

REPORT ON STATEWIDE COMPLIANCE

**FOR THE QUARTER ENDED
JUNE 30, 2019**



OFFICE OF THE COMPTROLLER

DEPARTMENT OF ACCOUNTS

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STATEMENT OF PURPOSE

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

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

This *Quarterly Report* includes information for the quarter ended June 30, 2019, and comparative FY 2018 data.

David A. Von Moll, CPA, CGFM
Comptroller



Virginia Department of Accounts

Financial Accountability. Reporting Excellence.

COMPLIANCE

Auditor of Public Accounts Reports - Executive Branch and Independent Agencies

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

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

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

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

Audit Reports – Quarter Ended June 30, 2019

The APA issued 8 reports covering 10 State Agencies for the Executive Branch and 0 reports for the Independent Agencies. The last column indicates whether the CAW has been received as of the date of this publication for each agency with audit findings. Note that in some cases, the CAW may not have been received because it is not yet due.

| | New Findings | Repeat Findings | Total Findings | CAW Received |
|---------------------------------|--------------|-----------------|----------------|--------------|
| Administration | | | | |
| None | | | | |
| Agriculture and Forestry | | | | |
| None | | | | |
| Commerce and Trade | | | | |
| None | | | | |
| Education | | | | |
| Christopher Newport University | 2 | 0 | 2 | YES |
| George Mason University | 4 | 2 | 6 | YES |
| James Madison University | 4 | 0 | 4 | YES |

| | New Findings | Repeat Findings | Total Findings | CAW Received |
|--|--------------|-----------------|----------------|--------------|
| Old Dominion University | 2 | 1 | 3 | YES |
| Radford University | 2 | 0 | 2 | YES |
| Richard Bland College ⁽¹⁾ | 5 | 5 | 10 | YES |
| The College of William and Mary in Virginia ⁽¹⁾ | 1 | 0 | 1 | YES |
| University of Mary Washington | 2 | 1 | 3 | YES |
| Virginia Institute of Marine Science ⁽¹⁾ | 0 | 0 | 0 | N/A |
| Virginia Military Institute | 1 | 0 | 1 | YES |
| Executive Offices | | | | |
| None | | | | |
| Finance | | | | |
| None | | | | |
| Health and Human Resources | | | | |
| None | | | | |
| Independent Agencies | | | | |
| None | | | | |
| Natural Resources | | | | |
| None | | | | |
| Public Safety and Homeland Security | | | | |
| None | | | | |
| Technology | | | | |
| None | | | | |
| Transportation | | | | |
| None | | | | |
| Veterans and Defense Affairs | | | | |
| None | | | | |

⁽¹⁾ The APA issued one report titled the College of William and Mary in Virginia, Virginia Institute of Marine Science, and Richard Bland College for the year ended June 30, 2018.



Audit Findings - Quarter Ended June 30, 2019

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

Education

Christopher Newport University

1. Improve Web Application Security
2. Develop and Implement Information Security Policies

George Mason University

1. Improve Information Security Policy and Procedures. **This is a Repeat Finding.**
2. Improve Firewall Security. **This is a Repeat Finding.**
3. Ensure Board of Visitor Approved meal Plan Rates Are Properly Implemented
4. Update Policies and Procedures to Ensure Compliance with Statement of Economic Interest Requirements
5. Improve Compliance over Enrollment Reporting
6. Properly Process Return of Title IV Calculations

James Madison University

1. Improve Compliance over Enrollment Reporting
2. Improve Notification of Awards to Students
3. Improve Reporting to the Common Origination and Disbursement System
4. Promptly Return Unclaimed Aid to Department of Education

Old Dominion University

1. Document Justification for Prepaying Expenses
2. Improve Compliance over Enrollment Reporting. **This is a Repeat Finding.**
3. Properly Process Return of Title IV Calculations

Radford University

1. Improve Enrollment Reporting Process
2. Improve Database Security

Richard Bland College

1. Improve the Financial Reporting Process. **This is a Material Weakness and a Repeat Finding.**
2. Strengthen Internal Controls over Capital Assets. **This is a Material Weakness and a Repeat Finding.**
3. Improve Controls Surrounding the Reconciliation between Richard Bland's and the Commonwealth's Accounting and Financial Reporting Systems. **This is a Repeat Finding.**
4. Improve Oversight over IT Third-Party Service Providers
5. Perform IT Security Audits over Sensitive Systems
6. Improve Virtual Private Network Security
7. Improve Change Management Process
8. Strengthen Internal Controls over Federal Cash Management. **This is a Repeat Finding.**
9. Strengthen Policies and Procedures over Employment Eligibility Documentation

10. Strengthen Internal Controls for Monitoring Financial Aid Third-Party Servicer. **This is a Partial Repeat Finding.**

The College of William and Mary in Virginia

1. Improve Oversight over IT Third-Party Service Providers

University of Mary Washington

1. Conduct Information Technology Security Audits on Sensitive Systems. **This is a Repeat Finding.**
2. Improve Security Awareness Training
3. Comply with Federal Regulations for Documentation of Employment Eligibility

Virginia Military Institute

1. Improve Controls over Fixed Asset Reporting



Risk Alerts – Quarter Ended June 30, 2019

No “Risk Alerts” were issued.

Special Reports – Quarter Ended June 30, 2019

The following APA “Special Report” was received that did not contain management findings:

Report to the Joint Legislative Audit and Review Commission for the quarter January 1, 2019 through March 31, 2019

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

2018 Internal Control Questionnaire Results for the period January 1, 2018 through December 31, 2018

Cycled Agency Procurement Review – Fiscal Year 2017

Other Audit Reports – Quarter Ended June 30, 2019

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

Commonwealth Health Research Board for the period July 1, 2016 through June 30, 2018

Richard Bland College Review Report for the Year Ended June 30, 2018

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

Judicial Branch – Audit of Select Business Cycles – for the year ended June 30, 2018

Internal Control Questionnaire Reviews for the Quarter June 30, 2019

The APA issued the following “Internal Control Questionnaire Review” that contained management recommendations:

Department of Historic Resources Internal Control Questionnaire Review Results as of April 2019

Virginia Department of Agriculture and Consumer Services Internal Control Questionnaire Review Results as of July 2018



Auditor of Public Accounts Reports - Executive Branch Agencies

Summary of Prior Audit Findings

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

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

| | IN PROGRESS | | COMPLETED | |
|---|----------------|---------|----------------|---------|
| | On Schedule | Delayed | On Schedule | Delayed |
| Administration | | | | |
| Department of General Services | 1 | 1 | 0 | 0 |
| Department of Human Resource Management | 1 | 6 | 1 | 0 |
| Commerce and Trade | | | | |
| Virginia Employment Commission | 4 | 0 | 1 | 0 |
| Education | | | | |
| Department of Education | 2 | 2 | 8 | 0 |
| George Mason University | 1 | 0 | 2 | 0 |
| James Madison University | 0 | 0 | 4 | 0 |
| Longwood University | 2 | 0 | 2 | 0 |
| Norfolk State University | 5 | 7 | 0 | 1 |
| Old Dominion University | 0 | 1 | 1 | 0 |
| Radford University | 0 | 1 | 0 | 0 |
| Richard Bland College | 0 | 4 | 0 | 0 |
| Southern Virginia Higher Education Center | 0 | 1 | 0 | 0 |
| University of Virginia | 0 | 0 | 3 | 1 |
| University of Virginia Medical Center | 0 | 5 | 0 | 0 |
| Virginia Commonwealth University | 0 | 0 | 3 | 0 |
| Virginia Community College System – Central Office | 0 | 1 | 1 | 0 |
| Central Virginia Community College | 0 | 0 | 0 | 1 |
| Eastern Shore Community College | 0 | 0 | 1 | 1 |
| Northern Virginia Community College | 1 | 0 | 0 | 1 |
| Paul D. Camp Community College | 0 | 1 | 0 | 0 |
| Thomas Nelson Community College | 0 | 2 | 0 | 0 |
| Tidewater Community College | 0 | 0 | 1 | 0 |
| Virginia Polytechnic Institute and State University | 0 | 0 | 0 | 2 |
| Virginia School for the Deaf and Blind | 1 | 0 | 0 | 0 |
| Virginia State University | 2 | 1 | 0 | 0 |

| | IN PROGRESS | | COMPLETED | |
|---|----------------|-----------|----------------|-----------|
| | On Schedule | Delayed | On Schedule | Delayed |
| Executive Offices | | | | |
| Attorney General and Department of Law | 0 | 2 | 3 | 0 |
| Finance | | | | |
| Department of Accounts | 0 | 1 | 1 | 0 |
| Department of the Taxation | 1 | 2 | 2 | 1 |
| Department of the Treasury | 2 | 1 | 1 | 0 |
| Health and Human Resources | | | | |
| Department for Aging and Rehabilitative Services | 0 | 0 | 0 | 2 |
| Department of Behavioral Health and Developmental Services | 3 | 2 | 9 | 0 |
| Department of Health | 1 | 4 | 7 | 1 |
| Department of Medical Assistance Services | 2 | 1 | 1 | 2 |
| Department of Social Services | 12 | 2 | 3 | 0 |
| Independent Agencies | | | | |
| State Corporation Commission | 0 | 2 | 0 | 0 |
| Virginia Lottery | 0 | 0 | 2 | 0 |
| Natural Resource | | | | |
| Department of Game and Inland Fisheries | 0 | 0 | 0 | 1 |
| Public Safety and Homeland Security | | | | |
| Department of Corrections | 0 | 1 | 1 | 0 |
| Department of State Police | 1 | 23 | 2 | 3 |
| Department of Veterans Services | 0 | 0 | 0 | 1 |
| Virginia Alcoholic Beverage Control Authority | 0 | 1 | 0 | 0 |
| Transportation | | | | |
| Department of Motor Vehicles | 1 | 0 | 2 | 0 |
| Department of Transportation | 1 | 1 | 3 | 1 |
| TOTALS | 44 | 76 | 65 | 19 |



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: Update Attachment 11 procedures to specify LAS report to use in preparation of attachment.

Status Summary: In Progress (On Schedule)

Audit Year: 2015

Finding 15-01: Improve Information Security Program

Status: No change in the deliverable date of December 31, 2019. Progress continues.

Status Summary: In Progress (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 in GASB 75 Best Practices in OPEB Accounting and Auditing. Finance has another to attend with a month or so and continues to look for new training.

Status Summary: In Progress (Delayed)

Finding 18-02: Improve IT Security Governance

Status: DHRM has created and filled an ISO position that reports directly to the Agency Head and is independent of IT Operations. However, at the time of this CAW submission, the ISO is also acting as the CIO and therefore there is not independent from the IT Operations.

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 18-04/17-02/16-01/15-01: Improve IT Risk Management and Disaster Recovery Planning. **This is a Partial Repeat Finding.**

Status: Staff has bandwidth now to work on completing this corrective action.

Status Summary: In Progress (Delayed)

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

Status: Finance will work to have procedures in place for the review of the SOC reports by September 30, 2019.

Status Summary: In Progress (On Schedule)

Finding 18-06: Reconcile Billing Records for the Line of Duty Act Program

Status: OHB has implemented a reconciliation procedure for LODA billing records.

Status Summary: Completed (On Schedule)

Audit Year: 2017

Finding 17-04: Improve Vulnerability Identification and Mitigation Process

Status: DHRM needs funding for a full-time ISO position that will be independent from IT Operations, and funding to maintain an effective and compliant Security Program; for that effect DHRM will submit a budget request for FY20 and following FY(s) requesting the funding necessary to support both needs.

Status Summary: In Progress (Delayed)

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: VEC continues to work with vendors to complete ECOS. Two third-party service providers have completed the ECOS assessments. A third provider is finalizing ECOS terms & conditions.

Status Summary: In Progress (On Schedule)

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

Status: The remaining sensitive system risk assessments and system boundaries diagrams are on schedule to be completed December 31, 2019.

Status Summary: In Progress (On Schedule)

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

Status: A full time FMS database administrator was hired February 19, 2019. VEC will reevaluate the order of future DBA tasks and attempt to install the database monitoring before upgrading the version of the database. Revised estimated completion date is September 30, 2019.

Status Summary: In Progress (On Schedule)

Finding 18-04: Improve Firewall Management

Status: Software was purchased and used to scan for vulnerabilities and to review the configuration. VEC's system and information integrity policy and procedures which were approved February 11, 2019 specifies "System Administrators or their designee(s) shall install security-relevant software and firmware updates within 90 days of the release of the updates."

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. 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 18-01: Implement Separation of Duties over VPSA Education Technology Grant Payments

Status: Implemented separation of duties in VPSARP. Education Finance Analyst reviews reimbursement requests. Budget Director approves requests. Budget Development Manager performs reconciliations of reimbursement requests in SSWS against monthly statements by SNAP. Worked with PFM on revisions to their internal controls. Reinforced expectation that the document is forwarded to DOE by July 1.

Status Summary: Completed (On Schedule)

Finding 18-02: Continue to Improve Support and Review of Financial Recording. **This is a Repeat Finding.**

Status: Continue refining move request form as needed to ensure proper supporting documentation and justification for all journal entries, and review and approval of all journal entries by management prior to posting in the General Ledger to ensure consistent application of improved internal controls policies and procedures in daily operations.

Status Summary: Completed (On Schedule)

Finding 18-03: Ensure Consistent Recording of Receivables

Status: The Office of Finance has been reporting SAMHSA federal receivables on a quarterly basis to DOA in FY2019, and will ensure inclusion in fiscal year-end financial reporting for FY2019 CAFR submitted to DOA.

Status Summary: Completed (On Schedule)

Finding 18-04: Use Secure Local Division Data

Status: The Budget office has updated existing SOPs to emphasize that linked data must come from the shared drive. The updated SOPs have been communicated to Budget staff.

Status Summary: Completed (On Schedule)

Finding 18-05: Establish and Implement Policies and Procedures over Federal Reporting

Status: Written policies and procedures have been completed and will be used for all future Annual Performance Reports (APRs). The policies and procedures document the program office's processes for preparing federal reporting including instructions on where and how to obtain required data, the requirement to cite all supporting documentation, where the documentation is filed, verification of Oracle Financials data from Finance, signature assurances, confirmation of reporting periods, and verification of state match amounts with the Budget Office.

Status Summary: Completed (On Schedule)

Finding 18-06: Confirm that Subrecipients are not Suspended or Debarred

Status: Revised Attachment A to the Grant Award Notification Form to include new special terms and conditions that require sub-recipient compliance with 2 CFR 180, Subpart C as a condition of participation in the transaction. Disseminated to all DOE staff via email the revised documents and sub-granting procedures relating to suspension and debarment compliance. Conducted Program Managers' Meeting on March 12, 2019 to further discuss the new requirements of Attachment A regarding suspension and debarment.

Status Summary: Completed (On Schedule)

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

Status: The APA has recognized DOE has resolved five out of six control weaknesses identified in the fiscal year 2017 audit. DOE expects to resolve the outstanding deficiency of monitoring of highly privileged user access by utilizing VITA's recently released IAM solution.

Status Summary: In Progress (On Schedule)

Finding 18-08: Improve Vulnerability Scanning Process

Status: DOE will use VITA's implementation of Tenable.SC Product to provide internal Vulnerability Scanning.

Status Summary: In Progress (On Schedule)

Finding 18-09: Perform Information Technology Security Audits

Status: Sensitive Systems Audits have been completed by VITA and the Final Report has been issued.

Status Summary: Completed (On Schedule)

Finding 18-10: Improve the IT Security Awareness Training Process

Status: IT Security Awareness Training policy and procedure documentation has been completed, adopted, and utilized – 100% compliance was achieved during the CY2018 campaign.

Status Summary: Completed (On Schedule)

Audit Year: 2015

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

Status: The APA has recognized DOE has resolved five out of six control weaknesses identified in the fiscal year 2017 audit. DOE expects to resolve the outstanding deficiency of monitoring of highly privileged user access by utilizing VITA's recently released IAM solution.

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 APA has recognized DOE has resolved five out of six control weaknesses identified in the fiscal year 2017 audit. DOE expects to resolve the outstanding deficiency of monitoring of highly privileged user access by utilizing VITA's recently released IAM solution.

Status Summary: In Progress (Delayed)

George Mason University (GMU)

Audit Year: 2018

Finding 18-01: Improve Compliance over Enrollment Reporting

Status: First summer files were submitted. With guidance from NSC, GMU has determined it should send "Grad Only" enrollment files in addition to Degree-Verify files. GMU adjusted policy and has transmitted fall 18 and spring 19 "Grad Only" files in addition to Degree-Verify files.

Status Summary: In Progress (On Schedule)

Finding 18-02: Properly Process Return of Title IV Calculations

Status: Updated Student Information System to include the Sunday before Spring Break with the number of break days to exclude it from the R2T4 calculation as required.

Status Summary: Completed (On Schedule)

Audit Year: 2017

Finding 17-01: Improve Information Security Policies and Procedures

Status: A new overarching IT Security Policy and supporting IT Security Standard have been developed based on NIST 800-53. Operating procedures were updated to reflect the changes. As of June 28, 2019 the documents have been finalized and submitted for publishing per University process. Primary responsibility to ensure that University IT Security policies are up to date and providing appropriate protections added to CISO position description May 15, 2018.

Status Summary: Completed (On Schedule)

James Madison University (JMU)

Audit Year: 2018

Finding 18-01: Improve Compliance over Enrollment Reporting

Status: Client Services Team Lead to notify Student Data Reporting Analyst of the list of retroactive withdrawals received from the Dean of Students. The Student Data Reporting Analyst will update the student's record in the National Student Clearinghouse with the accurate withdrawal date, rather than the default end-of-term date. A query will also be run at the beginning of each term to ensure no retroactive withdrawals were missed in the Dean's report.

Status Summary: Completed (On Schedule)

Finding 18-02: Improve Notification of Awards to Students

Status: Automation of the process to initiate the email of the written award notifications to students.

Status Summary: Completed (On Schedule)

Finding 18-03: Improve Reporting to the Common Origination and Disbursement System

Status: Transition of duties to different staff; additional training; process modification to include sending of origination and disbursement records to COD via separate files, allowing for automatic holds to be placed on disbursement records for students with unconfirmed eligibility.

Status Summary: Completed (On Schedule)

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

Status: Unclaimed refunds associated with grants are checked with each Pell Grant disbursement to ensure returns are made before the deadline date. Unclaimed refunds associated with Direct Loans are checked when notifications are received from the University Business Office and also as part of the monthly loan reconciliation process to ensure returns are made before the deadline date.

Status Summary: Completed (On Schedule)

Longwood University (LU)

Audit Year: 2017

Finding 17-01: Improve Database Security and Information System Access Controls. This is a Material Weakness.

Status: LU will review the CIS Benchmark for Oracle or the Oracle Database Security Assessment Tool. During this review, we will determine what auditing will be required and when reviews will take place. LU is implementing ELK, which will be used to collect and analyze Oracle logs, this part of the project is scheduled to be complete by December 2018. After the review, we will create an Oracle baseline configuration standard by updating our current documentation, including our Database baseline configurations which are documented in our Oracle Database Installation and Maintenance document and our Standardized Audit settings. In addition, DBA Team Member accounts do not have access to perform DML on the SYS.AUD\$ table. The DBA Team Member accounts do have access to view the data in this table for research and monitoring

Status Summary: In Progress (On Schedule)

Finding 17-02: Improve Capital Asset Policies and Procedures That Support Financial Reporting. **This is a Material Weakness and a Repeat Finding.**

Status: New procedures were implemented and reconciliations were put in place.

Status Summary: Completed (On Schedule)

Finding 17-04/15-04: Continue to Improve Oversight of Third-Party Service Providers. **This is a Repeat Finding.**

Status: LU has adopted a process modeled from Radford University for Third Party Assessment and onboarding of proposed product. Depending on data type, HECVAT or SOC 2 type 2 reports may be required. During the 2019 APA audit it was viewed in pilot form and will be in production by June 2019. Material Management and ITS have worked closely to design and implement the process and have already implemented a Data Protection Addendum that is included in all contracts.

Status Summary: Completed (On Schedule)

Finding 17-05/16-04: Continue to Improve Continuity of Operations Planning. **This is a Repeat Finding.**

Status: ITS has been working with the Emergency Operations Group. There have been several meetings to discuss COOP with the latest meeting with the departmental leaders to develop a clear understanding of requirements. As input is received from the departments Emergency Operations an IT will assess the current state of operational process.

Status Summary: In Progress (On Schedule)

Norfolk State University (NSU)

Audit Year: 2018

Finding 18-01: Improve Controls over Fixed Asset Inventory

Status: NSU Controller's office have conducted comprehensive 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: In Progress (Delayed)

Finding 18-02: Improve Processes for Employment Eligibility

Status: NSU Office of Human Resources (OHR) has made proactive efforts in meeting the requirements set forth in the action plan. The audit of all I-9's that were currently in the possession of the OHR is in progress. The office continues to comply with current hiring practices in ensuring employees are hired and meet immigration standards.

Status Summary: In Progress (Delayed)

Finding 18-03: Improve Reporting to National Student Loan Data System. **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.

Status Summary: In Progress (On Schedule)

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. Financial Aid has made every effort to ensure that unofficial withdrawals are processed within federal guidelines. Financial aid continue to monitor the process to ensure compliance.

Status Summary: In Progress (On Schedule)

Finding 18-05: Improve Notification Process for Title IV Awards to Students

Status: Financial Aid's implementation of the "Process Handler" component of the Colleague Student Information System has provided for a systematic approach of sending email communications to students. Students are sent 14-day cancellation notification after each disbursement process ran by Student Accounts. In addition, students are sent daily emails for changes in awards and other communications. The implementation of the "Self-Service" component of Colleague affords students with a more user friendly platform for obtaining award and other key financial aid information. All disbursements are scheduled and processed weekly with the 14-day loan cancellation notification to be performed at the end of the disbursement cycle.

Status Summary: In Progress (On Schedule)

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

Status: No updated corrective action workplan received.

Status Summary: In Progress (Delayed)

Finding 18-07: Properly Process Return of Title IV 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. Financial Aid has made every effort to ensure that unofficial withdrawals are processed within federal guidelines. Financial aid continue to monitor the process to ensure compliance.

Status Summary: In Progress (On Schedule)

Finding 18-08: Improve Notification of Awards to Students

Status: Financial Aid's implementation of the "Process Handler" component of the Colleague Student Information System has provided for a systematic approach of sending email communications to students. Students are sent 14-day cancellation notification after each disbursement process ran by Student Accounts. In addition, students are sent daily emails for changes in awards and other communications. The implementation of the "Self-Service" component of Colleague affords students with a more user friendly platform for obtaining award and other key financial aid information. All disbursements are scheduled and processed weekly with the 14-day loan cancellation notification to be performed at the end of the disbursement cycle.

Status Summary: In Progress (On Schedule)

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

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

of the completed assessment. OIT is receiving monthly visits from NSU's VITA ISO representative. Estimated Completion Date for risk assessment is March 31, 2020.

Status Summary: In Progress (Delayed)

Finding 17-02/16-02/15-02: Conduct Information Technology Security Audits on Sensitive Systems. **This is a Repeat Finding.**

Status: A Sec501 IT Security Audit was begun in May 2019 and will be completed in July 2019. Internal auditor is working with OIT to comply with SEC501 audit requirement by providing an IT auditor to act as independent ISO for OIT. The capability will provide continuous monitoring oversight and provide a direct path for OIT IT security issues to the agency head. New auditor will join NSU on July 10, 2019.

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: NSU OIT continues to replace end-of-life technology (hardware and software). OIT has begun a university refresh plan and has started documenting the status of university classroom and lab technology and planning for a 4 year refresh cycle. OIT also reviews and signs off on all technology purchases and is creating a database so that departments can be notified of their end-of-life equipment prior to expiration date. Discussions are being conducted with a non-university entity regarding non-compliant software.

Status Summary: In Progress (Delayed)

Finding 17-04: Improve IT Asset Surplus and Sanitization Controls. **This is a Repeat Finding.**

Status: Asset Surplus and Sanitization policy and procedures have been developed and are being used. Several small issues have been discovered with the forms (documentation) which have been updated. Warehouse and Fixed asset organizations have tested and approved capability.

Status Summary: Completed (Delayed)

Finding 17-05: Improve Firewall Management

Status: Firewall Policy updates were made to address audit findings and security policies were updated as a function of a firewall assessment. Additional infrastructure changes are planned, beginning 1 July 2019 to include a firewall upgrade based on 2020 infrastructure funding. As the upgrades take place, manpower additions will need to be made.

Status Summary: In Progress (Delayed)

Old Dominion University (ODU)

Audit Year: 2018

Finding 18-01/17-01: Improve Compliance over Enrollment Reporting

Status: Ellucian has delivered a software upgrade to fix the final NSLDS reporting issue. Currently testing in Banner and anticipate installing in live environment NLT July 31, 2019.

Status Summary: In Progress (Delayed)

Finding 18-02: Properly Process Return of Title IV Calculations

Status: ODU has updated the University's R2T4 calculation to ensure the number of days within a term is correctly calculated for R2T4 purposes. Action was completed, January 2019.

Status Summary: Completed (On Schedule)

Radford University (RU)

Audit Year: 2018

Finding 18-01: 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.

Status Summary: In Progress (Delayed)

Richard Bland College (RBC)

Audit Year: 2017

Finding 17-01/16-01/15-01/14-02: Improve the Financial Reporting Process. **This is a Material Weakness and 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, RBC is also looking at the BANNER system set-up and functionality to ensure effective, efficient and accurate use of RBC's ERP system. RBC has made necessary modifications to our chart of accounts and has completed the implementation of the Banner Fixed Assets Module. Also, RBC has re-organized the Finance Department and have filled several positions with highly skilled professionals. RBC has 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 (Delayed)

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

Status: RBC has completed the implementation of the Banner Fixed Assets Module and loaded all fixed assets into the Banner ERP system. Also, RBC completed a physical inventory of all fixed assets as of June 28, 2019. RBC has created a draft fixed assets policy as well as a draft fixed assets procedure (including creating/implementing the necessary day-to-day transaction forms). These two documents will be finalized, thus completing this CAW item, by the Revised Estimated Completion Date.

Status Summary: In Progress (Delayed)

Finding 17-03: Improve Controls Surrounding the Reconciliation between the College's and the Commonwealth's Accounting and Financial Reporting Systems

Status: Complete and accurate BANNER to CARDINAL reconciliations have been developed and implemented. Policies/Procedures/Processes are being drafted. CARDINAL integration is a project to be worked on in the FY20 year. While the completion of Cardinal integration will enhance efficiencies related to reconciliations and other accounting functions; it is essentially a separate project and is unnecessary to perform accurate and complete BANNER to CARDINAL reconciliations. This CAW item will be complete when the Policy and Procedures are finalized.

Status Summary: In Progress (Delayed)

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

Status: RBC is developing processes and procedures to ensure consistent and accurate treatment of accruals in accordance with DOA guidelines. This work continues.

Status Summary: In Progress (Delayed)

Southern Virginia Higher Education Center (SVHEC)

Audit Year: 2016

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

Status: CFOO is continuing to work with the Budget and Finance Administrator and Fiscal Technician for training on CAPP topic requirements for Fixed Assets. Fixed asset policy has been written and departments are being trained on fixed asset management. Employees in each department were assigned responsibility for ongoing fixed asset management and to complete physical inventory. Physical inventory was completed on June 15, 2019. SVHEC is working on updating our fixed asset listing and updating FAACS.

Status Summary: In Progress (Delayed)

University of Virginia (UVA/AD)

Audit Year: 2018

Finding 18-01: Improve Security Awareness Training Program. **This is a Partial Repeat Finding.**

Status: Corrective action has been completed.

Status Summary: Completed (Delayed)

Finding 18-07: Improve Compliance over Enrollment Reporting

Status: UVA/AD's understanding of the federal regulations with regards to the effective enrollment change date and date of determination differs from the APA. Based on the University's interpretation of both the Code of Federal Regulations and the NSLDS Reporting Guide, UVA/AD feels it is in compliance with NSLDS requirements. UVA/AD has consulted with the National Student Clearinghouse (NSC), the organization that delivers financial aid student enrollment certifications to the NSLDS for UVA/AD and most colleges in regards to the NSLDS requirements and these specific students.

Status Summary: Completed (On Schedule)

Finding 18-09: Properly Process Return of Title IV Calculations

Status: UVA/AD has promptly implemented improvements to existing processes that ensures accurate monitoring and the timely return of Title IV funds, including additional controls that alert management to the transactions and impending deadlines.

Status Summary: Completed (On Schedule)

Finding 18-10: Improve Notification of Awards to Students

Status: UVA/AD immediately corrected the underlying systems to ensure that all required disclosures are sent to students on a timely basis. SFS will closely monitor the notification process and system on a regular basis going forward to ensure continued compliance.

Status Summary: Completed (On Schedule)

University of Virginia Medical Center (UVAH)*

Audit Year: 2018

Finding 18-01/17-02: Improve IT Risk Management Process and Documentation. **This is a Repeat Finding.**

Status: No updated Corrective Action Workplan received.

Status Summary: In Progress (Delayed)

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

Status: No updated Corrective Action Workplan received.

Status Summary: In Progress (Delayed)

Finding 18-03: Improve Wireless Local Area Network Security

Status: No updated Corrective Action Workplan received.

Status Summary: In Progress (Delayed)

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

Status: No updated Corrective Action Workplan received.

Status Summary: In Progress (Delayed)

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

Audit Year: 2017

Finding 17-01: Improve Database Security

Status: No updated Corrective Action Workplan received.

Status Summary: In Progress (Delayed)

Virginia Commonwealth University (VCU/AD)

Audit Year: 2018

Finding 18-01/17-01: Improve Continuity Planning Documentation. This is a Partial Repeat Finding.

Status: Follow-up meetings were held with all plan owners to complete BIAs and draft policy was submitted to VCU/AD Integrity and Compliance Office for review and approval.

Status Summary: Completed (On Schedule)

Finding 18-03: Comply with Commonwealth Requirements for Wage Employees. This is a Repeat Finding.

Status: While it is ultimately the responsibility of the hiring schools and divisions to ensure that 1,500 work hours have not been exceeded, and it is the responsibility of managers within the schools and divisions to monitor compliance with these laws, VCU/AD HR will continue to send automatic reports and consistent communication to the HR liaisons and will provide them with specific guidance to help them manage and monitor the hours of wage and hour employees who work in multiple departments. Additionally, VCU/AD HR will send another universal reminder regarding compliance with the laws, and the VCU/AD HR Compliance Office will continue to monitor the quarterly hour reports. The VCU Compliance Office will direct the HR liaisons to immediately track and maintain a running account of any employee who appears to be close to 29 hours per week or who appears to be in potential violation of the 1,500 annual hour limit. Finally, in the 2018-2019 reporting year, VCU HR will continue to send the reports containing the names of employees who have exceeded 1,200 hours to the relevant HR liaisons, but the VCU/AD HR Compliance Office will also proactively communicate directly with HR Professionals, as well as proactively and directly with the employee or wage worker exceeds 1,200 hours in the reporting period or anytime an employee is projected to meet or exceed the 1480 hour limit, and will direct the respective HR Professional overseeing the HR liaisons to more closely monitor the matter. The VCU/AD HR Compliance Office will also discuss with the HR Professionals ways to incorporate measures within the schools and divisions to determine if hourly employees are working in multiple positions and engage them in discussing ways they can better manage this situation among the schools and divisions.

Status Summary: Completed (On Schedule)

Finding 18-04: Improve Compliance over Enrollment Reporting

Status: To ensure that unofficial withdrawal enrollment updates are reported accurately and timely to NSLDS, the Office of Financial Aid will perform manual enrollment updates to NSLDS for all students who have withdrawn without official notification during a term/semester. This step has been added to the existing Return of Title IV procedure and will begin implementation at the conclusion of the fall 2018 term/semester. To rectify the graduation status finding, the Office of Records and Registration is sending amended enrollment files to the National Student Clearinghouse (NSC) to update the NSLDS. The office has also added a supplementary enrollment report for graduates only to the transmission schedule provided to the NSC each semester. In addition, quality control reviews will be conducted in collaboration with staff from the Offices of Financial Aid and Records and Registration at the end of each semester to ensure timely and accurate reporting at both the campus and program levels.

Status Summary: Completed (On Schedule)

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

Audit Year: 2017

Finding 17-01: Improve Effectiveness of System Access Controls

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Finding 17-04: Complete a Risk Assessment for Each Sensitive System

Status: While risk assessments have been developed for 13 out of the 16 most sensitive systems, three risk assessments are still outstanding. Full completion has been extended until November 1, 2019.

Status Summary: In Progress (Delayed)

Central Virginia Community College (CVCC)

Audit Year: 2018

Finding 18-01: Improve Compliance over Enrollment Reporting. **This is a Repeat Finding**

Status: When the problem was initially identified in September, 2015 a work-around was presented to the colleges from VCCS financial aid to assist in achieving compliance until the file generation process was corrected at the VCCS level. While partially effective, it did not completely eliminate the problem.

As a best practice, colleges are compelled to generate data used to update external systems using the official system of record, for auditing purposes.

Status Summary: Completed (Delayed)

Eastern Shore Community College (ESCC)

Audit Year: 2017

Finding 17-04: Improve Documentation of Policies and Procedures

Status: New procedures have been written and are in place.

Status Summary: Completed (On Schedule)

Finding 17-07: Properly Maintain Faculty Records

Status: Written policies and procedures have been updated. Academics has removed all duplicate information from the faculty files. All personnel files will be kept in one centralized storage area once the new facility is complete. In the interim, the updated records are properly organized and maintained awaiting completion of the new facility.

Status Summary: Completed (Delayed)

Northern Virginia Community College (NVCC)

Audit Year: 2018

Finding 18-01: Improve Compliance over Enrollment Reporting

Status: The College has been working with the VCCS-CO 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: In Progress (On Schedule)

Audit Year: 2017

Finding 17-02: Report Missing Assets

Status: New policies and procedures have been developed/implemented. Testing is now underway to ensure that the updated processes put in place are working as intended. The date for completion has been extended until June 30, 2019.

Status Summary: Completed (Delayed)

Paul D. Camp Community College (PDCCC)

Audit Year: 2018

Finding 18-01: Improve Compliance over Enrollment Reporting. **This is a Repeat Finding.**

Status: College management has implemented a quality control review process and workgroup. The Registrar, Financial Aid Coordinator, Dean of Student Affairs, and Return of Aid Processor workgroup will perform the following functions as noted on the calendar: review the NSLDS Roster, disseminate the NSLDS Reporting Manual to the QCR members, increase subsequent reporting to NSC, collaborate on the R2T4 report monthly, and review the graduation file. All corrective actions have been implemented with the exception of the March NSC training session in March 2019.

Status Summary: In Progress (Delayed)

Thomas Nelson Community College (TNCC)

Audit Year: 2017

Finding 17-06: Deactivate Terminated User Access Timely. **This is a Repeat Finding.**

Status: TNCC continues to look at automated processes to streamline the employee off boarding process. TNCC met with vendor's to review Automatic Robotic Processing options and is in the process of selecting a vendor that can meet the needs of the College to help ensure that access is terminated efficiently upon employee termination. IT and HR are working together in the interim to make sure access is deactivated in a timely manner and employee clearance forms are filled out upon termination. The target date for completion has been extended until September 30, 2019.

Status Summary: In Progress (Delayed)

Finding 17-07: Ensure Employee Clearance Forms Are Completed at Termination

Status: TNCC continues to look at automated processes to streamline the employee off boarding process. TNCC met with vendor's to review Automatic Robotic Processing options and is in the process of selecting a vendor that can meet the needs of the College to help ensure that access is terminated efficiently upon employee termination. IT and HR are working together in the interim to make sure access is deactivated in a timely manner and employee clearance forms are filled out upon termination. The target date for completion has been extended until September 30, 2019.

Status Summary: In Progress (Delayed)

Tidewater Community College (TCC)

Audit Year: 2018

Finding 18-01: Improve Compliance over Enrollment Reporting

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 in order for graduation reporting, which went into effect in August 2018. 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 Polytechnic Institute and State University (VPISU/ID)

Audit Year: 2018

Finding 18-01: Improve Compliance over Enrollment Reporting

Status: After months of testing in attempts to get the baseline Banner National Student Clearinghouse report to work that VT finally had to abandon that approach. The way VPISU/ID's Banner instance was initially set up prevents from being able to relay on that report to produce the G only file. As a result the VPISU/ID student Banner team has written a custom program to produce

this report. VPISU/ID has been testing it over the past month and VPISU/ID can report that it will be moving into production within the next few weeks. This would be VPISU/ID's normal reporting timeline as VPISU/ID doesn't finalize spring graduates until June 30 for undergraduates and later in the summer for graduates. VPISU/ID considers the issue to be completely remediated.

Status Summary: Completed (Delayed)

Finding 18-02: Improve Reporting to National Student Loan Data System

Status: VT implemented a solution last quarter. The proposed solution of creating G-only file is in production and is transmitting data to the National Student Clearinghouse. The solution is working as expected.

Status Summary: Completed (Delayed)

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: Work continues and it is estimated to take about 2 years to complete.

Status Summary: In Progress (On Schedule)

Virginia State University (VSU)

Audit Year: 2018

Finding 18-01: Improve Compliance over Enrollment Reporting

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 uploaded 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: In Progress (On Schedule)

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

Status: Staff will no longer make adjustments directly on COD without the approval of Director or Associate Director. Improve documentation with software defects that will include a description of the issue requiring the manual update, corresponding date, and the ID of the impacted student

Status Summary: In Progress (On Schedule)

Audit Year: 2017

Finding 17-03: Improve Documentation of Emergency and Sole Source Contract Procurements

Status: Office of Procurement has completed revising and completing the emergency and sole source checklist and discussed this with Purchasing Officers. Discussions have been held with all Purchasing staff regarding the use of the internal emergency and sole source requirement checklist. Discussions and training are planned to be held at the VP meeting to ensure VSU executives to ensure everyone understands what constitutes emergency and sole source procurements.

Status Summary: In Progress (Delayed)

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: Recently engaged with a third-party vendor to help OAG develop a formal change and release management process that the firewall management would then fall under. It is anticipated that with their assistance, OAG should be able to expedite establishing a formal process and training team accordingly.

Status Summary: In Progress (Delayed)

Finding 8-02: Continue to Improve Physical and Environmental Security. **This is a Repeat Finding.**

Status: A policy has been designed that outlines the OAG responsibility to monitor environmental conditions for information systems. Equipment to monitor environment has been specified and a purchase order will be submitted to get the necessary equipment. As soon as it is received, OAG will configure and monitor based on policy guidelines.

Status Summary: In Progress (Delayed)

Finding 18-03: Improve Legal Billings Internal Controls

Status: All legal billing MOU's have been reviewed and are being updated with the respective Agencies.

Status Summary: Completed (On Schedule)

Finding 18-04: Perform Annual Access Review of the Attendance and Leave System

Status: A process has been established by which TAL access will be reviewed by January 10th of each year to ensure appropriate access and make changes as necessary.

Summary Status: Completed (On Schedule)

Finding 18-05: Improve Employment Eligibility Process

Status: A ticket has been created to check the relative website for updated I-9 form which expired August 31, 2019 and thereafter based on recurring expiration dates. Continue the practice of ensuring I-9 forms are dated and signed on the first day of a new hire's employment and appropriate documentation is received. Continued practice of completing Section of the I-9 form within three days of the first day of employment notating appropriate documentation and key into E-Verify. Printed reports from E-Verify will document receipt of the I-9.

Status Summary: Completed (On Schedule)

Finance

Department of Accounts (DOA)

Audit Year: 2018

Finding: 18-01/17-01: Ensure all Nonexempt Active Vendors in the commonwealth's Accounting and Financial Reporting System Have a Form W-9. **This is a Repeat Finding.**

Status: As of June 30, there are approximately 66 vendors who remain in Cardinal without an exemption or W-9. CVG will search eVA and work with agencies and vendors to obtain a W-9 form for the remaining vendors. The estimated completion date has been updated to September 30, 2019.

Status Summary: In Progress (Delayed)

Finding 18-02: Review and Document Service Organization Control Reports of Third-Party Service Providers

Status: DOA developed operational procedures covering analysis, review, and documentation of SOC reports. In addition, ARMICS testing to verify documentation of SOC reviews has been added to DOA procedures.

Status Summary: Completed (On Schedule)

Department of Taxation (TAX)

Audit Year: 2018

Finding 18-01/17-01: Strengthen Access Controls. **This is a Repeat Finding.**

Status: TAX has completed a project that documents combinations of access functions that create potential segregation of duties violations. From the documentation, TAX personnel will determine if the potential segregation of duties violation should be controlled via an application access security rule or some other compensating control. This step has been completed.

Status Summary: Completed (Delayed)

Finding 18-02/17-02: Continue to Improve Service Account Management. **This is a Repeat Finding.**

Status: Service accounts were documented.

Status Summary: Completed (On Schedule)

Finding 18-03: Improve Controls over Workgroups

Status: TAX 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 July 1, 2019 thru July 31, 2019. The reference to the beginning of June is the Prep for the July certification period.

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

Finding 18-05/17-05: Improve Controls over Role Access. **This is a Repeat Finding.**

Status: TAX will complete a project that identifies combinations of access functions that create potential segregation-of-duty violations. TAX will communicate the results to management so that they can make and document an informed decision regarding whether to address the potential conflict in the access control process or rely on other compensating controls. TAX also recommunicated to all supervisors that during the access request and recertification process they must approve only the access that constitutes least privilege for an employee's current need.

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 DEM 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: Senior management position has been hired and is being trained on Trust Accounting job responsibilities.

Status Summary: In Progress (On Schedule)

Finding 18-02: Improve Financial Reporting of Unclaimed Property Activity. **This is a Repeat Finding.**

Status: The Unclaimed Property Division continues to enhance documentation and procedures used to complete financial statements.

Status Summary: In Progress (On Schedule)

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

Status: TD has begun documenting the roles and workflows associated with TD's Unclaimed Property System (TUPS) and document management system (PaperVision). Under the guidance of the ISO, workflow permissions are being reviewed and assigned by individual security role.

Status Summary: In Progress (Delayed)

Finding 18-04: Document Risk Management Procedures and Improve Quality of Data Providers to Actuary

Status: The Risk Management Division has developed written procedures for preparing actuarial data. Additionally, we now have a data analytics tool (Qlik) for pulling the data using an "effective date" that was not available in the past. The Division will review these procedures annually and make changes as needed.

Status Summary: Completed (On Schedule)

Health and Human Resources

Department for Aging and Rehabilitative Services (DARS)

Audit Year: 2017

Finding 17-01: Comply with the Commonwealth Neurotrauma Initiative Trust Fund Requirements

Status: The procedure has been revised to make year-end adjustment based on the total revenues received as of June 30th of each state fiscal year.

Status Summary: Completed (Delayed)

Finding 17-03: Improve Documentation and Timeliness of the Commonwealth's Benefit System Reconciliations. **This is a Partial Repeat.**

Status: Procedures have been developed and documented. The procedures are being implemented.

Status Summary: Completed (Delayed)

Department of Behavioral Health and Developmental Services (DBHDS)

Audit Year: 2018

Finding 18-01: Improve Controls over Financial Reporting

Status: The finding notes that the estimation process is reasonable, and DBHDS plan to maintain the same basic process during the FY 2019 year-end close and financial reporting cycle. The distinction between fixed and term contracts will be identified much more clearly by the Office of Procurement and Contracting in order to enable a truer calculation of the commitment estimate in FY 2019. Regarding the commitments associated with capital outlay, this process is currently being refined as DBHDS implement the new AIM architectural and engineering software.

Status Summary: Completed (On Schedule)

Finding 18-02/17-02: Improve IT Contingency Management Program. **This is a Repeat Finding.**
Status: DBHDS is changing the infrastructure to a more cloud based architecture which will provide greater availability of resources. DBHDS has hired an Emergency Management Coordinator to standardize the COOP and DRP plans across all facilities. The Oct. 1, 2019 date will need to be extended until April 1, 2020 to accommodate delays in receiving quotes for DRP services from Unisys.

Status Summary: In Progress (On Schedule)

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 has installed the Idera Compliance Manager on all agency SQL servers. This software will ensure DBHDS meets the requirements of the Commonwealth's Security Standards. Servers, and software, are being configured. Daily compliance reports are generated from Idera SQL Compliance Manager and Idera SQL Secure.

Status Summary: In Progress (On Schedule)

Finding 18-05: Improve Application Security

Status: Due to resource constraints cross training for Kronos has not been possible. DBHDS will continue to explore options for backup administrator support. The Application Administrator has developed generic procedures to support the web application. DBHDS is currently updating the risk assessment to ensure sufficient mitigating controls are in place.

Status Summary: In Progress (Delayed)

Finding 18-06: Improve Access Controls over the Internal Accounting System

Status: DBHDS is using SAIC's Service Now application to ensure proper access controls are implemented consistently. User requests for access to the internal accounting and financial reporting system follow the policies, procedures, and controls of the Service Now application.

Status Summary: Completed (On Schedule)

Finding 18-07: Develop and Implement Compliant Application Access Management Procedures

Status: DBHDS is using SAIC's Service Now application to ensure proper access controls are implemented consistently. User requests for access to the internal accounting and financial reporting system follow the policies, procedures, and controls of the Service Now application.

Status Summary: Completed (On Schedule)

Finding 18-08: Improve Internal Controls over Capital Assets

Status: DBHDS has worked with DOA and resolved the FACCS issue with Northern Virginia Training Center.

Status Summary: Completed (On Schedule)

Finding 18-09: Improve Controls over the Purchasing Process

Status: During the quarter, expenditure voucher samples were pulled each month to confirm that the receipt date for the receipt of goods and services recorded in the General Ledger were in compliance with CAPP Manual Regulations, and medical services and prescription drug expenditure vouchers were pulled for each month to confirm that eVA confirming receipts were issued as required under PIM 98-034 and PIM 98-035.

Status Summary: Completed (On Schedule)

Finding 18-10: Improve Controls over the Commonwealth's Retirement Benefits Systems. **This is a Repeat Finding.**

Status: All DBHDS facilities now have policies and procedures in place, but it appears they are not always properly followed. DBHDS will work with its facilities to ensure all employees are trained on the procedures.

Status Summary: In Progress (On Schedule)

Finding 18-11: Comply with Employment Eligibility Requirements

Status: Training has been completed and updated process put in place to ensure all HR staff that handle I9 functions are trained and stay up to date. HR staff attend I9 training offered by Feds as needed throughout year. This training is pushed out by DHRM when available.

Status Summary: Completed (On Schedule)

Finding 18-12/17-09: Improve Controls over Payroll. **This is a Repeat Finding.**

Status: Follow up reviews conducted, with no repeat exceptions noted as corrective actions were implemented.

Status Summary: Completed (On Schedule)

Finding 18-13: Comply with 1,508 Hour Rule for Wage Employees

Status: Tracking handled by both HR, Fiscal and department heads to ensure that wage employees do not exceed the 1500 threshold

Status Summary: Completed (On Schedule)

Finding 18-14: Improve Controls Surrounding At-Will Employees

Status: CO HR will ensure certification letters are in leave file for each at will employee for the calendar year.

Status Summary: Completed (On Schedule)

Department of Health (VDH)

Audit Year: 2018

Finding 18-01: Perform Review of Service Organization Control Reports for Third Party Service Providers

Status: A fully executed contract amendment has been processed with Conduent. The amendment includes the additional term and condition requiring Conduent to complete an annual SOC report and submit to VDH for review by September 30, 2019.

Status Summary: Completed (On Schedule)

Finding 18-02: Ensure Timely Subrecipient Monitoring

Status: OFHS performs both onsite reviews once every two years in addition to desk reviews on the off years for all WIC subrecipients. This subrecipient was reviewed on site in April of Federal Fiscal Year 2018. Further, all monthly subrecipient invoices are reviewed by the Fiscal Monitor and approved by the Director of the Division of Community Nutrition prior to reimbursement being issued. OFHS was remiss in issuing the management decision letter for the subrecipient's single audit within the required six-month timeframe. The management decision letter for this subrecipient was ultimately issued at the end of October and a corrective action plan was obtained. OFHS has since filled the vacant Grants Compliance Manager position and issued all management decision letters timely within the last fiscal year.

Status Summary: Completed (On Schedule)

Finding 18-03: Comply with Federal Requirements over High-Risk Vendors

Status: Language has been drafted and submitted.

Status Summary: In Progress (Delayed)

Finding 18-04: Improve Controls over WIC Information System Access

Status: The WIC Crossroads Access Report process has been implemented. As an additional measure of control, requests for new or changes to Crossroads user access must be reviewed and approved by the Nutrition Education Liaison.

Status Summary: Completed (Delayed)

Finding 18-05: Retain Documentation of WIC Financial Eligibility

Status: Policy was updated in March 2019 to further define this requirement with adherence to policy reviewed during STAR visits.

Status Summary: Completed (On Schedule)

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 (On Schedule)

Finding 18-07: Comply with Virginia Administrative Code Requirements for Above-50-Percent Vendors

Status: Language has been drafted and submitted.

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 18-09: Improve Contingency Management Program

Status: Next scheduled exercise planned for January 20, 2020. Focus of this exercise will be prioritization of IT system recovery. Meeting scheduled for July 9, 2019 between OIM, OEP, OIA to discuss which IT system(s), Central Offices, and Health Districts will be included in planned exercise VDH is in initial stages of integrating IT system with overall Agency COOP. Updates and revisions are being planned to coincide and reflect VA EO 41. Recommend reassigning this audit point to OEP (Emergency Preparedness) as the steward of the VDH COOP.

Status Summary: Completed (On Schedule)

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 September 30, 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)

Finding 18-11: Improve Timely Removal of Critical System Access. **This is a Repeat Finding.**

Status: OHR and the process improvement project team implemented a new Staff Separation Process as of December 17, 2018. The process includes more timely notification of staff status changes, with reports to all system administrators to facilitate timely removal of account access.

Status Summary: Completed (On Schedule)

Finding 18-12: Perform Financial System Access Reviews

Status: OIM and OFM are working together on the procedure.

Status Summary: Completed (On Schedule)

Finding 18-13: Develop and Implement Policy for Monitoring Part-Time Employee Hours

Status: OFM is working on this procedure.

Status Summary: Completed (On Schedule)

Department of Medical Assistance Services (DMAS)

Audit Year: 2018

Finding 18-01: Strengthen Controls over Year-End Accrual Reporting

Status: Budget division has developed a document titled "Accrual Process and Timeline". This document includes meeting with Fiscal in July to review current policies and methodology as well as an agreed upon timeline. It also entails three levels of review to include; Budget Operations Manager & Director, a consensus review with Fiscal and an executive level review by the CFO prior to submission to DOA. Fiscal division has updated year-end Fiscal Policies and Procedures Manual, Volume 14 – Year End and Accruals document to include coordination and review with the Budget Division no later than July, as well as, final executive level review by the CFO prior to submission to DOA.

Status Summary: In Progress (On Schedule)

Finding 18-02/17-02: Remove Access to the Claims Processing System in a Timely Manner. This is a Repeat Finding.

Status: A report view with tracking of exiting employees with status updates, date MMIS access was removed and analyst's comments was created in K2 to help access management team. The following was provided to CMS as evidence of CAP completion on May 22, 2019: Copy of new tracking, review process set up by OCS in Dec. 2018, with details of exiting employees starting from December 2018 to May 22, 2019. Copy of the standing operating procedures/processes outing the notification to OCS by HR Of employee terminations. Copy of the "Exit Clearance Automation Workflow process in K2", along with a copy of the instructions sent to DMAS workforce. Documentation (email, meeting minutes, etc.) of the notification to all DMAS workforce in January of the exit clearance workflow process being implemented. No exceptions were noted from since April 2019 during the review process.

Status Summary: Completed (Delayed)

Finding 18-03/17-10/16-06: Continue Improving the Accounts Receivable Collection Process. This is a Repeat Finding.

Status: The untimely processing of accounts receivable transactions is directly associated with the use of manual processes to set up accounts receivable transactions. The Fiscal Division has taken action to increase staffing levels in the AR unit, and will soon be implementing new system enhancements that will allow for automation of some components of the AR process, that will decrease the amount of time required for each AR transaction. In addition, the A/R Manager reviews weekly metrics and statistics to stay abreast of collection efforts, which include total accounts receivable value and volume by Invoice type and number of cases referred to OAG, TAX and Collection agency for member and provider receivables. Workflow Process Improvement: Program Integrity introduced a new system that will serve as an analytical tool to manage cases. FADS went live in May 2019, Fiscal is currently evaluating technical requirements needed to allow for an interface between the new system and the AR System which will further automate the receivable process.

Status Summary: In Progress (On Schedule)

Finding 18-04: Ensure Employees Complete Required Conflict of Interest Training. This is a Partial Repeat Finding.

Status: HR continues to do the following with regard to Conflict of Interest Training: References completion of an annual Statement of Economic Interests (SOEI) on all job postings for positions of trust. States in employment offer letters that employees in positions of trust must complete a SOEI at hire and annually thereafter. States in employment offer letters that COI training must be completed and the employee's responsibilities. Sends an email to the new hire's personal email address to inform them about the required COI training and that they will have to complete the training within the first two months of employment. Sent an email on January 7, 2019 as a reminder to everyone that the COI training must be completed every two years. This will be sent annually in January. A reconciliation is performed quarterly between the VA Learning Center report of employees who have taken the COI training, and the PMIS Database report of SOEI filers to identify any filers who have not completed their COI training. The HR Division Procedure regarding Conflict

of Interest was updated in March 2019. An annual update to the Disclosure System is performed to verify that DMAS employees, associated positions and contact information is accurate.
Status Summary: Completed (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: Role based access definitions are continuing to be developed for access to the new MES OPSS system. Preliminary access definitions were presented to the user groups for discussion in March 2019. Thirty user roles have been identified and documented and OCS continues to work with the OPSS team to establish the user groups.

Status Summary: In Progress (Delayed)

Finding 17-05/16-04: Review and Document Service Organization Control Reports of Third-Party Service Providers. **This is a Repeat Finding.**

Status: Corrective action plan has been completed.

Status Summary: Completed (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: The Division of Benefit Programs currently has an active change request with the Division of Enterprise Systems to automate the IEVS process. The process is identified as mandatory in the policy manual, therefore there is no need to update the guidance. Additional monitoring of agency processes will be put in place until the change request implementing automation is put in place.

Status Summary: In Progress (Delayed)

Finding 18-02: Update the Work Verification Plan for the Temporary Assistance for Needy Family Program

Status: The Work Verification Plan has been updated and will soon be submitted to ACF for approval.

Status Summary: In Progress (On Schedule)

Finding 18-03: Improve Controls over Federal Performance Reporting

Status: Findings meeting with Business Areas scheduled for January 24, 2019. Determine if VaCMS Change Request or Defect Tickets need to be developed. Based on the findings defects will be schedule in a 2019 VaCMS release. If Change Request (CR) required documentation for CR will be developed and the CR will be scheduled for a 2019 release.

Status Summary: In Progress (On Schedule)

Finding 18-04: Obtain Federal Authorization before Deviating from Cash Management Requirements

Status: Send and retain copies of emails requesting Federal authorization for early drawdowns and responses. An email request was made of FNS to draw funds earlier. No response was received to our email. FNS authorized the early drawdown (by January 20) of SNAP benefits for February. The Commissioner was on a conference call with FNS and asked if the early drawdown included administrative costs and was told yes. The Commissioner sent an email to us regarding this approval. The CMIA agreement will be modified to include procedures for deviating from the Cash Management Requirements during a Federal Shutdown. The CMIA draft will be updated at the end of March 2019 and in effect July 1, 2019.

Status Summary: Completed (On Schedule)

Finding 18-05: Improve the Billing Process

Status: Procedures have been put into place to submit the Medicaid bills on a timely basis. The write-up of these procedures is in progress and requirements entered in the Employee Work Profile for the position responsible.

Status Summary: In Progress (On Schedule)

Finding 18-06: Improve Controls over Federal Reporting

Status: Change Request (CR434) developed July 2018 to make changes to the FNS - 209 report. The changes will be included in the March 2019 release.

Status Summary: Completed (On Schedule)

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

Status: Organizational Development staff working with Deputy Commissioner to review, revise, and create DSS's new approach to subrecipient monitoring.

Status Summary: In Progress (On Schedule)

Finding 18-08: Ensure that Subrecipient Reviews Adhere to Monitoring Plan

Status: Will be included in new Subrecipient monitoring plan.

Status Summary: In Progress (On Schedule)

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

Status: DSS Information Security and Risk Management will develop a plan to implement audit, logging, and monitoring security controls over the FAAS and VACMS databases in accordance with SEC501 requirements. The Oracle Audit Vault appliance will be modified to include audit, logging, and monitoring event requirements. Automated reporting and alerts will be implemented through the Oracle Audit Vault appliance mechanisms.

Status Summary: In Progress (On Schedule)

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

Status: Change Request (CR435) developed for the records retention requirements. Design will begin by the 2nd Quarter 2019, an incremental methodology by Program AREA will be utilized for the development and implementation. The first program area will be completed by December 2019. (As of 2019, VACMS has not reached the 10 year requirement for the MA program)

Status Summary: In Progress (On Schedule)

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

Status: DSS will develop a plan to document the final five data classifications, three risk assessments, and two system security plans. Further, DSS will develop a plan to test the Continuity of Operations Plan annually through a tabletop exercise and connectivity test of IT resources.

Status Summary: In Progress (On Schedule)

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

Status: The Separation & Transfer Checklist has been updated to include non-DSS solutions that are used by the DSS staff. The changes will be implemented by June 30, 2019.

Status Summary: In Progress (On Schedule)

Finding 18-13: Ensure Statement of Economic Interest Filers Complete Required Training. This is a Repeat Finding.

Status: All new employees in a position of trust were enrolled in SOEI training. A report of employees who do not complete the training within 24-months will be created.

Status Summary: Completed (On Schedule)

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

Status: No initial Corrective Action Workplan received.

Status Summary: In Progress (On Schedule)

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

Status: No initial Corrective Action Workplan received.

Status Summary: In Progress (On Schedule)

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

Status: No initial Corrective Action Workplan received.

Status Summary: In Progress (On Schedule)

Finding 18-17: Improve Controls over Journal Entries

Status: Have instructed all staff to include more descriptive explanations of the reason behind journal entries and the inclusion of appropriate supporting documentation. Revised procedures to be completed.

Status Summary: In Progress (Delayed)

Independent Agencies

State Corporation Commission (SCC)

Audit Year: 2018

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

Status: A repeatable process has been implemented to improve the ability to draft and approval process for standards. This has allowed for two policies to be completed within a compressed timeframe. Continued progress is being made to complete policies with the intent to meet the end of year goal. The resource leading this effort is out on extended FMLA leave so the 'Revised Estimated Completion Date' may need to be updated in the future.

Status Summary: In Progress (Delayed)

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

Status: Progress is being made to implement the corrective action.

Status Summary: In Progress (Delayed)

Virginia Lottery (VAL)

Audit Year: 2018

Finding 18-01: Improve Server Operating System Security

Status: CIS benchmarks have been applied to the financial management system and documentation has been prepared to explain any deviations.

Status Summary: Completed (On Schedule)

Finding 18-02: Improve Application and Database Controls over the Enterprise Resource Planning System

Status: Thycotic server administration and security software has been installed

Status Summary: Completed (On Schedule)

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

Natural Resources

Department of Game and Inland Fisheries (DGIF)

Audit Year: 2017

Finding 17-04: Improve the License Revenue Reconciliation Process

Status: DGIF has updated policies and procedures concerning revenue; assigned new additional responsibilities to staff, and reconfigured various forms, reports and systems to improve the management and reconciliation of all license revenue.

Status Summary: Completed (Delayed)

Public Safety and Homeland Security

Department of Corrections (DOC)

Audit Year: 2018

Finding 18-01: Document Retirement Benefits System Reconciliations

Status: The Department revised the action plan slightly by creating Desk Procedures that function like Standard Operating Procedures (SOPs) rather than a policy. The Department felt it needed more detail; therefore, the Desk Procedure was created instead. The Desk Procedure allows HR employees to complete the Snapshot in the exact same way every time so it remains consistent. This written procedure provides step-by-step instructions describing How to Perform This Activity, including the necessity of maintaining documentation of the monthly reconciliation between the two systems. Like SOPs, the desk procedure is designed to be brief, specific, easy to read and easy to understand. The action steps are simple to follow and provides a systematic process for reconciling essential retirement data between the Human Resources Information System and the Virginia Retirement Benefits System. The enhanced procedures were distributed to: (1) Human Resource Officers (HROs) during the fall 2018 HRO Conference; (2) HR support staff during both conferences in 2018; (3) The HR Community (as a follow-up after the conferences) via email; (4) HROs monthly by our Benefits Analyst; and (5) The HR Community via our January 2019 newsletter. Additionally, the Department uses this written procedure for initial training for new HR team members and as a continuous training tool for existing HR employees. The HR Benefits Analyst has the duty of reviewing and updating the procedure each year to ensure it is relevant, current and accurate.

Status Summary: Completed (On Schedule)

Finding 18-02: Perform Annual Access Review of Information System

Status: The Department has developed annual and/or quarterly controls for reviewing user accounts. The standard annual process of supervisors reviewing and updating user accesses at the end of the performance year was completed in November 2018 (as part of the annual evaluation process). Human Resource Officers (HROs) were notified of the enhanced validation process and the requirement to contact Headquarters HR immediately with requests for deletions and additions to PMIS and DOCXL accesses. These instructions were shared with the HR community during the monthly HR conference call meeting in September 2018. Additionally, all HR staff received written guidance in the October 2018 HR newsletter. Finally, a monthly email reminder is distributed to VADOC HROs every month. Personnel Analyst, Shelly Burke, completes an annual validation cross check of user access to DOCXL. The most recent cross check occurred in early June 2019. Benefits Analyst completes quarterly and annual validation cross checks of user access to PMIS. Although the enhanced process was distributed and is currently in use, the procedure itself remains in a "draft" state. After finalizing, it will be stored electronically in a shared access platform. The Department has revised the estimated completion date.

Status Summary: In Progress (Delayed)

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: CARE, CPAS, and WARS Mapper systems are to be replaced by CAD expansion. Procurement for vendor services complete. Progress has been impeded by: attending to competing projects and operational needs, malware incident in 2017 lasted a year, this diverted focus to operational needs, limited resources within the Agency, procurement process delays (5-6 months) in navigating the VITA project and procurement work streams. Human Resources Mapper system are being replaced in Oracle OEBS platform. The first phase (core HR data) has been deployed and is in use. Additional functionality will be rolled out per Business function timelines. Progress has been impeded by: limited resources within the Agency (business and IT), IT- 1 Analyst, 1 Developer, 1 QA, Report writer, Part time PM. Business- 1 Subject matter expert, 1 Business Analyst. Competing projects within the Business. Data cleanup efforts.

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 May 31, 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 17-04: Improve Business Impact Analysis

Status: BIA complete June 14, 2019. VSP ISO and VITA have completed the risk assessment plan. As risk assessments are completed, configuration management will also be addressed

Status Summary: Completed (Delayed)

Finding 17-05: Improve Disaster Recovery Plan

Status: Preparation for enterprise readiness started March 2018. Solutions are developed but pricing remains to be completed. High level overview schedule for VSP Transformation: March 5, 2019 high Level designs for 8011-8014 to VSP for review, May 24, 2019 8011-8014 pricing to VSP / VITA. 8011 work request pricing is still is not complete, July 18, 2019 MSI receives VITA NTP on 8011-8014, August 14, 2019 obtain approval to begin execution. 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. BIA complete June 14, 2019. Risk assessment plan will be complete by July 30, 2019.

Risk assessments are inputs into the Disaster Recovery plan, along with transformation priorities as defined by VITA.

Status Summary: In Progress (On Schedule)

Finding 17-06: Improve Risk Assessments

Status: BIA completed June 14, 2019. VSP ISO and VITA have completed the risk assessment plan and will improve the current methodology to include VITA's current process of assessing against CIS' top 6 risks.

Status Summary: In Progress (Delayed)

Finding 17-07/14-01: Continue to Improve Web Application Security. **This is a Repeat Finding.**

Status: Due to delays with Transformation, VSP has installed SPLUNK system to aggregate SSO logs for review. Logs are being reviewed daily by application areas. VSP will be filing a Security Exception for not meeting the password minimum change window of 24 hours.

Status Summary: In Progress (Delayed)

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

Status: Vendors identified. Correspondence to be drafted and sent out to the identified vendors requesting SOC reports.

Status Summary: In Progress (Delayed)

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

Status: Continue to draft desk procedures. Auditable documentation is being maintained with quarterly reviews.

Status Summary: In Progress (Delayed)

Finding 17-10: Timely Remove Terminated Employee Access to the Commonwealth's Lease Accounting System

Status: Accesses for all persons no longer needing LAS access were deleted from the system on June 14, 2019 by the Department of Accounts. This task is now complete.

Status Summary: Completed (Delayed)

Finding 17-11: Timely Remove Terminated Employee Access to the Commonwealth's Fixed Asset System

Status: Accesses for all persons no longer needing FAACS access were deleted from the system on June 14, 2019 by the Department of Accounts. This task is now complete.

Status Summary: Completed (Delayed)

Finding 17-12: Timely Remove Terminated Employee Access to the Commonwealth's Purchasing System

Status: The Procurement Director completed an annual review of the user access in October 2018. A formal P&FD user access policy and process has been developed. Once fully implemented, the user access of all P&FD related systems will be reviewed on a quarterly basis. The process is being implemented and it is anticipated to be completed by March 31, 2019.

Status Summary: Completed (On Schedule)

Finding 17-13: Deactivate Access to the Commonwealth's Purchasing System

Status: The Procurement Director completed an annual review of the user access in October 2018. The Director submitted the forms to DGS for removal and followed up to ensure access was terminated. A formal P&FD user access policy and process has been developed. Once fully implemented, the user access of all P&FD related systems will be reviewed on a quarterly basis. The process is being implemented and it is anticipated to be completed by March 31, 2019.

Status Summary: Completed (On Schedule)

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: Realistic Useful Life and Salvage Values have been entered into FAACS for agency vehicles. Will contact Aviation & Communications to determine realistic values for their assets.

Status Summary: In Progress (Delayed)

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

Status: VSP will research to determine which eVA report can be utilized to identify purchased assets to enable entering transactions into FAACS by the end of the month in which the invoice was processed.

Status Summary: In Progress (Delayed)

Finding 17-16: Capitalize Fixed Assets in Accordance with Commonwealth and VSP Policy

Status: The newly hired Accountant Senior is in the process of learning the CAPP Manual requirements related to capitalizing fixed assets. This knowledge is being utilized as assets are entered into FAACS. A new Financial Reporting Manager is set to begin employment at VSP on July 25, 2019, and once on board, will be responsible for thoroughly reviewing all transactions prior to release into FAACS.

Status Summary: In Progress (Delayed)

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

Status: Approximately 25% of the physical inventory has been completed. The remainder will be inventoried over the next several months.

Status Summary: In Progress (Delayed)

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

Status: VSP still need to determine appropriate useful life values for Aviation and Communications equipment.

Status Summary: In Progress (Delayed)

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

Status: VSP still need to determine appropriate salvage values for Aviation and Communications equipment.

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: 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: VSP still needs to fully review the revised process that has been developed. Once that is done, this process will be implemented.

Status Summary: In Progress (Delayed)

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

Status: The Charge Card Program Administrator is working with DOA to implement compliance requirements.

Status Summary: In Progress (Delayed)

Finding 17-27: Retain Adequate Documentation to Support Purchase Card Program

Status: The Charge Card Program Administrator is working with DOA to implement compliance requirements.

Status Summary: In Progress (Delayed)

Finding 17-28: Complete Purchase Card Reconciliations Timely

Status: The Charge Card Program Administrator is working with DOA to implement compliance requirements.

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: Updated desk procedures are under review. Decision has been made to use a State Contract Debt Collection vendor. Desk procedures will be revised to reflect the use of a collection agency in compliance with CAPP.

Status Summary: In Progress (Delayed)

Finding 17-33: Improve Accounts Receivable Collection Process

Status: VSP have hired contractors to assist in the Accounts Receivable collection process. VSP desk procedures for AR Collections have been updated and are under review. Decision has been made to use a State Contract Debt Collection vendor. Desk procedures will be revised to reflect the use of a collection agency in compliance with CAPP. And, we are analyzing PSS and WZ receivables to begin the process of sending out dunning letters in compliance with CAPP

Status Summary: In Progress (Delayed)

Finding 17-34: Improve Accounts Receivable Tracking Process

Status: VSP recently hired a business analyst and a project manager for the consolidated billing solution. They are in the process of talking to the various sections regarding what VSP needs this system to do.

Status Summary: In Progress (Delayed)

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

Status: The quote for a WZ document management system is being reviewed and is included in next year's spend plan.

Status Summary: In Progress (Delayed)

Finding 17-38: Document Retirement Benefits System Reconciliations

Status: Continue to complete outstanding items identified and train staff using the desk procedures written, making updates as required.

Status Summary: In Progress (Delayed)

Department of Veterans Services (DVS)

Audit Year: 2017

Finding 17-01: Improve Capital Asset Accounting Policies and Procedures

Status: A Capital Outlay/FAACS Financial Analyst has been hired. Fixed asset and Capital Outlay policies have been updated/written and are applicable and enforced for all service lines.

Status Summary: Completed (Delayed)

Virginia Alcoholic Beverage Control Authority (ABC)

Audit Year: 2018

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

Status: ABC is in the process of rolling out Microsoft Identity Manager (MIM), which will ultimately be used to manage user access on a global scale. It is currently being rolled out for use with the new Budgeting Accounting Reporting (BAR) financial system. Additionally, ABC has made significant progress updating information security policies and procedures since the transition to an authority. Related, Board approved, policies included a password management policy, risk management policy, and a continuous monitoring /logging policy. Additionally, ABC is targeting completion of an overall access management and asset management policy by the end of September 2019.

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: Hired 2 contractors to assist with the remediation, one for using the new tools from SAIC for this effort and the other to re-engineer the business processes.

Status Summary: In Progress (On Schedule)

Finding 18-02/17-04: Improve Information Technology Change Management Program. **This is a Repeat Finding.**

Status: DMV developed on-line I-9 training to be taken by our Customer Service Center (CSCs) agents (CSC Managers, Assistant Managers and/or Work Leaders) in the field prior to completing I-9s for new or rehired employees. All I-9 forms will be reviewed by HR when submitted from the CSCs to ensure the forms are filled out correctly before entering the I-9 into e-Verify.

Status Summary: Completed (On Schedule)

Finding 18-03: Improve Training on and Monitoring of the Employment Eligibility Process
Status: DMV developed on-line I-9 training to be taken by our Customer Service Center (CSCs) agents (CSC Managers, Assistant Managers and/or Work Leaders) in the field prior to completing I-9s for new or rehired employees. All I-9 forms will be reviewed by HR when submitted from the CSCs to ensure the forms are filled out correctly before entering the I-9 into e-Verify.
Status Summary: Completed (On Schedule)

Department of Transportation (VDOT)
Audit Year: 2018

Finding 18-01: Identify and Evaluate Changes to Previously Identified Component Units for Financial Reporting
Status: Fiscal Division will develop and implement procedures to evaluate previously reported potential component units to determine whether there is a change in circumstances that may affect an entity's classification for the CAFR. Procedures for identifying new potential component units will be enhanced.
Status Summary: Completed (On Schedule)

Finding 18-02: Improve Financial Reporting of Infrastructure Assets with Proactive Policies and Procedures
Status: Fiscal Division will strengthen current infrastructure capitalization procedures to incorporate the areas identified by the APA, including development of detailed desk procedures, and update them annually. Fiscal Division will review current processes for identification of reportable infrastructure and labelling and employ additional controls to ensure consistency and accuracy.
Status Summary: In Progress (On Schedule)

Finding 18-03: Evaluate Invoices for Goods or Services Provided Across Multiple Fiscal Years
Status: VDOT reviewed and analyzed the construction and professional engineering services vouchers that cross multiple fiscal years. First we reviewed all of the pay vouchers in the Cardinal system charged to account 50126100 with accounting dates from July to September with goods receipt date in July. Typically these type of invoices are for a 30-day billing period, a computation was made to determine the number of days applicable to each fiscal year. We then prorated the invoice amount based on number of days applicable to each fiscal year to come up with a total. The second review was performed from the Cardinal system to include all construction vouchers that were processed from the Site Manager system from July to September with goods receipt date in July. VDOT estimated 30 day billing period for these types of invoices. Computation was made for each construction voucher to determine the number of days applicable to each fiscal year. We then prorated the amount of the voucher to each fiscal year to come up with the total.
Status Summary: Completed (On Schedule)

Finding 18-04: Enhance Review of Accounts Receivable for Financial Reporting
Status: Fiscal Division worked internally to identify and report on accounts receivable related to any debt issued on behalf of an entity. A meeting with DOA will be scheduled for discussion and concurrence in early July. We have also updated our AR checklist to ensure that we place loan receivables in the long term AR instead of short term AR.
Status Summary: In Progress (Delayed)

Finding 18-05: Improve Policies over Service Concession Arrangements. **This is a Partial Repeat Finding.**
Status: Fiscal Division will update the procedures for Service Concession Arrangements to address the improvements recommended by APA.
Status Summary: Completed (On Schedule)

Finding 18-06: Continue to Strengthen Internal Controls over the Employee Separation Process.
This is a Repeat Finding.

Status: Human Resources revised the Employee Separating Checklist and launched this along with a standard operating procedure outlining roles and responsibilities and new procedures for collecting the checklists.

Status Summary: Completed (Delayed)



Compliance Monitoring

Agency Risk Management and Internal Control Standards (ARMICS) Compliance

ARMICS is a comprehensive, risk based, approach to Internal Control. It is based on the Treadway Commission's Committee of Sponsoring Organizations, 1992 publication "Internal Control Framework," 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 June 30, 2019, the following agencies were not in compliance with the ARMICS process based on their 2018 ARMICS submission:

The following agencies did not comply with ARMICS in FY 2018 and submitted an Exhibit 4 Certification Statement:

| Agency Name | Reason for Non-Compliance | Initial Corrective Action Plan Received | Status of Corrective Action |
|-----------------------|----------------------------------|--|--|
| Library of Virginia | Exhibit 4 Filed | Yes | Agency states corrective action will be completed by June 30, 2020. Quarterly status update received. |
| New College Institute | Exhibit 4 Filed | Yes | Agency states corrective action will be completed by September 30, 2019. Quarterly status update received. |

The following agency's' ARMICS Certification was rejected by DOA for not complying with ARMICS Minimum Requirements:

| Agency Name | Reason for Non-Compliance | ARMICS Certification or Exhibit 4 Received |
|-------------------------------------|------------------------------------|---|
| Frontier Culture Museum of Virginia | FY18 ARMICS Certification Rejected | No |

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

| Agency Name | Reason for Non-Compliance | Quarterly Corrective Action Plan Received | Status of Corrective Action |
|---------------------------------|---|--|---|
| Department of Veterans Services | Substantial non-compliance with ARMICS process based on a QAR | No | Corrective action due date deferred until July 31, 2019 due to recent issuance of QAR report. |



Prompt Payment Compliance

The *Code of Virginia* requires that State agencies and institutions pay for goods and services by the required payment due date. The reporting required by the *Code of Virginia* §2.2-4356 is being met by the information presented here. This section details the number and dollar amounts of late payments by secretarial area, institutions and agencies,

and the total amount of interest paid. Agencies and institutions that process 200 or more vendor payments during the year are reported as not meeting Prompt Pay requirements if fewer than 95 percent of their payments are processed by the required due date.

Statewide Prompt Payment Performance Statistics

| | Fiscal Year 2019 To-Date | | Comparative Fiscal Year Ended June 30, 2018 | |
|---|-----------------------------|-------------|---|-------------|
| | Late | Total | Late | Total |
| Number of Payments | 30,760 | 2,428,667 | 35,475 | 2,510,577 |
| Dollars (in thousands) | \$265,603 | \$7,616,441 | \$ \$220,761 | \$7,982,035 |
| Interest Paid on Late Payments | | \$12,958 | | |
| Fiscal Year-to-Date Percentage of Payments in Compliance | | 98.7% | | |
| Comparative Fiscal Year 2018 Percentage of Payments in Compliance | | 98.6% | | |



Prompt Payment Performance by Secretarial Area

Fiscal Year 2019

| Secretarial Area | Payments in Compliance | Dollars in Compliance |
|-------------------------------------|-------------------------------|------------------------------|
| Administration | 98.0% | 95.8% |
| Agriculture and Forestry | 99.4% | 96.3% |
| Commerce and Trade | 98.9% | 96.6% |
| Education* | 98.9% | 98.1% |
| Executive Offices | 99.2% | 93.0% |
| Finance | 99.7% | 97.5% |
| Health and Human Resources | 98.3% | 96.6% |
| Independent Agencies | 99.3% | 92.9% |
| Judicial | 99.8% | 99.1% |
| Legislative | 99.8% | 97.2% |
| Natural Resources | 98.5% | 88.3% |
| Public Safety and Homeland Security | 98.2% | 97.6% |
| Technology | 100.0% | 100.0% |
| Transportation* | 98.9% | 91.8% |
| Veterans and Defense Affairs | 98.8% | 94.1% |
| Statewide | 98.7% | 96.5% |

*Statistics include those provided independently by Virginia Port Authority, Virginia Polytechnic Institute and State University, University of Virginia, Radford University, James Madison University, Old Dominion University, Virginia Commonwealth University, George Mason University, the College of William and Mary in Virginia, the Virginia Institute of Marine Science, and the University of Mary Washington, and may include local payments. These agencies and institutions are decentralized for vendor payment processing.

For FY 2019, the following agencies that processed 200 or more vendor payments

during the year were below the 95 percent prompt payment performance standard.

**Prompt Payment Compliance Rate
Agencies Below 95 Percent**

Fiscal Year 2019

| Agency | Late Payments | Total Payments | Payments in Compliance |
|--|--------------------------|---------------------------|---------------------------------------|
| Administration | | | |
| Virginia Information Technologies Agency | 451 | 7,955 | 94.3% |
| Education | | | |
| Gunston Hall | 39 | 296 | 86.8% |
| New College Institute | 54 | 582 | 90.7% |
| Paul D. Camp Community College | 139 | 1,451 | 90.4% |
| Rappahock Community College | 131 | 2,353 | 94.4% |
| Thomas Nelson Community College | 274 | 2,988 | 90.8% |
| Virginia Community College System - Shared Services Center | 46 | 568 | 91.9% |
| Health and Human Resources | | | |
| Central Virginia Training Center | 191 | 3,280 | 94.2% |
| Department of the Deaf and Hard-Of-Hearing | 56 | 617 | 90.9% |
| Department of Medical Assistance Services | 144 | 2,796 | 94.8% |
| Virginia Board for People with Disabilities | 31 | 389 | 92.0% |
| Virginia Foundation for Healthy Youth | 20 | 251 | 92.0% |
| Public Safety and Homeland Security | | | |
| Central Region Correctional Field Units | 37 | 498 | 92.6% |
| Department of Criminal Justice Services | 125 | 1,387 | 91.0% |
| Department of Military Affairs | 750 | 10,035 | 92.5% |
| Transportation | | | |
| Virginia Port Authority | 719 | 6,267 | 88.5% |

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 March, April, May and June were due on 4/30/19, 5/31/19, 6/28/19 and 7/17/19 respectively.

Certifications Late or Outstanding

As of July 31, 2019

| Agency | Mar | Apr | May | Jun |
|--|------------|------------|------------|------------|
| The Science Museum of Virginia | 5/31/19 | - | - | 8/05/19 |
| University of Virginia – Academic Division | - | - | - | 7/22/19 |
| University of Virginia Medical Center | - | - | - | 8/08/19 |
| University of Virginia's College at Wise | - | - | - | 7/22/19 |
| Eastern Shore Community College | - | - | - | 7/31/19 |
| Northern Virginia Training Center | 6/6/19 | - | - | - |
| Red Onion State Prison | - | - | - | 7/26/19 |
| New College Institute | - | - | - | 8/19/19 |
| Southwest Virginia Higher Education Center | - | - | - | 7/22/19 |

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

*The FY 2019 Year-End Closing Memorandum to the heads of all state agencies and institutions and all fiscal officers required that the final June Certification be received in the Comptroller's Office by 5:00 p.m. on July 17, 2019. E-mail and Fax copies were accepted on July 17th with the expectation that the original would be received by July 18, 2019.

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 fourth quarter of FY 2019.

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

Agency Non-Compliance Travel Check Charges

| Agency by Secretarial Area | Quarter Ended June 30, 2019 | Fiscal Year 2019 To-date Charges |
|--|--|---|
| Agriculture and Forestry | | |
| Department of Agriculture and Consumer Services | \$5.00 | \$20.00 |
| Commerce and Trade | | |
| Department of Housing and Community Development | \$0.00 | \$15.00 |
| Education | | |
| Virginia Military Institute | \$135.00 | \$235.00 |
| Virginia State University | \$85.00 | \$220.00 |
| Virginia Museum of Fine Arts | \$40.00 | \$45.00 |
| J. Sargeant Reynolds Community College | \$10.00 | \$10.00 |
| Patrick Henry Community College | \$0.00 | \$5.00 |
| Dabney S. Lancaster Community College | \$15.00 | \$15.00 |
| Southern Virginia Higher Education Center | \$5.00 | \$10.00 |
| Health and Human Resources | | |
| Department of Health | \$30.00 | \$120.00 |
| Independent Agencies | | |
| Virginia Lottery | \$10.00 | \$15.00 |
| Judicial | | |
| Magistrate System | \$40.00 | \$110.00 |
| Circuit Courts | \$165.00 | \$600.00 |
| General District Courts | \$210.00 | \$950.00 |
| Juvenile and Domestic Relations District Courts | \$35.00 | \$135.00 |
| Legislative | | |
| Virginia State Crime Commission | \$0.00 | \$5.00 |
| Capitol Square Preservation Council | \$0.00 | \$5.00 |
| Joint Commission on Technology and Science | \$0.00 | \$5.00 |
| Natural Resources | | |
| Department of Conservation and Recreation | \$20.00 | \$40.00 |
| Department of Game and Inland Fisheries | \$0.00 | \$10.00 |
| Public Safety and Homeland Security | | |
| Department of Military Affairs | \$5.00 | \$10.00 |
| Department of Emergency Management | \$15.00 | \$15.00 |
| State Farm Complex | \$5.00 | \$5.00 |
| Augusta Correctional Center | \$5.00 | \$5.00 |
| Department of Corrections - Division of Institutions | \$15.00 | \$15.00 |
| Department of Juvenile Justice | \$10.00 | \$10.00 |
| Virginia Alcoholic Beverage Control Authority | \$50.00 | \$115.00 |
| Transportation | | |
| Department of Motor Vehicles | \$40.00 | \$85.00 |
| Department of Transportation | \$10.00 | \$10.00 |

SPCC and ATC Payment Compliance

Agencies and institutions participating in the Charge Card program are required to submit Bank of America VISA payments via EDI no later than the 7th of each month. Failure to pay the correct amount when due jeopardizes the Commonwealth's contractual relationship with the charge card vendor and may result in suspension of an agency's charge card program. Any agency that pays their bill late by more than two (2) business days is reported. For example, the bill date of April 15, 2018, with the payment due May 7th, will be cited for payments made May 10th or later.

Agencies are credited under prompt payment reporting for timely payment of each purchasing charge card transaction. ***Effective July 1, 2007, any late payments on the Airline Travel Card (ATC) will be reflected in this section along with purchase card late payments. If an agency is late paying their ATC bill, agency prompt payment statistics may be adjusted downward to reflect each ATC bill submitted as a late payment.***

The following table lists agencies more than two days late in submitting their payments by each program type during fiscal year 2019.

Agency**Purchase Card Program :****# of Late Payments****Education**

| | |
|---|---|
| Danville Community College - Shared Services | 2 |
| George Mason University | 1 |
| New College Institute | 3 |
| Patrick Henry Community College | 1 |
| Paul D. Camp Community College | 2 |
| Piedmont Virginia Community College | 1 |
| Piedmont Virginia Community College - Shared Services | 1 |
| Southside Virginia Community College | 1 |
| Thomas Nelson Community College | 1 |
| University of Virginia | 1 |
| Virginia Community College System - Central Office | 1 |

Finance

| | |
|------------------------|---|
| Department of Taxation | 1 |
|------------------------|---|

Health and Human Resources

| | |
|--|---|
| Department for the Blind and Vision Impaired | 1 |
| Department of Medical Assistance Services | 3 |
| Children's Services Act | 1 |
| Virginia Board for People with Disabilities | 1 |

Natural Resources

| | |
|---|---|
| Department of Conservation and Recreation | 1 |
|---|---|

Public Safety and Homeland Security

| | |
|-----------------------------------|---|
| Department of State Police | 1 |
| Keen Mountain Correctional Center | 2 |
| Lunenburg Correctional Center | 1 |
| River North Correctional Center | 1 |

Transportation

| | |
|------------------------------|---|
| Department of Motor Vehicles | 1 |
| Motor Vehicle Dealer Board | 1 |
| Virginia Port Authority | 2 |

Airline Travel Cards**Education**

| | |
|------------------------------|---|
| George Mason University | 1 |
| Virginia Museum of Fine Arts | 1 |

Travel Charge Card

The Commonwealth of Virginia has contracted with Bank of America to provide employees with a means of charging reimbursable travel and related expenses while conducting official state business. Unlike the SPCC program, in which the agency directly receives and pays a summarized bill for all cardholders, each cardholder is personally responsible for all charges placed on the travel card and for paying the bill on time.

One of the major concerns under this program is the timely payment of card statements. Delinquent accounts result in higher costs to the contractor and ultimately threaten the viability of the Commonwealth's travel charge card program.

The contract provides for the following actions on delinquent accounts:

- 30 days past due – noted on statement, letter sent to the cardholder.
- 31 - 60 days past due – charging privileges are temporarily suspended until balance is paid.
- 61 - 90 days past due – the account is permanently closed. Cardholder is no longer eligible to participate in the program.

The following table identifies the number of delinquent card accounts with Bank of America by agency during fiscal year 2019, and the total amounts that became past due during the fiscal year.

Travel Charge Card Program

Fiscal Year 2019

| Agency | Total Delinquent Accounts | Amounts 60 Days Past Due | Amounts 90-120 Days Past Due | Amounts >150 Days Past Due |
|--|--|---|---|--|
| Administration | | | | |
| Department of Elections | 1 | 100 | 0 | 0 |
| Commerce and Trade | | | | |
| Department of Housing and Community Development | 1 | 197 | 0 | 0 |
| Education | | | | |
| Longwood University | 9 | 2,861 | 1,581 | 862 |
| Norfolk State University | 4 | 355 | 1,152 | 858 |
| Old Dominion University | 3 | 502 | 12 | 810 |
| Radford University | 1 | 466 | 0 | 0 |
| University of Virginia Medical Center | 2 | 514 | 0 | 0 |
| Virginia Military Institute | 4 | 712 | 3,151 | 0 |
| Virginia Polytechnic Institute and State University | 5 | 4,328 | 0 | 643 |
| Virginia State University | 13 | 6,807 | 2,372 | 1,681 |
| Finance | | | | |
| Department of Taxation | 1 | 0 | 0 | 356 |
| Health and Human Resources | | | | |
| Catawba Hospital | 1 | 853 | 0 | 0 |
| Department of Behavioral Health and Development Services | 2 | 880 | 0 | 0 |
| Department of Health | 6 | 772 | 381 | 588 |
| Department of Medical Assistance Services | 1 | 598 | 0 | 0 |
| Department of Social Services | 1 | 0 | 560 | 0 |
| Independent Agencies | | | | |
| State Corporation Commission | 1 | 963 | 0 | 0 |
| Virginia College Savings Plan | 1 | 219 | 0 | 0 |
| Transportation | | | | |
| Department of Motor Vehicles | 1 | 0 | 0 | 1,168 |
| Department of Transportation | 1 | 1,125 | 1,120 | 0 |



Payroll Controls

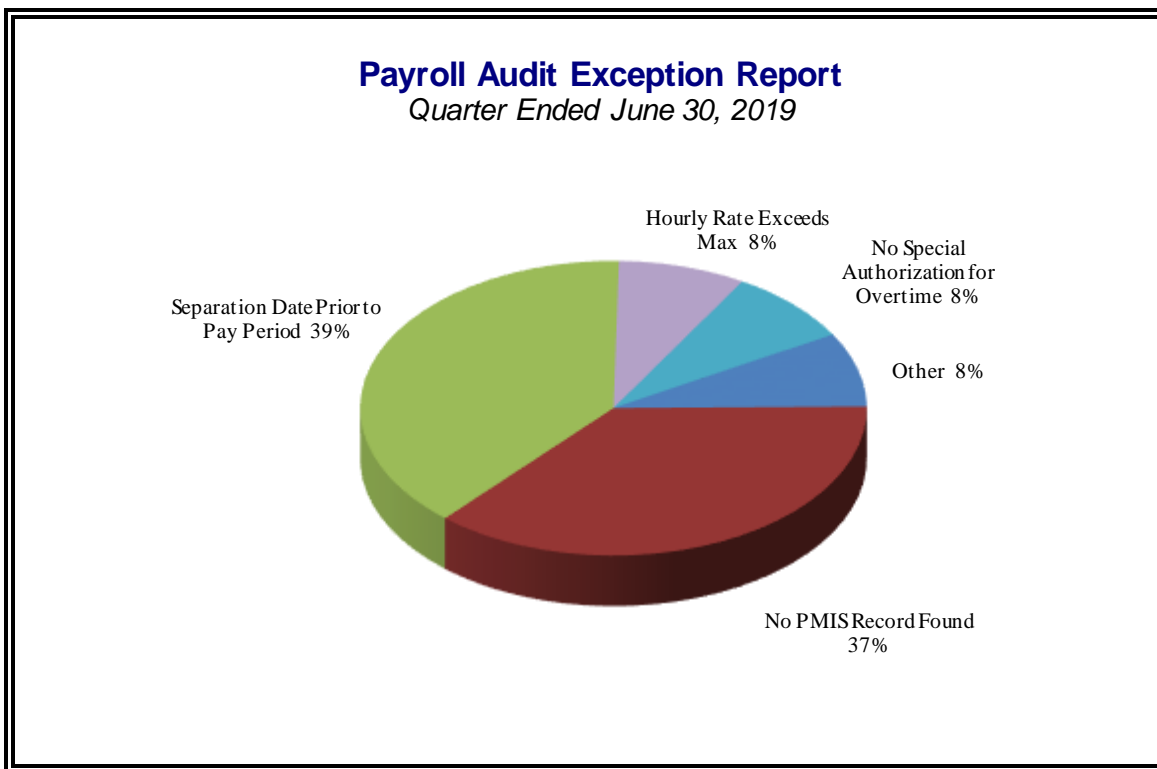
CIPPS/PMIS Payroll Audit

During the quarter, DOA's automated comparison of payroll (CIPPS) and personnel (PMIS) records examined 461,844 salaried pay transactions and 148,972 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 2,323 new exceptions noted statewide during the quarter, with an overall exception rate of 0.01%.

The statewide salaried payroll exception rate was 0.01% and the wage payroll exception rate was 0.00%. During this quarter, 2 employee

paychecks were reduced to recover \$114.58 in overpayments.

While the largest cause of exceptions are due to processing payroll for employees whose positions have expired in PMIS, 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

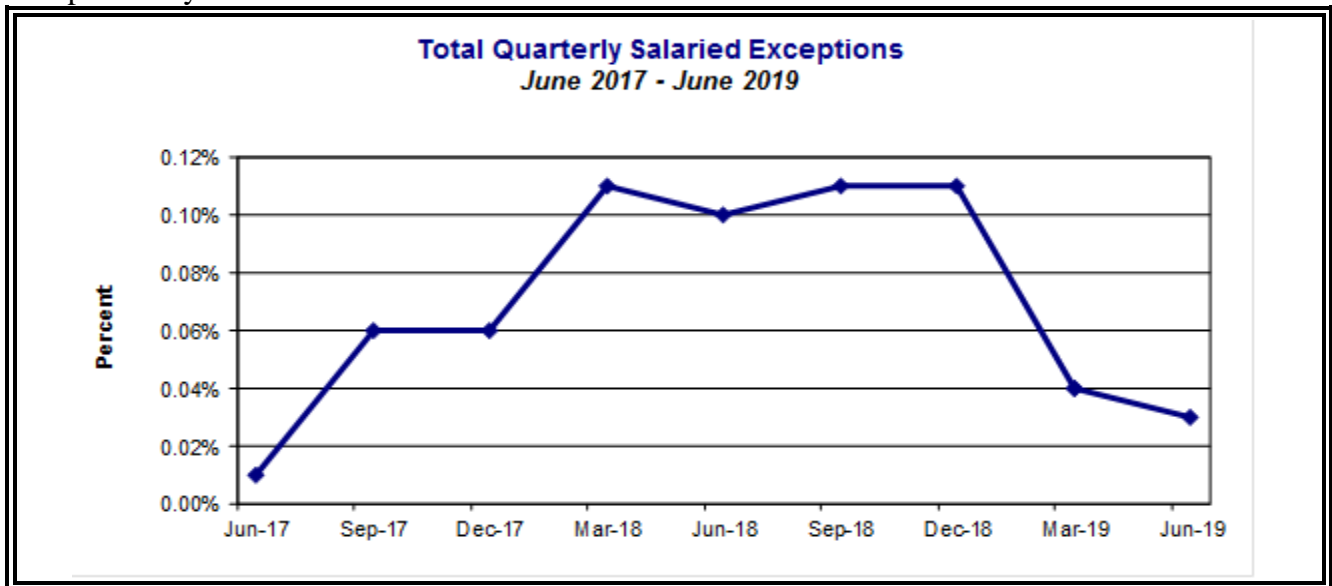
payments exceeds three times the statewide average for the quarter. None of the agencies exceeded the allowed threshold for wage or salaried payments during the quarter ended June 30, 2019.

Payroll Exception Audit
Agency Payroll Exceptions as a Percent of Salaried Payments
Quarter Ended June 30, 2019

| Agency | # of Salaried Exceptions | Exceptions as a % of Salaried Payments |
|---|---------------------------------|---|
| Catawba Hospital | 19 | 1.05% |
| Department of Veterans Services | 3 | 0.19% |
| Northern Virginia Mental Health Institute | 3 | 0.13% |
| Sitter and Barfoot Veterans Care Center | 1 | 0.05% |
| Southeastern Virginia Training Center | 1 | 0.05% |
| Virginia Alcoholic Beverage Control Agency | 4 | 0.05% |
| Virginia Center for Behavioral Rehabilitation | 6 | 0.17% |
| Virginia Veterans Care Center | 2 | 0.12% |
| Western State Hospital | 4 | 0.09% |

| | |
|--|--------------|
| Salaried Payroll Exceptions for the Quarter | 0.03% |
|--|--------------|

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



Agency Payroll Exceptions as a Percent of Wage Payments

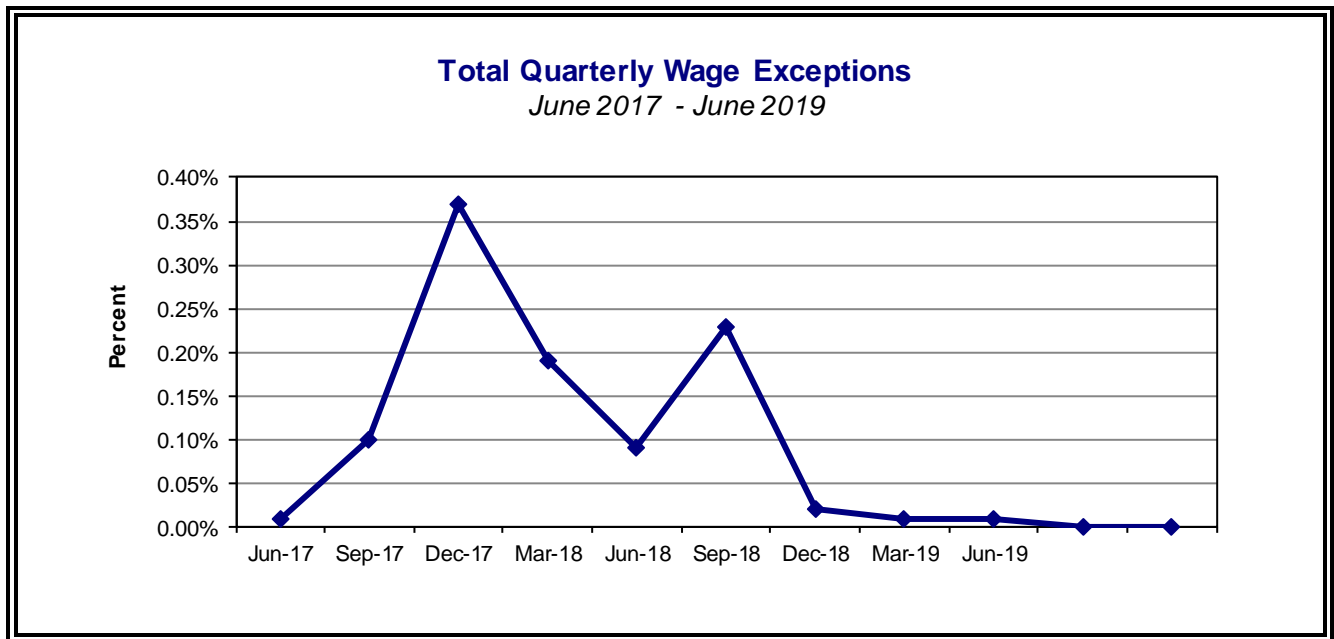
Quarter Ended June 30, 2019

| <u>Agency</u> | <u># of Wage Exceptions</u> | <u>Exceptions as a % of Wage Payments</u> |
|---|---------------------------------|---|
| Department of Corrections - Central Administration | 1 | 0.03% |
| Virginia Veterans Care Center | 2 | 0.55% |

| |
|--|
| Wage Payroll Exceptions for the Quarter |
|--|

| |
|--------------|
| 0.01% |
|--------------|

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



CIPPS/PMIS Exceptions

Agencies are required to submit explanations and/or reconciliations for the differences identified on the CIPPS/PMIS Unresolved Exceptions Report within six weeks of

notification. The following table lists those agencies having exceptions that remain unresolved six weeks after receipt of the report.

| Agency | Unresolved Exceptions |
|---|----------------------------------|
| Catawba Hospital | 19 |
| Department of Corrections | 1 |
| Department of Veterans Services | 3 |
| Northern Virginia Mental Health Institute | 3 |
| Virginia Alcoholic Beverage Control Authority | 4 |
| Virginia Center for Behavioral Rehabilitation | 6 |
| Virginia Veterans Care Center | 4 |
| Western State Hospital | 4 |



Payroll Certification

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

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

and are not consistent with sound internal control over payroll.

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

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

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

Payroll Certification Compliance

| Agency | Variance Amount (a) | Performed by DOA (b) | Submitted Late (c) | Corrected by DOA (d) |
|---|---------------------------|----------------------------|--------------------------|----------------------------|
| Education | | | | |
| Patrick Henry Community College | | 1 | | |
| Virginia Community College System - Shared Services Center | | | 2 | |
| Virginia State University | | 1 | | |
| Health and Human Resources | | | | |
| Southeastern Virginia Training Center | | | 2 | |
| Natural Resources | | | | |
| Sussex One State Prison | \$21,353 | | | |
| Virginia Correctional Center for Women | 312,694 | | | |

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.



Accounts Receivable

Executive Summary

The *Code of Virginia* § 2.2-4800 et seq. requires the Department of Accounts, along with the Office of the Attorney General, to oversee, report on, and monitor the Commonwealth's accounts receivable program. In order to carry out this responsibility, DOA has issued policies and procedures on accounting, collecting, reporting, and writing off accounts receivable. In addition, DOA provides technical assistance to agencies and institutions and uses statistical analyses and audit reports to monitor the on-going effectiveness of agencies in managing their accounts receivable.

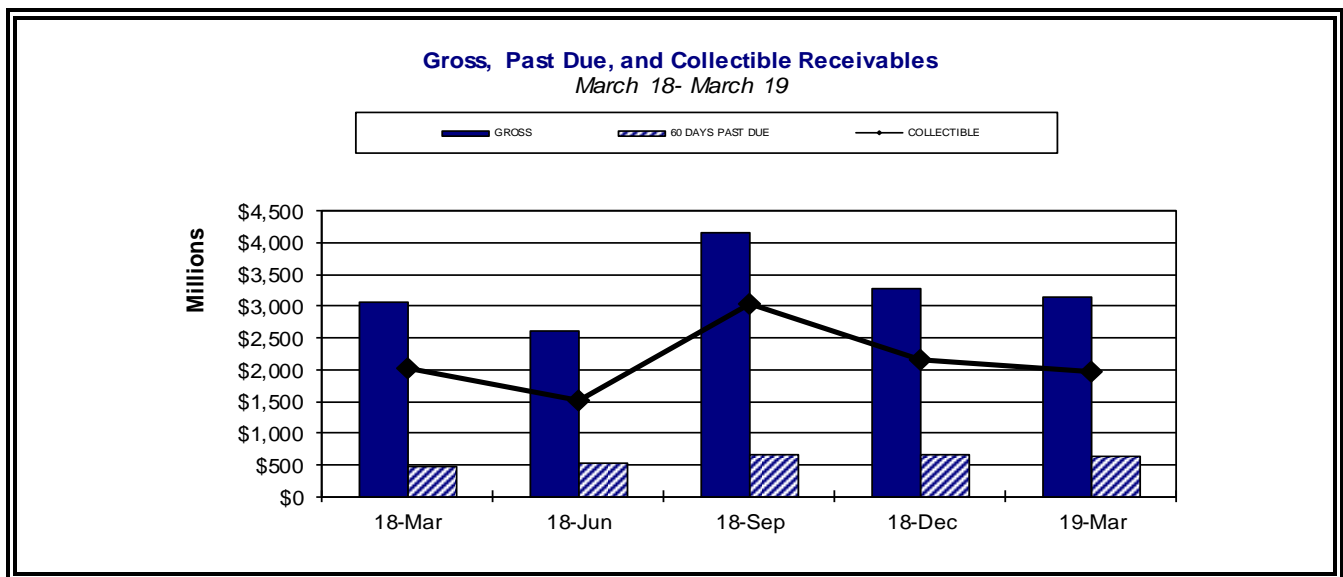
In an effort to present more meaningful information, DOA continues to exclude data from the tables (except for the final table on past due receivables) from the Department of Taxation, consisting largely of statutory assessments and non-filers assessments, and the circuit and district courts, which report judgments and fines with extremely low collection statistics.

Commonwealth agencies and institutions reported adjusted gross receivables of \$3.1

billion at March 31, 2019, with \$2.0 billion considered collectible. Receivables over 60 days past due as of March 31, 2019, totaled \$643.7 million. Of that amount, \$23.3 million was placed with private collection agencies, \$44.4 million was placed with the Division of Debt Collection and \$576.0 million was retained in-house for additional collection efforts.

It is important to note that the adjusted state receivables largely consist of unemployment taxes, tuition and fees, and billings for several indigent care programs, which present numerous special challenges in collection. "Trade receivables" typical of the private sector, which are generated by billings for the provision of goods and/or services, make up only a small portion of the state's receivables.

Further, the majority of the significant outstanding receivable balances have statutory or other restrictions specifying the distribution of any collections. The collection of the outstanding receivable balances would not provide additional resources to fund the Commonwealth's operations.



As of March 31, 2019, agencies expected to collect \$2.0 billion (63% percent) of the \$3.14 billion adjusted gross receivables. About 2 percent is due to the General Fund, primarily for benefit recoveries and sales of permits.

The balance, which contains Medicaid penalties that are no longer revertible, is due to several non-general funds.

Collectible Receivables by Fund

Not Including Circuit Courts, District Courts, or Department of Taxation

As of March 31, 2019

| Fund | Source | Amount | Percent |
|---------------------------------------|--|-------------------------|----------------|
| General Fund 2% | Medicaid - Current Recoveries | \$ 15,893,211 | 53% |
| | Social Services | 3,452,522 | 12% |
| | State Police Permits | 5,998,434 | 20% |
| | Military Affairs | 1,098,140 | 4% |
| | Labor and Industry Inspections | 1,438,847 | 5% |
| | Other | 239,982 | 1% |
| | Subtotal | 27,641,172 | 94% |
| | Agency to Agency Receivables | 2,259,277 | 8% |
| | Total General Fund Collectible | \$ 29,900,449 | 100% |
| Nongeneral Funds 98% | Medicaid - Dedicated Penalty Fees | \$ 153,704,048 | 8% |
| | Medicaid - Federal Reimbursements | 6,536,049 | 1% |
| | Unemployment Taxes * | 255,473,297 | 13% |
| | Transportation | 113,849,515 | 6% |
| | Child Support Enforcement | 257,175,162 | 13% |
| | Federal Government | 432,472 | 0% |
| | DBHDS Patient Services | 15,953,405 | 1% |
| | Hospital | 233,881,397 | 12% |
| | Enterprise | 97,909,624 | 5% |
| | Higher Education | 401,591,377 | 20% |
| | Other | 110,884,070 | 6% |
| | Subtotal | 1,647,390,416 | 85% |
| | Agency to Agency Receivables | 296,503,367 | 15% |
| | Total Nongeneral Fund Collectible | \$ 1,943,893,783 | 100% |
| All Funds | Grand Total | \$ 1,973,794,232 | 100% |

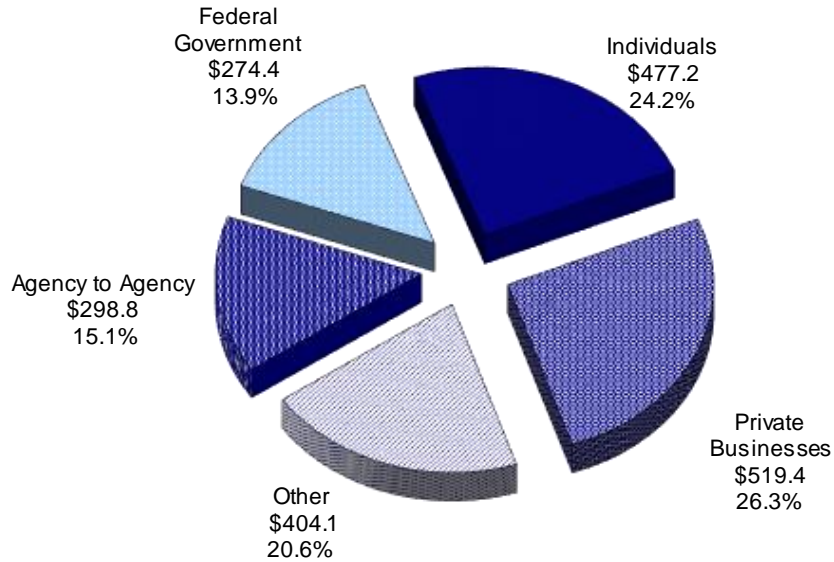
*Note: The Virginia Employment Commission provides Unemployment Taxes Information.

Summary of Receivables by Source

Sources of Collectible Receivables by Debtor

(dollars in millions)

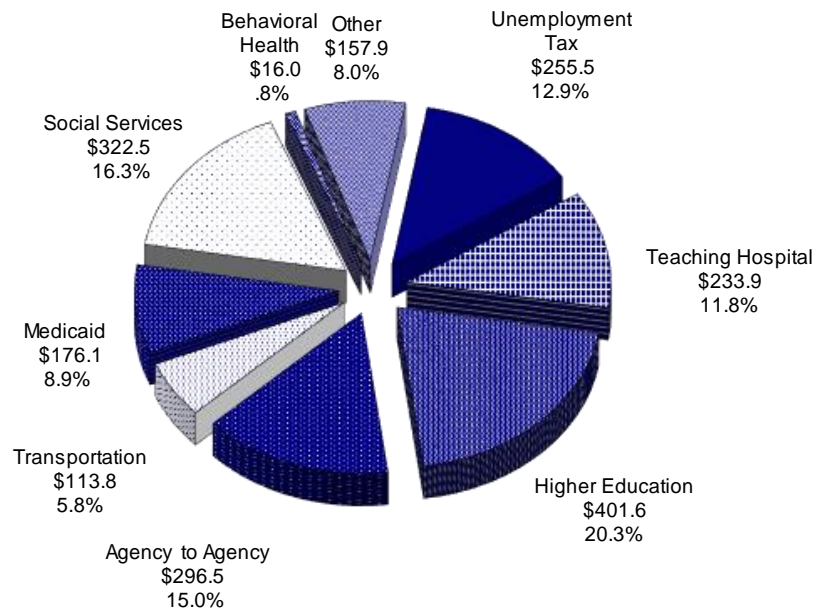
As of March 31, 2019



Sources of Collectible Receivables by Type

(dollars in millions)

As of March 31, 2019



Not counting Taxation and the Courts, ten agencies account for 85 percent of the Commonwealth's adjusted gross and 80

percent of the adjusted collectible accounts receivable balances.

Accounts Receivable Summary
Not Including Circuit Courts, District Courts, or Department of Taxation
As of March 31, 2019

| Agency | Gross | Allowance for Uncollectible Accounts | Collectible |
|---|-------------------------|---|-------------------------|
| Department of Social Services | \$ 770,668,812 | \$ (448,134,667) | \$ 322,534,145 |
| University of Virginia Medical Center | 871,132,404 | \$ (558,309,812) | \$ 312,822,592 |
| Virginia Employment Commission | 294,397,223 | \$ (35,313,095) | \$ 259,084,128 |
| Department of Medical Assistance Services | 210,651,247 | \$ (34,517,939) | \$ 176,133,308 |
| Virginia Polytechnic Institute and State University | 128,913,239 | \$ (1,864,685) | \$ 127,048,554 |
| Department of Transportation | 107,305,430 | \$ (4,735,327) | \$ 102,570,103 |
| University of Virginia - Academic Division | 84,708,915 | \$ (2,587,620) | \$ 82,121,295 |
| Virginia Lottery | 78,260,554 | \$ - | \$ 78,260,554 |
| Virginia Information Technology Agency | 59,101,786 | \$ - | \$ 59,101,786 |
| George Mason University | 54,662,860 | \$ (2,769,415) | \$ 51,893,445 |
| Total | \$ 2,659,802,470 | \$ (1,088,232,560) | \$ 1,571,569,910 |
| All Other Agencies | 483,029,693 | (80,805,371) | 402,224,322 |
| Grand Total | \$ 3,142,832,163 | \$ (1,169,037,931) | \$ 1,973,794,232 |

In addition to internal administrative collection efforts, agencies have three other collection tools available to them. These are computerized matching and debt setoff programs at the Departments of Taxation, Lottery and Accounts, private collection agencies, and the Attorney General's Division of Debt Collection.

DOA requires state agencies and institutions to use the computerized matching and debt setoff programs for receivables that are 30 days or more past due. DOA also requires the use of private collection agencies on delinquent accounts that are 60 days or more past due which are not sent to the Attorney General's Division of Debt Collection.

The Office of the Attorney General requires state agencies and institutions to send accounts of \$3,000 or more and 60 days or more past due to the Division of Debt Collection.

These additional collection tools recovered \$104.7 million during the quarter ended March 31, 2019. The Division of Debt Collection contributed \$2.1 million. Private collection agencies collected \$2.9 million, and the debt setoff programs (Tax, Comptroller's and Lottery) collected \$99.7 million.

Private collection agencies returned \$30.0 million of accounts to agencies, and the Division of Debt Collection discharged \$3.9 million of accounts and returned \$2.4 million of accounts to agencies.

Collectible Receivables Over 60 Days Past Due

Not Including Circuit Courts, District Courts or the Department of Taxation

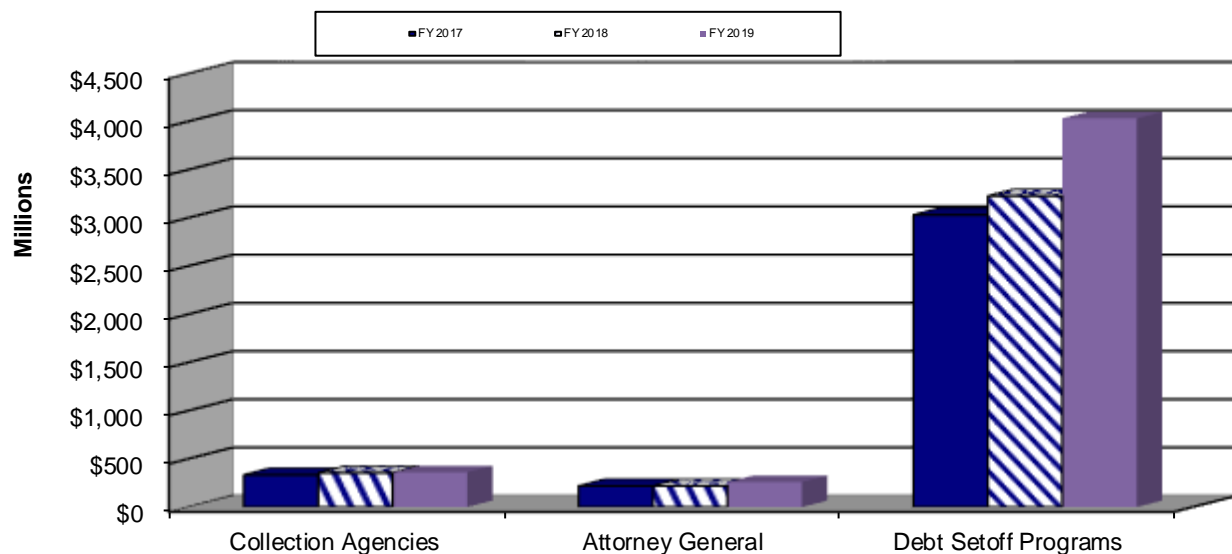
As of March 31, 2019

| Agency | Total Over 60 Days | With Collection Agency | With Attorney General | Retained by State Agency |
|--|-------------------------|------------------------------|--------------------------|-----------------------------|
| Department of Social Services | \$ 260,979,708 | \$ 4,945 | \$ 49,397 | \$ 260,925,366 |
| University of Virginia Medical Center | 121,031,531 | 10,773,555 | 2,072,582 | 108,185,394 |
| Virginia Employment Commission | 57,655,920 | - | 11,202,246 | 46,453,674 |
| Department of Medical Assistance Services | 35,025,569 | 596,061 | 996,039 | 33,433,469 |
| Department of Behavioral Health and Developmental Services | 28,024,175 | - | - | 28,024,175 |
| Department of Transportation | 14,469,752 | - | 13,031,213 | 1,438,539 |
| George Mason University | 14,347,167 | 3,182,410 | 42,454 | 11,122,303 |
| University of Virginia | 12,441,728 | 699,967 | 44,247 | 11,697,514 |
| Old Dominion University | 10,837,739 | 2,929,341 | - | 7,908,398 |
| Virginia Commonwealth University | 10,760,434 | 255,438 | 7,870,912 | 2,634,084 |
| TOTAL | \$ 565,573,723 | \$ 18,441,717 | \$ 35,309,090 | \$ 511,822,916 |
| All Other Agencies | 78,115,071 | 4,883,095 | 9,089,567 | 64,142,409 |
| TOTAL OVER 60 DAYS | \$ 643,688,794 | \$ 23,324,812 | \$ 44,398,657 | \$ 575,965,325 |
| Uncollectible Amounts Placed for Collection, Including Accounts Written Off | 4,008,991,801 | 337,760,609 | 214,621,701 | 3,456,609,491 |
| TOTAL COLLECTION EFFORTS | \$ 4,652,680,595 | \$ 361,085,421 | \$ 259,020,358 | \$ 4,032,574,816 |

Note: The additional amounts retained by agencies are placed for collection with several debt setoff collection programs

Total Past Due Accounts Listed with Collection Resources

Quarter Ended March 31



Comptroller's Debt Setoff (CDS) Program

CDS is one of the debt setoff programs used by agencies to collect past due accounts receivable owed to the State, primarily by businesses and individuals acting in a business capacity. Under CDS, a payment made by the

State to the debtor may be withheld, in full or in part, to satisfy the debt owed to the State. CDS collected a total of \$10.5 million in FY 2019. Please note the amount reported is before any refunds.

Receivable Trend Data

One way to measure an agency's effectiveness at collecting its accounts receivable is to look at how efficient collection procedures are on accounts that are more than 60 days past due. The following table looks at trend percentages

of receivables over 60 days past due as a percentage of gross receivables for the agencies with the largest amounts over 60 days past due.

Percentage of Gross Receivables Over 60 Days Past Due

| Agency | Percent 3/31/19 | Comparative | |
|---|----------------------------|----------------------------|----------------------------|
| | | Percent 3/31/18 | Percent 3/31/17 |
| Old Dominion University | 64% | 27% | 13% |
| Department of Behavioral Health and Developmental Services | 48% | 50% | 48% |
| Department of Social Services | 34% | 34% | 36% |
| George Mason University | 26% | 23% | 22% |
| Virginia Commonwealth University | 20% | 16% | 13% |
| Virginia Employment Commission | 20% | 16% | 14% |
| Department of Medical Assistance Services | 17% | 31% | 59% |
| University of Virginia - Academic Division | 15% | 13% | 13% |
| University of Virginia Medical Center | 14% | 16% | 10% |
| Department of Transportation | 13% | 15% | 5% |
| Statewide Average - All Agencies | 20% | 20% | 20% |

Another way to measure agency debt collection effectiveness is to compare amounts collected to amounts billed. The table below presents trend percentages for the ten agencies with the highest collectible accounts receivable balances. In total, these ten agencies are responsible for 80 percent of the Commonwealth's collectible receivables balances, as adjusted to exclude the Department of Taxation and the circuit and district courts. Percentages over 100 percent indicate the collection of prior balances as well as current billings.

In evaluating these percentages, it is important to understand that the percentages may fluctuate based on how the different agencies conduct their business and the cycles that those businesses typically follow.

The statewide average of 65 percent indicates that for every dollar billed during the quarter ended March 31, 2019, the state collected sixty-five cents. This rate is the three percent lower than last year and three percent lower than two years ago.

Collections as a Percentage of Billings

| Agency | Percent 3/31/19 | Comparative | |
|---|--------------------|--------------------|--------------------|
| | | Percent 3/31/18 | Percent 3/31/17 |
| University of Virginia - Academic Division | 262% | 261% | 250% |
| Virginia Polytechnic Institute and State University | 225% | 222% | 218% |
| Department of Medical Assistance Services | 113% | 63% | 65% |
| Department of Transportation | 107% | 117% | 95% |
| Virginia Lottery | 100% | 99% | 99% |
| Department of Social Services | 98% | 110% | 106% |
| George Mason University | 94% | 97% | 96% |
| Virginia Information Technologies Agency | 93% | 130% | 100% |
| Virginia Employment Commission | 28% | 27% | 26% |
| University of Virginia Medical Center | 26% | 26% | 27% |
| Statewide Average - All Agencies | 106% | 106% | 102% |

Commonwealth Receivables Analysis

The following individual accounts receivable narratives describe agency collection programs and related trend information:

Department of Medical Assistance Services (DMAS)

DMAS is responsible for overseeing service delivery to eligible recipients, and reviewing and auditing the providers of a variety of federally and State funded health care programs. These programs include Medicaid, Family Access to Medical Insurance Security (FAMIS), and State and Local Hospitalization (SLH) programs.

DMAS' collectible accounts receivable of \$176.1 million at March 31, 2019, is a \$88.0 million increase over the \$88.1 million reported at March 31, 2018. Over the same period, total past due receivables of \$38.2 million have decreased by \$2.8 million from \$41 million.

University of Virginia Medical Center (UVAH)

UVAH provides primary and specialty health care for Central Virginia by operating a 500-bed hospital, a School of Medicine, and over 20 research centers. The majority of its receivables consist of Medicaid and Medicare reimbursements and payments from third party insurers.

UVAH collectible receivables of \$312.8 million at March 31, 2019, were a \$332.3 million decrease from the \$645.1 million reported the previous year. Past due receivables decreased by \$121.1 million to \$307.3 million over the previous year.

Virginia Employment Commission (VEC)

VEC is responsible for paying unemployment insurance benefits to workers who have become unemployed. VEC also provides employment assistance for job seekers and analyzes and reports on a variety of labor market information.

VEC collectible receivables were \$255.5 million at March 31, 2019, a decrease of \$45.9 million from the previous year. Total past due receivables were \$61.1 million, a \$3.7 million increase over last year. VEC collects employer tax receivables in-house. The Attorney General's Office is involved in contested cases. Unemployment benefit overpayments to individuals are referred to private collections agencies after in-house efforts have produced no results and when debtors have left the state.

Virginia Information Technologies Agency (VITA)

VITA is the state's central information technologies provider. VITA operates the information technology infrastructure for much of State government, providing both hardware and services. VITA also procures hardware and software for agencies and institutions of higher education.

VITA reported collectible receivables at March 31, 2019, of \$59.1 million, which is an increase of \$12.1 million reported in the previous year. Most of these receivables are due from other state agencies. As of March 31, 2019, \$0.6 million was over 60 days past due, a decrease of \$0.7 million from the previous year.

Virginia Lottery (VAL)

The Virginia Lottery is an independent agency responsible for operating the State's on-line lottery and scratch-off games and actively participates in four multi-state games, Mega Millions, Powerball, Win for Life and Decades of Dollars. Retail merchants who sell the Virginia Lottery games are covered by surety bonds and deposit Lottery receipts into bank accounts approved by the State Treasurer.

At March 31, 2019, the Virginia Lottery reported net receivables of \$78.3 million, a \$6.3 million increase from the previous year. Billings decreased by \$8.1 million and collections decreased by \$6.3 million during the March 31, 2019 quarter when compared to the March 31, 2018 quarter. At March 31, 2019, the Virginia Lottery had \$0.3 million that was over 60 days past due. The total amount owed is covered by surety bonds.

Department of Education (DOE)

Education acts as the pass-through agency for state and federal education funds and determines the allocation of funds to local school divisions under the Direct Aid to Public Education Program. Localities file expenditure reimbursement requests with the Department who then reviews the claims for accuracy and correctness. Eligible expenditures under federal grants are paid by DOE, which then draws down the money from the U. S. Department of Education.

At March 31, 2019, DOE did not have any receivables due from the Federal government under Direct Aid to Public Education. This is consistent with the prior year.

Virginia Polytechnic Institute and State University (VPISU/ID)

VPISU/ID is one of the Commonwealth's largest universities and one of two land grant institutions in the state. At March 31, 2019, the University reported net collectible receivables of \$127.0 million, an increase of \$19.9 million over the prior year. At the same time, total past due receivables of \$10.9 million increased by \$2.0 million over the prior year.

The University uses a variety of collection methods to encourage payments. At March 31, 2019, VPISU/ID had \$5.8 million of accounts over 60 days past due. Of that amount, \$677,231 was placed with private collection agencies, and \$5.0 million was subject to additional in-house efforts.

Department of Behavioral Health and Developmental Services (DBHDS)

DBHDS operates 13 facilities around the State to treat patients. These facilities account for nearly all of the department's receivables, consisting primarily of fees due for patient care. DBHDS bills third party insurers and patient assistance programs such as Medicare and Medicaid whenever they are available. In other cases, the Department looks to responsible family members and tangible real and personal property for payment. When property is located, a lien is filed in the local courts so that when estates are liquidated, DBHDS can recover some of the costs involved in a patient's care.

At March 31, 2019, DBHDS reported collectible receivables of \$16.0 million, a \$1.8 million increase over the previous year. \$41.3 million was past due, with \$28.0 million being over 60 days past due. Total past due receivables increased by \$1.1 million over the year, and accounts over 60 days past due decreased by \$1.1 million. At March 31, 2019, the Department had a total of \$14.2 million of accounts placed with the Attorney General and \$1.9 million listed in Taxation's Debt Setoff Programs.

Department of Transportation (VDOT)

Depending upon how a particular road construction project is funded, VDOT receives payments from a variety of sources. These include the federal government, local government units, and for damage repairs, responsible parties or their insurers. The majority of VDOT receivables stem from these sources.

At March 31, 2019, VDOT reported \$102.6 million of collectible receivables, an increase of \$16.3 million from the prior year. VDOT also reported \$23.1 million total past due and \$14.5 million being over 60 days past due. Past due receivables decreased by \$1.9 million over the year, while receivables over 60 days past due increased by \$1.4 million. VDOT reports that the large majority of the accounts over 60 days past due continue to be amounts owed by cities, counties and towns that are participating on long-term construction projects with the department and where the local fund shares are provided by local debt financing.

VDOT reported placing \$13.0 million of their accounts over 60 days past due with the Attorney General's Division of Debt Collection.

Department of Social Services (DSS)

Social Services provides financial assistance to eligible individuals and families through 119 local departments of social services. The assistance programs include the Temporary Assistance for Needy Families (TANF), Medicaid, Food Stamps, and Community Services Block Grants. In addition to the assistance programs, DSS is the federally - mandated state agency to provide child support enforcement assistance. Child support paid for children receiving money from an assistance program is required to be paid to reimburse the federal and state funds which provide the assistance. Overpayments of assistance benefits from ineligible participants must also be repaid to the originating funds. Receivables due from the Federal government usually are the Federal share of assistance payments and allowable cost recoveries made through the local offices during the preceding month.

At March 31, 2019, DSS reported gross receivables of \$770.7 million, an allowance for doubtful accounts of \$448.1 million and collectible receivables of \$322.5 million. Past due receivables totaled \$265.2 million, of which \$261.0 million was over 60 days past due.

Of these amounts, the Division of Child Support Enforcement (DCSE) was responsible for \$675.2 million (88 percent) of the gross receivables, \$418.0 million (93 percent) of the allowance for doubtful accounts and \$257.2 million (80 percent) of the collectible receivables.

From March 31, 2018 to March 31, 2019, gross receivables increased by \$36.0 million and collectible receivables increased by \$22.9 million. Total past due receivables increased by \$8.5 million and receivables over 60 days past due increased by \$8.3 million.

***Department of Rail and Public
Transportation (DRPT)***

DRPT is responsible for overseeing Virginia's railroads, providing funding and project resources for public transportation, and researching feasible alternatives for commuters. DRPT works closely with VDOT, the railroads, local governments, the Washington Metropolitan Area Transit Authority, and the Federal Transit Authority.

At March 31, 2019, DRPT had gross and net receivables of \$13.5 million. The majority of this money is due via an interagency transfer from VDOT. DRPT reported \$10.6 million of past due receivables at March 31, 2019.

***Virginia Commonwealth University
(VCU/AD)***

VCU/AD, based in Richmond, offers more than 200 degree programs to over 31,000 students in a variety of fields ranging from accounting to pharmacy at both undergraduate and graduate levels.

At March 31, 2019, VCU/AD had \$47.3 million of collectible receivables, a \$9.3 million decrease from March 31, 2018. Total past due accounts were \$11.7 million, a \$1.2 million decrease from March 31, 2018. Accounts over 60 days past due (\$10.8 million) increased by \$0.8 million from the prior year. Billings decreased at March 31, 2019 by \$5.5 million to \$80.4 million and collections increased by \$21.8 million to \$293.9 million for the March 31, 2019 quarter, when compared to the March 31, 2018 quarter.

The following table is prepared to present the March 31, 2019 aging information in conformity with the provisions of the *Code of Virginia* § 2.2-603.E.(ii).

Commonwealth's total \$3.6 billion past due accounts receivable at March 31, 2019. Another 18 agencies accounted for 25 percent (\$914.8 million), leaving 79 other agencies to comprise the last one percent at \$52.3 million.

Taxation and the Circuit and District Courts accounted for 74 percent (\$2.7 billion) of the

Agencies with the Largest Volume of Past Due Receivables

As of March 31, 2019

| Agency | Total Past Due | 1 to 180 Days Past Due | 181 to 365 Days Past Due | Over One Year |
|--|-------------------------|---------------------------|-----------------------------|-------------------------|
| Department of Taxation | \$ 1,857,431,958 | 188,795,227 | 152,110,188 | 1,516,526,543 |
| Localities' Circuit and District Courts | 806,669,823 | 53,697,071 | 43,295,606 | 709,677,146 |
| Total - Taxation Assessments and Court Fines and Fees | \$ 2,664,101,781 | \$ 242,492,298 | \$ 195,405,794 | \$ 2,226,203,689 |

All Other Large Dollar Agencies:

| | | | | |
|---|-------------------------|-----------------------|-----------------------|-------------------------|
| University of Virginia Medical Center | 307,305,979 | 255,091,238 | 33,295,264 | 18,919,477 |
| Department of Social Services | 265,167,479 | 12,787,820 | 12,727,495 | 239,652,164 |
| Virginia Employment Commission | 61,146,821 | 7,287,241 | 9,013,331 | 44,846,249 |
| University of Virginia - Academic Center | 42,839,144 | 38,499,501 | 2,079,419 | 2,260,224 |
| Department of Behavioral Health and Developmental Services | 41,334,106 | 34,379,524 | 28,171 | 6,926,411 |
| Department of Medical Assistance Services | 38,187,297 | 5,969,570 | 3,383,525 | 28,834,202 |
| Department of Transportation | 23,068,435 | 10,533,948 | 4,328,067 | 8,206,420 |
| Virginia Community College System | 20,029,719 | 17,372,294 | 1,704,498 | 952,927 |
| George Mason University | 17,595,855 | 13,879,537 | 2,823,886 | 892,432 |
| Department of Health | 13,361,954 | 13,028,280 | 111,635 | 222,039 |
| Old Dominion University | 12,975,408 | 10,702,316 | 2,051,074 | 222,018 |
| Department of State Police | 11,889,735 | 5,343,830 | 1,120,053 | 5,425,852 |
| Virginia Commonwealth University | 11,665,827 | 5,450,371 | 2,046,704 | 4,168,752 |
| Virginia Polytechnic Institute and State University | 10,900,850 | 9,785,096 | 643,387 | 472,367 |
| Virginia Information Technologies Agency | 10,881,180 | 10,615,098 | 201,600 | 64,482 |
| Department of Rail and Public Transportation | 10,579,825 | 10,579,825 | - | - |
| Department of General Services | 9,926,771 | 2,940,542 | 3,487,468 | 3,498,761 |
| Virginia Military Institute | 5,909,708 | 5,679,344 | 2,348 | 228,016 |
| Total - Largest Dollar Volume Agencies | \$ 914,766,093 | \$ 469,925,375 | \$ 79,047,925 | \$ 365,792,793 |
| All Other Agencies | 52,329,402 | 29,791,226 | 6,848,141 | 15,690,035 |
| Grand Total Past Due Receivables | \$ 3,631,197,276 | \$ 742,208,899 | \$ 281,301,860 | \$ 2,607,686,517 |

