes to the field.  
**Status Summary:** In Progress (Delayed)

**Finding 18-08:** Develop Procedures to Ensure Price Limits Are Accurately Recorded  
**Status:** DXC has been made aware of the issue and are researching.  
**Status Summary:** In Progress (Delayed)

**Finding 18-10:** Improve Web Application Security  
**Status:** Reporting requirements currently being investigated. Audit Review Procedures to be developed and implemented based on this analysis. Estimated to be complete by July 31, 2019. Request has been made to VITA / Partnership to upgrade all web and applications servers to Windows 2016. Exception is on file for all database servers. Certification of hardware environment is expected by June 30, 2019. OIM staff will perform database and application installations by 30 September 2019. Vulnerability scans are conducted quarterly. Review and Remediation process is conducted based on results. Software vendor is engaged in providing specific remediation for specific items. SP3 has been installed and verified.  
**Status Summary:** In Progress (Delayed)

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

**Audit Year: 2018**

**Finding 18-03/17-10/16-06:** Continue Improving the Accounts Receivable Collection Process. **This is a Repeat Finding.**  
**Status:** The Department of Medical Assistance Services' Fiscal Division continues to improve its collection process for overpayments. There was abrupt turnover in the manager position of the A/R unit and Fiscal management was able to bring a part time manager to oversee the unit until a permanent manager can be hired. Also, during this period Fiscal management was able to fill a vacancy in the unit's staffing to balance the workload of the unit. In December 2019, the A/R functions in Oracle Financials related to system automation for A/R status changes was completed.  
**Status Summary:** In Progress (On Schedule)

**Audit Year: 2017**

**Finding 17-01:** Develop Processes to Facilitate the Controlling of Privileges in the Claims Processing System. **This is a Material Weakness.**  
**Status:** DMAS performs manual access reviews and reviews for violations of the concept of segregation of duties and the principle of least privilege in the current system. In the new system, all profile and roles will be documented in a conflict matrix. Last update stated that the Role definitions are complete for the new MES OPSS System, 37 user roles have been identified and documented working with Accenture Team. These roles will be tested in UAT and will be adjusted as necessary. Revised completion date June 30, 2020.  
**Status Summary:** In Progress (Delayed)

**Department of Social Services (DSS)**

**Audit Year: 2018**

**Finding 18-01:** Improve Controls over Income Verification for the Temporary Assistance for Needy Family Program  
**Status:** Corrective action is ongoing.  
**Status Summary:** In Progress (Delayed)

**Finding 18-07:** Improve Process and Controls over Subrecipient Monitoring

**Status:** Corrective Action is ongoing. DSS has hired a Subrecipient Monitoring Specialist who will monitor these Subrecipients.

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

**Finding 18-09:** Continue Improving Database Security. **This is a Partial Repeat Finding.**

**Status:** The Virginia Department of Social Services, Department of Information Systems and Department of Information Security and Risk Management are dedicating resources to implementing audit logging and monitoring over the databases. DSS procured physical servers as well as a contract with 250GBs of real-time audit log capacity to implement audit logging and monitoring. A contractor has been hired to work with DSS personnel. The contractor will also help develop procedures, reports, and queries to monitor specific security events, use cases, and audit requirements. Audit logs are scheduled to be sent to the contractor starting December 2019. Audit logs are currently being sent and loaded; DSS Security Analyst, is in process of developing queries related to monitoring suspicious admin and super user actions. Additional queries and alerts will then be developed to identify potential inappropriate accesses.

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

**Finding 18-10:** Develop Records Retention Requirements and Processes for Case Management System Electronic Records

**Status:** The Virginia Department of Social Services, Division of Enterprise Systems has Change Request CR435: Records Purge and Retention tentatively on the schedule for November 2020 release and deployment. The business cites tentative due to IT leadership changes and the fact that agency priorities may cause adjustment to any and all scheduled changes.

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

**Finding 18-11:** Improve IT Risk Management and Contingency Planning Program

**Status:** The Department of Social Services, Information Security and Risk Management Division is in the process of reviewing candidates for the unfilled Risk Manager position. The Risk Manager's job duties will include updating data classification for sensitive systems, conducting and updating risk assessments, conducting and updating system security plans, and developing corrective action plans for outstanding risks.

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

**Finding 18-12:** Remove Separated Employees' Access to Critical Systems in a Timely Manner

**Status:** Virginia Department of Social Services (DSS), Department of Organizational Development (OD) and Department of Information Security and Risk Management (ISRM) concur with the above management point. ISRM has met with Organizational Development to develop a process to notify ISRM when an employee's employment status is changing (i.e., termination or transfer). This will help ISRM ensure that access is removed when an employee leaves DSS or moves to a position that no longer requires a given system access. ISRM will use exception reports in SAMS (e.g., LDAP to Personnel Data Mismatch, Possible Employee Transfer) to identify users that may have separated or transferred, and will remove the users' systems access. ISRM has updated the documented standard operating procedure (SOP) for terminating systems access. The SOP now identifies the system access that is not managed in SAMS (e.g., EPPIC ECC) and the corresponding State employee user groups (e.g., the Division of Child Care & Early Childhood Development). This will help ISRM ensure access is removed for EPPIC ECC when a user separates from DSS. ISRM will perform annual access reviews for EPPIC ECC to ensure that a) user accounts belong to current DSS employees with a valid business need for access; and b) a user has only the least amount of access required to perform assigned job functions. Further, Organizational Development will update the separation and transfer checklist to include Cardinal access removal, as well as any other systems not controlled by the central authentication system.

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

**Finding 18-14:** Improve Processes and Controls over Employment Eligibility

**Status:** All employment eligibility forms will be submitted to HR Services Unit for processing. OD will review and update the offer letter to receive documentation prior to employment or within 2 business days of employment from candidate. OD will ensure submission of accurate documentation and maintenance of the same in the employment eligibility filing system.

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

**Finding 18-15:** Improve Internal Controls for Retirement Benefits System Census Data Reporting

**Status:** OD completed written procedures and have implemented in the process improvement for internal controls for retirement benefits system census data reporting.

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

**Finding 18-16:** Improve Reconciliation Process of the Commonwealth's Retirement Benefits System

**Status:** OD in collaboration with DSS Payroll wrote and finalized internal procedures for improving reconciliation process of the Commonwealth's Retirement Benefits System (VNAV).

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

**Finding 18-17\*:** Improve Controls over Journal Entries

**Status:** No updated corrective action workplan received.

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

**Department for the Blind and Vision Impaired (DBVI)**

**Audit Year: 2018**

**Finding 18-01:** Update Disability Services Agencies Memorandum of Understanding

**Status:** The management teams have met with facilitator to begin the workplan for the development of MOU and management engagement. The DARS administrative leadership are documenting all services provided to DBVI and will present to them within the next 60 days.

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

**Finding 18-02:** Improve Internal Controls over Financial System Reconciliations

**Status:** The DARS Fiscal Division and DBVI, VIB Shared Operations team will establish policies and procedures to reconcile the point of sale system and manufacturing system revenue on a cash basis to Cardinal system monthly.

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

**Finding 18-03:** Improve Purchase Card Reconciliations and Document Retention. **This is a Partial Repeat Finding.**

**Status:** The SPCC Program Administrator will send out a reminder email to cardholders and supervisors on the 18th of each month with deadlines for each agency to submit their small purchase charge card reconciliations. As part of the Program Administrators routine audits, in instances where there's no supporting documentation included in a small purchase charge card reconciliation or if it was submitted after the deadline, she will follow up with the cardholder and their supervisor directly as needed for corrective action.

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

**Finding 18-04:** Improve Controls over System Access

**Status:** The DARS Financial Systems & QA Director has begun the coordination with the Director of Shared Operations to identify users and roles.

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

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

**Finding 18-05:** Develop and Implement Information Security Policies and Procedures  
**Status:** The policies and procedures for Information Security program will be incorporated in the development of new MOU to include DBVI as a component of DARS Security program responsibilities.

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

**Finding 18-06:** Upgrade Manufacturing System

**Status:** The management teams have begun to work with the VITA Supply Chain Management team to identify resources for development of Request for Information.

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

**Finding 18-07:** Improve Information Security for Point of Sale System

**Status:** The management teams have begun to work with the VITA Supply Chain Management team to identify resources for development of Request for Information.

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

**Finding 18-08:** Improve Oversight over Third-Party Providers

**Status:** The management teams are evaluating impacts of moving to the state contract for credit card services.

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

**Finding 18-09:** Improve Information Technology Governance

**Status:** The policies and procedures for Information Security program will be incorporated in the development of new MOU to include DBVI as a component of DARS Security program responsibilities

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

#### **Department for the Deaf and Hard-of-Hearing (VDDHH)**

**Audit Year: 2018**

**Finding 18-01:** Update Disability Services Agencies Memorandum of Understanding

**Status:** The management teams have met with facilitator to begin the workplan for the development of MOU and management engagement. The DARS administrative leadership are documenting all services provided to DBVI and will present to them within the next 60 days.

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

**Finding 18-02:** Improve Purchase Card Reconciliations and Document Retention. **This is a Partial Repeat Finding.**

**Status:** The SPCC Program Administrator will send out a reminder email to cardholders and supervisors on the 18th of each month with deadlines for each agency to submit their small purchase charge card reconciliations. As part of the Program Administrators routine audits, in instances where there's no supporting documentation included in a small purchase charge card reconciliation or if it was submitted after the deadline, she will follow up with the cardholder and their supervisor directly as needed for corrective action.

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

#### **Virginia Board for People with Disabilities (VBPD)**

**Audit Year: 2018**

**Finding 18-01:** Update Disability Services Agencies Memorandum of Understanding

**Status:** The management teams have met with the facilitator to begin the workplan for the development of MOU and management engagement. The DARS administrative leadership are documenting all services provided to DBVI and will present to them within the next 60 days.

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

**Finding 18-02:** Improve Purchase Card Reconciliations and Document Retention. **This is a Partial Repeat Finding.**

**Status:** The SPCC Program Administrator will send out a reminder email to cardholders and supervisors on the 18th of each month with deadlines for each agency to submit their small purchase charge card reconciliations. As part of the Program Administrators routine audits, in instances where there's no supporting documentation included in a small purchase charge card reconciliation or if it was submitted after the deadline, she will follow up with the cardholder and their supervisor directly as needed for corrective action.

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

## Independent Agencies

### State Corporation Commission (SCC)

**Audit Year: 2018**

**Finding 18-01:** Continue Improving the Information Security Program. **This is a Repeat Finding.**

**Status:** The previously drafted roadmap was altered and a new remediation plan has been documented to complete 10 documents with an expected completion in 2nd quarter of 2020.

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

**Finding 18-02:** Continue Improving Logical Access Controls. **This is a Repeat Finding.**

**Status:** SCC is implementing a new Security Access Request process. The SCC will continue to perform periodic Security Access Reviews.

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

**Finding 18-03:** Develop and Implement Alternative Controls for Manual Payments

**Status:** The Administrative Revenue Manager of the Bureau of Insurance (Bureau) will assure the appropriate separation of duties exists for check deposits and the completion of the month-end reconciliation. The Bureau, in conjunction with the Office of the Commission Comptroller, has identified suitable backups to resolve the control deficiency, and those persons have been trained. The corrective action has been implemented.

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

## Natural Resources

### Department of Game and Inland Fisheries (DGIF)

**Audit Year: 2018**

**Finding 18-01:** Perform Annual Access Review of the Commonwealth's Attendance and Leave System

**Status:** Create a process to perform the necessary review of TAL, in particular with regards to access roles and permissions as it relates to special TAL users in our department, namely staff assigned to human resources and payroll functions, and the continued need for varying levels of access to ensure that each user's permissions are considered reasonable based on his or her job duties and responsibilities.

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

**Finding 18-02:** Improve Employment Eligibility Process

**Status:** DGIF's HR Division will conduct quarterly internal Employment Eligibility Verification Form I-9 audits and develop an internal policy (with stricter controls) regarding the handling of I-9 documents to assist hiring supervisors and Human Resource Office personnel to maintain accurate records.

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

**Finding 18-03:** Improve Completion and Performance of Physical Inventories. **This is a Repeat Finding.**

**Status:** Assign additional staff resources to Fixed Asset Function. Update policy and procedures to redefine fixed and capital asset definitions, expectations for each and to decentralize physical inventory requirements. Modify our Asset Management System to provide secure, reasonable access to certain supervisors for purposes of alleviating the level of data entry required by our Fixed Asset Coordinator when processing internal property transfers.

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

**Finding 18-04:** Improve Policies Surrounding Reconciliation of Capital Assets

**Status:** Implement a new cover/routing sheet to document the review and approval for reconciliations of capital assets and Construction in Progress, which is consistent with how we already document reconciliations for accounts payables and receivables. Update current policies and procedures to address the requirement for the preparer and reviewer to sign off and date reconciliations when they are complete, the requirement for a supervisor to review reconciliations, and the requirement for correcting/resolving reconciliation discrepancies.

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

**Finding 18-05:** Improve Tracking and Reporting of Construction in Progress. **This is a Repeat Finding.**

**Status:** Improve the Tracking and Reporting of Construction in Progress. Shift to relying on Cardinal Financial Reports—the official financial system of record—to ensure more timely and accurate updates to CIP.

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

## Public Safety and Homeland Security

### Department of State Police (VSP)

**Audit Year: 2017**

**Finding 17-01/14-03/11-02/09-03:** Continue to Upgrade and Replace End-of-Life Technology. **This is a Repeat Finding.**

**Status:** Both projects are on track.

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

**Finding 17-02:** Align Information Technology Security Audits with Current Sensitive Systems

**Status:** Updated list of sensitive systems was communicated to VITA Centralized Audit Services on December 18, 2019. VITA Centralized Audit Services is responsible for preparing the updated audit plan.

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

**Finding 17-03:** Perform Information Technology Security Audits

**Status:** Significant delays encountered by VITA in providing contract auditors to perform security audits. VSP will continue to coordinate with VITA.

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

**Finding 17-05:** Improve Disaster Recovery Plan

**Status:** Preparation for enterprise readiness started March 2018. Solutions are developed, pricing is complete. Physical start is pending VSP, VITA and DPB confirm funding for VSP's transformation. No definite completion date for PC and network services, estimates range from 2020 – 2021. No cost estimate or start date established for VSP Server infrastructure. VSP's computer environment will change dramatically once transformed. At that time VSP will leverage VITA suppliers for infrastructure and DR capabilities. When applicable, IT and ISO will work together on DR plan utilizing the VITA service providers

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

**Finding 17-06:** Improve Risk Assessments

**Status:** On track per VITA ISO Centralized Services Risk assessment plan

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

**Finding 17-08:** Obtain, Review, and Document Service Organization Control Reports of Third-Party Service Providers

**Status:** Only one vendor replied. Most returned undeliverable. Responses to be evaluated.

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

**Finding 17-09:** Strengthen User Access Policies and Procedures. **This is a Repeat Finding.**

**Status:** VSP continue to draft desk procedures and maintain auditable documentation with biennial reviews.

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

**Finding 17-14/14-06:** Align Fixed Asset Accounting Policies with Code of Virginia and CAPP Manual Best Practices. **This is a Repeat Finding.**

**Status:** This is considered complete as to Reconciliations, VSP will review with Consult and develop written policies and procedures for non-purchased assets. Also, VSP will develop agency policies and procedures for Unclaimed Property.

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

**Finding 17-15:** Enter Assets into the Commonwealth's Fixed Asset System in a Timely Manner

**Status:** Fixed Assets Accountant enters assets 30 days after the invoice is processed as reported on the Cardinal Potential Fixed Assets Report. Submitted a request to DOA for an exception to CAPP.

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

**Finding 17-17:** Complete Fixed Assets Physical Inventories. **This is a Repeat Finding.**

**Status:** Approximately 75 of the physical inventory has been completed. Approximately 72% of the remainder is made up on Communication inventory. The remainder is expected to be inventoried within the next three months.

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

**Finding 17-18:** Develop a Methodology for Estimating Useful Lives

**Status:** Per conversation with Communications, the general rule is 10 years useful with no salvage value. Implemented new policy to reach out to the person who receives equipment and ask them about estimated useful like and salvage value for each item before entry into FAACS. Documentation will include email correspondence or documentation of phone call. Per DOA nomenclature codes will not be added unless in very extremely unique situations. DOA recommended using another code with the required useful life. Policies and procedures will be updated. And VSP still need to reach out to Aviation for useful life and salvage value.

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

**Finding 17-19:** Develop a Method for Estimating Salvage Value

**Status:** Per conversation with Communications, the general rule is 10 years useful with no salvage value. Implemented new policy to reach out to the person who receives equipment and ask them about estimated useful like and salvage value for each item before entry into FAACS. Documentation will include email correspondence or documentation of phone call. Per DOA nomenclature codes will not be added unless in very extremely unique situations. DOA recommended using another code with the required useful life. Policies and procedures will be updated. VSP still need to reach out to Aviation for useful life and salvage value.

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

**Finding 17-20:** Update the Commonwealth's Fixed Assets System to Reflect Asset Disposals. **This is a Repeat Finding.**

**Status:** Approximately 75% of the physical inventory has been completed. Approximately 72% of the remainder is made up on Communication inventory. So once the physical inventory is complete; all disposed assets will be updated as such in FAACS.

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

**Finding 17-21:** Adequately Document Fixed Asset Reconciliations. **This is a Repeat Finding.**

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

**Status Summary:** Completed (Delayed)

**Finding 17-25:** Align Internal Purchase Card Policies with CAPP Manual Best Practices

**Status:** In progress.

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

**Finding 17-32:** Align Internal Policies and Procedures with the Virginia Debt Collection Act and Commonwealth Accounting Policies and Procedures

**Status:** Decided to use existing staff instead of Collection agency. Extensive efforts are now utilized to research, analyze, and identify debt set-off accounts that are partially paid off from other source than Taxation's interception of refunds or payments due the debtors, and accounts that should have been cleared already. After review of backup documentation, debt set-off accounts are updated accordingly. A task list is created to clearly identify each staff's role and a matrix will be in place starting November to track and monitor staff production on a regular basis. The tool will be used to measure each staff's daily job performance which will also be helpful for their annual performance evaluation process. To maximize Taxation DSP staff have completed IRMS training; VSP has new debt set-off to key in IRMS – 349 Vehicle Crash, 39 CJIS, 45 Employees, 50 PSS, and 38 Safety for a total of 521 new accounts. Waiting for Firearms and FOIA data.

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

**Finding 17-33:** Improve Accounts Receivable Collection Process

**Status:** The Accounts Receivable and Petty Cash sections are tasked to develop detailed desk procedures since October 1 and expected for completion on or before February 28, 2020. Instead of Collection agency, in house contractors and/or employees are tasked to focus on delinquent Accounts Receivable accounts for collection efforts and accounts updates. Accounting Manger monitors the progress of VSP collection efforts and putting together the list of accounts for submission to the Office of the Attorney General for delinquent accounts to be written off due to non-availability of invoices and backup documentation. Target date for submission to OAG in the end of December.

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

**Finding 17-34:** Improve Accounts Receivable Tracking Process

**Status:** A new business process will be implemented to improve tracking and monitoring the extradition category of Accounts Receivables., beginning November 1. Also evaluating a new procedure related to overtime and employees reimbursing VSP. Monthly AR workbook is implemented with corrections and adjustments being done. Developed process to reconcile the monthly deposit certificates log to be used for VSP monthly source document to Cardinal report reconciliation.

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

**Finding 17-35/14-08:** Improve Processes over Work Zone Project Billings. **This is a Repeat Finding.**

**Status:** VSP is moving forward with this initiative.

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

**Finding 17-38:** Document Retirement Benefits System Reconciliations

**Status:** Still in process.

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



## Virginia Alcoholic Beverage Control Authority (ABC)

Audit Year: 2018

**Finding 18-01:** Improve Logical Access Controls for Users with Privileged Access

**Status:** As of December 30, 2019, ABC info sec policies have been approved by the board, and ABC are in the process of implementing them. ABC continues to use MIM for ABC budget and financial systems, but it has not been implemented globally at this point. ABC intends to overhaul account management processes by developing procedures to implement new policies, specifically focusing on privileged access.

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

## Transportation

### Department of Motor Vehicles (DMV)

Audit Year: 2018

**Finding 18-01:** Ensure Timely Notification of Terminations and Transfers

**Status:** Review for new process changes reflects significant improvements on the IT control side of the process but DMV is still seeing problems with the managers submitting the request in time to meet agency policies. DMV will be extending the due date to allow us time to address the human side of the process.

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

## Veterans and Defense Affairs

### Department of Veterans Services (DVS)

Audit Year: 2018

**Finding 18-01:** Review and Document Service Organization Control Reports

**Status:** While DVS has always reviewed these SOC reports prior to forwarding them to VITA DVS had no documentation to support such review. DVS have started documenting such review and will continue to do so on all SOC reports received.

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

**Finding 18-02:** Ensure Annual System Access Review are Performed

**Status:** VVCC conducted a review in May 2019. Reviews will be conducted and documented by both Care Centers semi-annually.

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

**Finding 18-03:** Strengthen Procedures over Terminated Employee System Access

**Status:** A process has been put in place to document the removal of access for terminated employees. Removal of access after termination will be made timely.

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

**Finding 18-04:** Grant System Access on the Principle of Least Privilege

**Status:** Initial review was conducted in May 2019 and unnecessary accesses were removed. During the semi-annual reviews, a review of system accesses will be reviewed as well and any unnecessary system access privileges will be removed.

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



## Compliance Monitoring

### **Agency Risk Management and Internal Control Standards (ARMICS) Compliance**

ARMICS is a comprehensive, risk based, approach to Internal Control. It is based on the Treadway Commission's Committee of Sponsoring Organizations, 1992 publication "Internal Control Framework," the 2004 work entitled, "Enterprise Risk Management," and the May 2013 revision to COSO's "Internal Control Integrated Framework."

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

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

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

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

2. Submission of Exhibit 4: Agency Statement, which states that the agency has not complied with ARMICS, will result in continued citation in the QR until the agency complies with the ARMICS standards and submits an ARMICS certification. The status of the agency's submitted Corrective Action Plan (CAP) will be reported until the ARMICS certification has been received.
3. Non-compliance with the processes required for successful completion of ARMICS; therefore, the agency's ARMICS submission was rejected by DOA. This will result in continued citation in the QR until the agency has complied with the ARMICS certification process and has submitted an ARMICS certification or Exhibit 4 (with required CAP).
4. Substantial non-compliance with the processes required for the successful completion of ARMICS (based on a QAR performed by DOA) will result in continued citation in the QR until the agency has complied with ARMICS and has submitted an ARMICS certification. The status of the agency's submitted CAP will be reported until the ARMICS certification has been received.

As of December 31, 2019, the following agencies were not in compliance with the ARMICS process based on their 2019 ARMICS submission:

The following agencies did not comply with ARMICS in FY 2019 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>
Department of Forensic Science	Exhibit 4 Filed	Yes	Agency states internal control assessments will be completed by March 31, 2020.
Frontier Culture Museum of Virginia	Exhibit 4 Filed	Yes	Agency states internal control assessments will be completed by September 30, 2020.

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

<b>Agency Name</b>	<b>Reason for Non-Compliance</b>	<b>Quarterly Corrective Action Plan Received</b>	<b>Status of Corrective Action</b>
Department of Health Professions	Substantial non-compliance with ARMICS process based on a QAR	Yes	Agency states that internal control assessments will be complete by June 30, 2020. Quarterly status update received.
Department of Human Resource Management	Substantial non-compliance with ARMICS process based on a QAR	Yes	Agency states that internal control assessments will be complete by September 30, 2020. Quarterly status update received.



**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 September and October were due on 10/31/2019 and 12/06/2019 respectively.

**Certifications Late or Outstanding**  
*As of January 15, 2020*

<b>Agency</b>	<b>Sept</b>	<b>Oct</b>
Department of Forensic Science	O/S	O/S

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

## E-Commerce

### *Travel Check Charges*

In accordance with Chapter 854, 2019 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 2020.

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, 2019</b>	<b>Fiscal Year 2020 To-date Charges</b>
<b>Education</b>		
Virginia Military Institute	\$45.00	\$45.00
Virginia State University	\$25.00	\$35.00
Virginia Museum of Fine Arts	\$25.00	\$30.00
<b>Health and Human Resources</b>		
Department of Health	\$40.00	\$50.00
<b>Judicial</b>		
Magistrate System	\$20.00	\$25.00
Circuit Courts	\$190.00	\$375.00
General District Courts	\$215.00	\$380.00
Juvenile and Domestic Relations District Courts	\$50.00	\$80.00
Indigent Defense Commission	\$5.00	\$5.00
<b>Natural Resources</b>		
Department of Conservation and Recreation	\$25.00	\$115.00
<b>Public Safety and Homeland Security</b>		
Department of Corrections - Division of Institutions	\$5.00	\$5.00
Virginia Alcoholic Beverage Control Authority	\$20.00	\$25.00
<b>Transportation</b>		
Department of Motor Vehicles	\$55.00	\$65.00
<b>Veterans and Defense Affairs</b>		
Department of Military Affairs	\$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, 2019*

<b>Secretarial Area</b>	<b>Direct Deposit % of Salaried Employees</b>	<b>Direct Deposit % of Wage Employees</b>
Administration	99.4%	100.0%
Agriculture and Forestry	99.7%	98.1%
Commerce and Trade	99.6%	100.0%
Education	99.7%	97.7%
Executive Offices	98.5%	100.0%
Finance	99.4%	98.9%
Health and Human Resources	99.0%	97.4%
Independent Agencies	99.6%	100.0%
Judicial	99.8%	95.4%
Legislative	100.0%	100.0%
Natural Resources	99.6%	96.4%
Public Safety and Homeland Security	99.3%	98.8%
Technology	100.0%	100.0%
Transportation	99.8%	99.9%
Veterans and Defense Affairs	99.3%	99.3%
<b>Statewide</b>	<b>99.5%</b>	<b>97.9%</b>
<i>Comparative</i>		
<i>Quarter Ended December 31, 2018</i>		
<b>Statewide</b>	<b>99.5%</b>	<b>97.9%</b>

## Statewide Salaried Direct Deposit Performance

*Quarter Ended December 31, 2019*

<b>Salaried Direct Deposit Participation</b>	<b>99.5%</b>
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### Salaried Direct Deposit Below 98 Percent

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

## Statewide Wage Direct Deposit Performance

*Quarter Ended December 31, 2019*

<b>Wage Direct Deposit Participation</b>	<b>97.9%</b>
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### Wage Direct Deposit Below 90 Percent

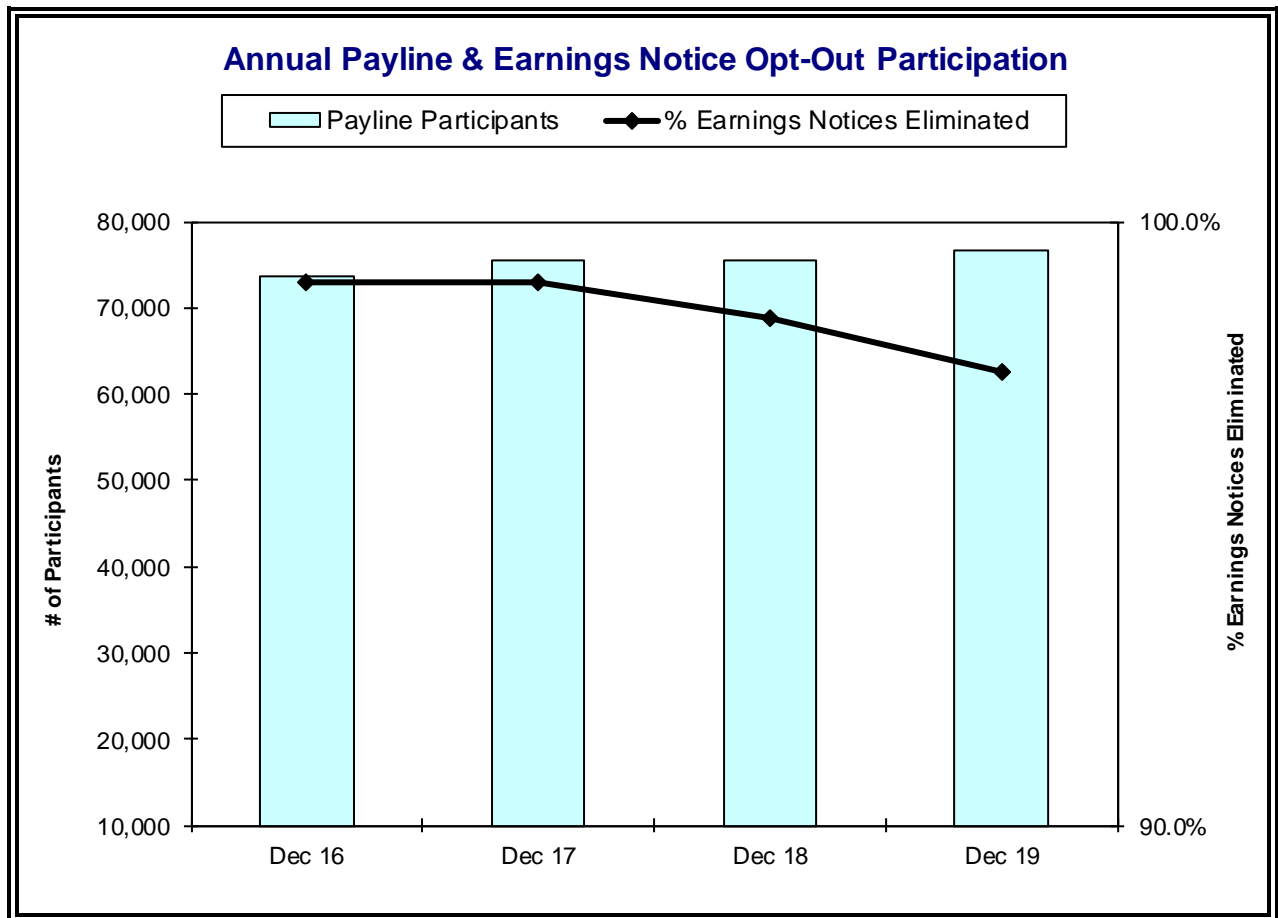
Agency	Percent	Number of Employees
<b>Education</b>		
Virginia State University	75.9%	632
Southern Virginia Higher Education Center	70.6%	17



### *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.





Effective January 1, 2009, all employees who have access to state-issued computers and internet access are required to use Payline and to opt out of earnings notice print. Agencies can implement this mandate by either requiring their employees to individually access Payline and make the appropriate elections in the user's security record to opt out or the agency can make a global election to opt out its employees. Agency elections to eliminate

earnings notice print can be applied systematically to salary-only employees, hourly-only employees, employees in specific units or all employees.

Most agencies elected a global opt-out in response to the January 1, 2009, mandate. As of December 31, 2019, the following agencies have not met the established goal of 90% for eliminating earnings notice print.

### Earnings Notice Elimination

Agency	Percent Earnings Notices Eliminated QE 12/31/2019	Percent Earnings Notices Eliminated QE 12/31/2018
<b>Agriculture and Forestry</b>		
Department of Agriculture & Consumer Services	88.4%	88.3%
Department of Forestry	71.1%	88.0%
<b>Education</b>		
Virginia State University	83.5%	87.9%
<b>Judicial</b>		
Circuit Courts	76.3%	78.4%
<b>Natural Resources</b>		
Marine Resources Commission	76.3%	78.2%
<b>Veterans and Defense Affairs</b>		
Virginia Veterans Care Center	29.9%	31.8%



## Payroll Controls

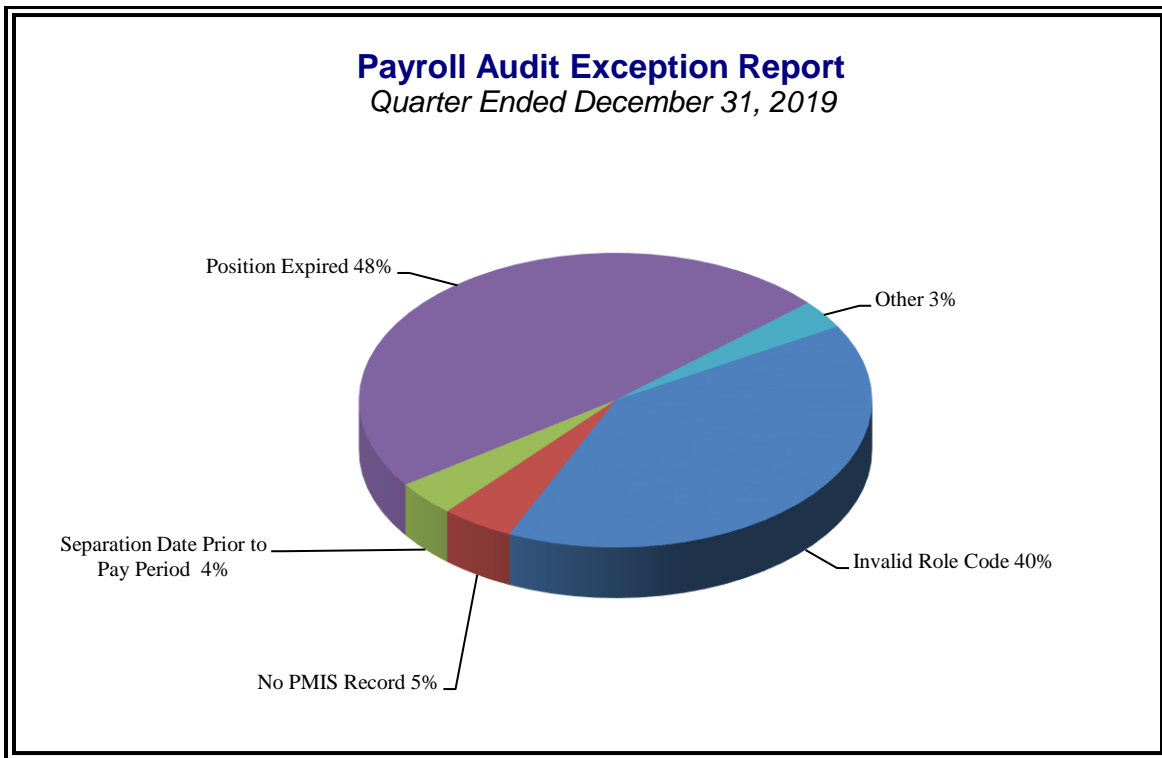
### *CIPPS/PMIS Payroll Audit*

During the quarter, DOA's automated comparison of payroll (CIPPS) and personnel (PMIS) records examined 397,732 salaried pay transactions and 127,311 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 2,731 new exceptions noted statewide during the quarter, with an overall exception rate of 0.07%.

The statewide salaried payroll exception rate was 0.05% and the wage payroll exception rate was 0.15%. During this quarter, 1 employee

paycheck was reduced to recover \$311.05 in overpayments.

While the largest cause of exceptions are due to processing payroll for employees whose position had expired, the second largest cause of exceptions was because no PMIS records were found. These exceptions can be avoided through timely PMIS data entry by agency Human Resource staff. Although segregation of these Human Resource and Payroll functions is an effective internal control, coordination and communication between agency Human Resource and Payroll staffs is essential.



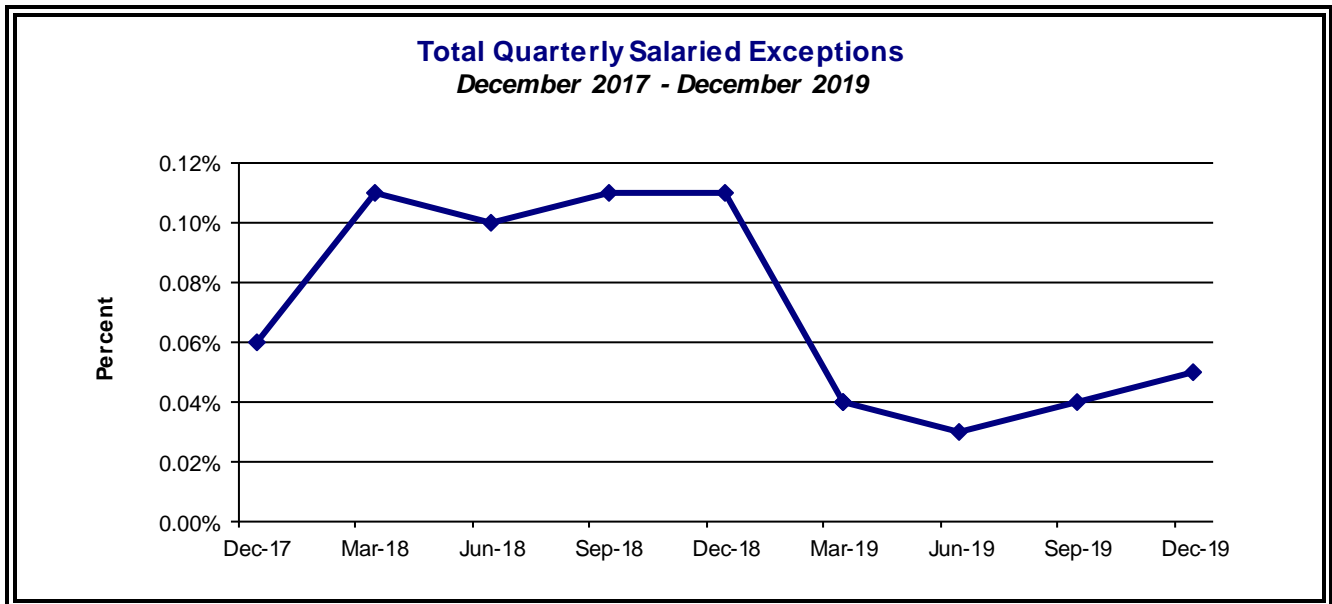
Exception percentages are calculated by dividing the number of exceptions by the number of salaried or wage employees. Agencies are reported below if the percentage of payroll exceptions to salaried or wage

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 ended December 31, 2019.

**Payroll Exception Audit**  
**Agency Payroll Exceptions as a Percent of Salaried Payments**  
*Quarter Ended December 31, 2019*

<u>Agency</u>	<u># of Salaried Exceptions</u>	<u>Exceptions as a % of Salaried Payments</u>
Catawba Hospital	7	0.44%
Sitter and Barfoot Veterans Care Center	4	0.23%
Southern Virginia Mental Health Institute	2	0.25%
Virginia Center for Behavioral Rehabilitation	11	0.34%
Virginia Community College System	141	0.38%
<b>Salaried Payroll Exceptions for the Quarter</b>		<b>0.05%</b>

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



## *Payroll Certification*

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

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

and are not consistent with sound internal control over payroll.

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

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

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

## Payroll Certification Compliance

Agency	Variance Amount (a)	Performed by DOA (b)	Submitted Late (c)	Corrected by DOA (d)
<b>Agriculture and Forestry</b>				
Department of Agriculture and Consumer Services		1		
<b>Commerce and Trade</b>				
Virginia Employment Commission		1		1
<b>Education</b>				
Eastern Shore Community College		1		
Lord Fairfax Community College	\$ 132,151			
Thomas Nelson Community College		3		
<b>Health and Human Resources</b>				
Catawba Hospital		1		
Commonwealth Center for Children and Adolescents		1		
Department of Blind and Vision Impaired				1
Department of Health		1		
Western State Hospital		1		
<b>Public Safety and Homeland Defense</b>				
Department of State Police*			2	
<b>Veterans and Defense Affairs</b>				
Sitter and Barfoot Veterans Care Center		1		
Virginia 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.



***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, 2019**

<u>Agency</u>	<u>Incomplete*</u>	<u>Errors*</u>	<u>Late</u>
Blue Ridge Community College			1
Eastern Shore Community College			1
Hiram Davis Medical Center			1
House of Delegates			1
John Tyler Community College			2
New River Community College			1
Paul D Camp Community College			1
Piedmont Geriatric Hospital			1
Rappahannock Community College			1
Southwestern Virginia Training Center			2
Thomas Nelson Community College			2
Virginia Retirement System			1

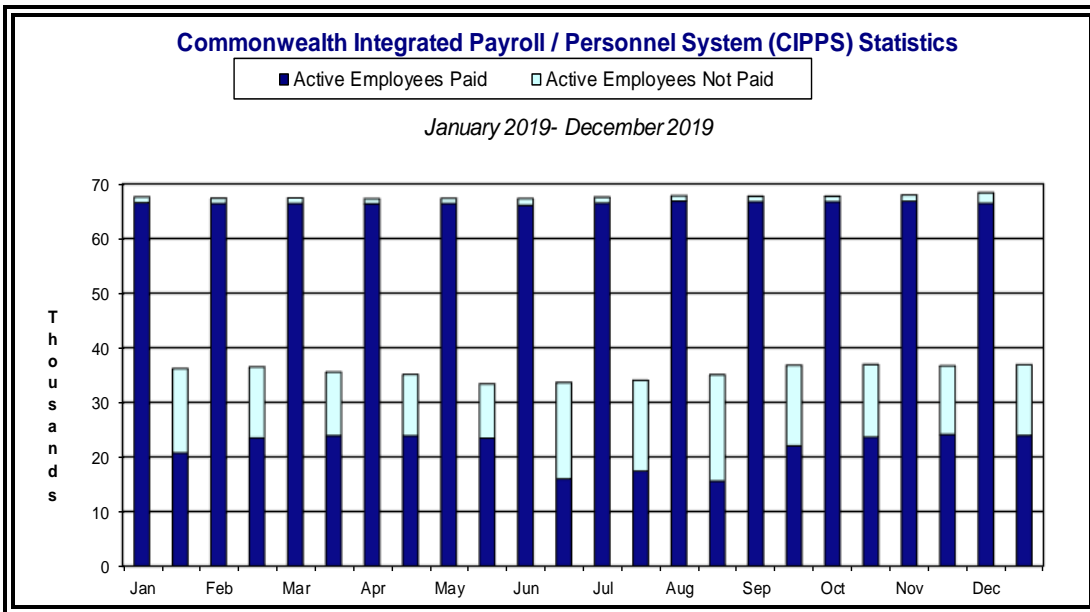
\*Agencies with more than two occurrences over the most recent 5-month period are reported.



**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 104,828 employees. Payroll services are also provided through eight decentralized higher education institutions.

On average, 90,854 employees were paid each month, of which 66,998 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.

**Health Care\*\***

COVA Care	51,861	53,072	53,966
COVA Health Aware	5,094	4,647	3,964
Kaiser	1,213	1,214	1,217
Optima Health Vantage	722	n/a	n/a
Tricare	71	63	68

**Optional Retirement Plans\*\***

Fidelity Investments	604	666	701
Political Appointee - ORP	119	118	108
TIAA/CREF	1,579	1,578	1,667

**Deferred Compensation\*\***

Commonwealth of Virginia 457 D/C Plan	34,054	35,118	36,488
Commonwealth of Virginia 457 Roth Plan	3,454	2,697	2,108
Hybrid Mandatory	18,629	15,715	13,080
Hybrid 457 Voluntary D/C Plan	8,685	8,046	7,961

**Flexible Reimbursement\*\***

Dependent Care	1,110	1,021	1,001
Medical Care	11,237	10,812	10,611

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

