

REPORT ON STATEWIDE COMPLIANCE

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



OFFICE OF THE COMPTROLLER

DEPARTMENT OF ACCOUNTS

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

*Text and graphics were produced using
Microsoft Word for Windows in Arial
and Times New Roman fonts.*

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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 September 30, 2019, and comparative FY 2019 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 September 30, 2019

The APA issued 9 reports covering 29 State Agencies for the Executive Branch and 1 report 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 | | | | |
| Longwood University | 5 | 4 | 9 | YES |
| The Science Museum of Virginia | 1 | 0 | 1 | YES |
| Virginia Community College System – Central Office ⁽¹⁾ | 2 | 2 | 4 | YES |

| | New Findings | Repeat Findings | Total Findings | CAW Received |
|--|--------------|-----------------|----------------|--------------|
| Virginia Community College System – Shared Service Center ⁽¹⁾ | 5 | 0 | 5 | YES |
| Central Virginia Community College ⁽¹⁾ | 5 | 2 | 7 | YES |
| Dabney S. Lancaster Community College ⁽¹⁾ | 1 | 0 | 1 | YES |
| Germanna Community College ⁽¹⁾ | 5 | 0 | 5 | YES |
| J. Sargeant Reynolds Community College ⁽¹⁾ | 2 | 0 | 2 | YES |
| Lord Fairfax Community College ⁽¹⁾ | 14 | 0 | 14 | YES |
| Mountain Empire Community College ⁽¹⁾ | 0 | 0 | 0 | N/A |
| New River Community College ⁽¹⁾ | 5 | 0 | 5 | YES |
| Northern Virginia Community College ⁽¹⁾ | 5 | 2 | 7 | YES |
| Patrick Henry Community College ⁽¹⁾ | 5 | 0 | 5 | YES |
| Paul D. Camp Community College ⁽¹⁾ | 0 | 1 | 1 | YES |
| Piedmont Virginia Community College ⁽¹⁾ | 12 | 0 | 12 | YES |
| Rappahannock Community College ⁽¹⁾ | 4 | 0 | 4 | YES |
| Tidewater Community College ⁽¹⁾ | 5 | 0 | 5 | YES |
| Virginia Western Community College ⁽¹⁾ | 3 | 0 | 3 | YES |
| Virginia Museum of Fine Arts | 3 | 0 | 3 | YES |
| Virginia State University | 9 | 3 | 12 | YES |
| Executive Offices | | | | |
| None | | | | |
| Finance | | | | |
| Board of Accountancy | 0 | 0 | 0 | N/A |
| Health and Human Resources | | | | |
| Disability Services Agencies ⁽²⁾ | | | | |
| Department of Aging and Rehabilitative Services | 2 | 3 | 5 | YES |
| Department for the Blind and Vision Impaired | 8 | 1 | 9 | YES |
| Department for the Deaf and Hard-of-Hearing | 1 | 1 | 2 | YES |
| Virginia Board for People with Disabilities | 1 | 1 | 2 | YES |
| Independent Agencies | | | | |
| State Corporation Commission | 1 | 2 | 3 | YES |
| Natural Resources | | | | |
| Department of Game and Inland Fisheries | 3 | 2 | 5 | NO |
| Public Safety and Homeland Security | | | | |
| None | | | | |
| Technology | | | | |
| None | | | | |
| Transportation | | | | |
| None | | | | |
| Veterans and Defense Affairs | | | | |
| Department of Veterans Services ⁽³⁾ | 4 | 0 | 4 | YES |

⁽¹⁾ The APA issued one report titled “Virginia Community College System Report on Audit for the year ended June 30, 2018.”

⁽²⁾ Disability Services Agencies – Audit of Select Cycles for the year ended June 30, 2018

⁽³⁾ Audit of Patient Care Revenue



Audit Findings - Quarter Ended September 30, 2019

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

Education

Longwood University

1. Improve Financial Reporting Processes. **This is a Material Weakness.**
2. Strengthen Internal Controls over Capital Assets. **This is a Material Weakness and a Partial Repeat Finding.**
3. Improve Database Security and Information System Access Controls. **This is a Material Weakness and a Repeat Finding.**
4. Continue to Improve Oversight of Third-Party Service Providers. **This is a Repeat Finding.**
5. Continue to Improve Continuity of Operations Planning. **This is a Repeat Finding.**
6. Improve Information Security Policies and Procedures
7. Improve Firewall Security
8. Improve Reporting to the National Student Loan Data System
9. Properly Process Title IV Refund Calculations

The Science Museum of Virginia

1. Improve Processes and Controls over Employment Eligibility

Virginia Community College System – Central Office

1. Encourage Community Colleges and the Shared Services Center to Control System Access
2. Continue Improving Vulnerability Mitigation Efforts. **This is a Partial Repeat Finding.**
3. Improve Web Application Security
4. Continue to Complete a Risk Assessment for Each Sensitive System. **This is a Partial Repeat Finding.**

Virginia Community College System – Shared Services Center

1. Ensure Proper Processing and Approval of Vouchers
2. Perform a Proper Evaluation and Analysis of System Access Levels
3. Ensure Contracts Are Valid and Current
4. Obtain Information Needed to Enforce Revenue Contract Deliverables
5. Ensure Vendors Are Aware of Special Instructions and Automated Processes Work as Intended

Central Virginia Community College

1. Reconcile Financial Aid Activity to Federal Systems. **This is a Repeat Finding.**
2. Improve Reporting to National Student Loan Data System. **This is a Repeat Finding.**
3. Properly Process Title IV Refund Calculations
4. Return Unclaimed Aid to Department of Education
5. Improve Cash Management Procedures
6. Perform Monthly Bank Reconciliations
7. Improve Reporting to the Common Origination and Disbursement System

Dabney S. Lancaster Community College

1. Improve Reporting to National Student Loan Data System

Germanna Community College

1. Develop and Document Policies and Procedures for Operationalizing Payroll and Human Resource Functions
2. Remove System Access No Longer Necessary to Perform Job Duties
3. Improve Payroll Document Retention
4. Develop and Implement Policies and Procedures for Employee Terminations
5. Document Justification for Prepaying Expenses

J. Sargeant Reynolds Community College

1. Improve Direct Loan Reconciliations
2. Resolve Federal Department of Education Findings

Lord Fairfax Community College

1. Ensure Staff Transmits Sensitive Information Securely
2. Ensure Staff Responsible for Fixed Asset Inventory Receive Training
3. Ensure Adequate Staffing to Provide for Proper Separation of Duties Over the Cash Collection Process
4. Ensure Proper Capitalization of Fixed Assets
5. Improve Effectiveness of System Access Controls
6. Review Leave Liability Report for Accuracy
7. Improve Documentation for Small Purchase Charge Cards
8. Identify and Report Leases to Support the System's Financial Statements
9. Develop Policies and Procedures for Adjunct Employees without an Active Contract
10. Maintain Proper Documentation for System Access Termination
11. Maintain Documentation for Federal Aid Program Reconciliations
12. Identify and Report Prepaid Expenses
13. Assign Responsibility for Proper Coding
14. Develop Policies and Procedures to Address Exceptions between the Commonwealth's Payroll and Human Resource Systems

New River Community College

1. Improve Critical System Access Monitoring
2. Improve Fixed Asset Inventory and Tracking
3. Ensure Contracts Are Properly Monitored
4. Confirm Virginia Retirement System Snapshot Timely
5. Properly Report Accruals

Northern Virginia Community College

1. Follow Commonwealth Requirements for the Stewardship of Fixed Assets. **This is a Repeat Finding.**
2. Improve Effectiveness of System Access Controls
3. Ensure Proper Processing of Vouchers
4. Ensure All Contracts Are Valid and Current
5. Implement Effective Exit Procedures for Adjunct Faculty and Wage Employees. **This is a Repeat Finding.**
6. Complete Employment Eligibility Verification within the Required Timeframe
7. Improve Reporting to National Student Loan Data System

Patrick Henry Community College

1. Improve the Management of Critical System Access
2. Improve Fixed Asset Inventory Procedures and Tracking of Fixed Assets
3. Ensure Revenue Generating Contracts Are Current and Properly Monitored
4. Ensure Human Resources Department Corrects Inaccurate Employee Leave Balances
5. Comply with Employment Eligibility Requirements

Paul D. Camp Community College

1. Improve Reporting to National Student Loan Data System. **This is a Repeat Finding.**

Piedmont Virginia Community College

1. Improve Controls over Fixed Asset Inventory
2. Remove System Access When Employees No Longer Need Access
3. Properly Monitor Grant Programs to Ensure Proper Accounting and Compliance for Accounts Receivable
4. Properly Consider if the Costs Associated with Putting an Asset into Service Should be Capitalized
5. Ensure Payroll Reconciliation is Performed as Required
6. Perform and Document Retirement Benefit System Reconciliations
7. Confirm Retirement Contributions within the Required Timeframe
8. Properly Accrue Prepaid Expenses
9. Return Unearned Title IV Funds Timely
10. Perform Accurate Return of Title IV Calculations
11. Reconcile Federal Aid Programs Timely
12. Improve Reporting to National Student Loan Data System

Rappahannock Community College

1. Ensure Revenue is Recorded Timely and Accurately
2. Update Policies and Procedures for Cash Management Requirements
3. Assign Contracts Administrator Responsibilities in Writing
4. Properly Document Federal Aid Reconciliations

Tidewater Community College

1. Perform Effective Reviews of System Access
2. Properly Monitor Revenue Contract Deliverables
3. Strengthen Interdepartmental Communications Related to Terminated Employees
4. Ensure Prepaid Expenses and Other Payments Comply with Commonwealth Requirements
5. Improve Reporting to National Student Loan Data System

Virginia Western Community College

1. Improve Notification Process for Federal Direct Loan Awards to Students
2. Reconcile Federal Aid Programs Timely
3. Resolve Federal Department of Education Findings

Virginia Museum of Fine Arts

1. Properly Record Assets in the Commonwealth's Capital Asset System
2. Implement Policies and Procedures over Construction in Progress
3. Reconcile Capital Assets Monthly

Virginia State University

1. Improve Virtual Private Network Security. **This is a Repeat Finding.**
2. Improve User Access Controls. **This is a Partial Repeat Finding.**
3. Improve Documentation of Emergency and Sole Source Procurement. **This is a Repeat Finding.**
4. Develop Procedures for Proper Accrual of Accounts Payable
5. Strengthen Internal Controls over Capital Assets
6. Enhance Special Pay Monitoring Controls
7. Improve Processes for Employment Eligibility
8. Improve Processes over Payroll and Human Resource Reconciliations
9. Establish a Process for Periodically Reviewing Stagnate Grants and Contributions
10. Improve IT Asset Surplus Process
11. Improve Reporting to National Student Loan Data System
12. Improve Reporting to the Common Origination and Disbursement System

Health and Human Resources

Disability Services Agencies

Department for Aging and Rehabilitative Services

1. Update Disability Services Agencies Memorandum of Understanding
2. Improve Internal Controls over Financial System Reconciliations
3. Improve Internal Controls over Client Gift and Fuel Card Purchases. **This is a Partial Repeat Finding.**
4. Improve Purchase Card Reconciliations and Document Retention. **This is a Partial Repeat Finding.**
5. Improve Documentation over Traveler's Reimbursement of Purchase Cards. **This is a Partial Repeat Finding.**

Department for the Blind and Vision Impaired

1. Update Disability Services Agencies Memorandum of Understanding
2. Improve Internal Controls over Financial System Reconciliations
3. Improve Purchase Card Reconciliations and Document Retention. **This is a Partial Repeat Finding.**
4. Improve Controls over System Access
5. Develop and Implement Information Security Policies and Procedures
6. Upgrade Manufacturing System
7. Improve Information Security for Point of Sale System
8. Improve Oversight over Third-Party Providers
9. Improve Information Technology Governance

Department for the Deaf and Hard-of-Hearing

1. Update Disability Services Agencies Memorandum of Understanding
2. Improve Purchase Card Reconciliations and Document Retention. **This is a Partial Repeat Finding.**

Virginia Board for People with Disabilities

1. Update Disability Services Agencies Memorandum of Understanding
2. Improve Purchase Card Reconciliations and Document Retention. **This is a Partial Repeat Finding.**

Independent Agencies

State Corporation Commission

1. Continue Improving Information Security Program. **This is a Repeat Finding.**
2. Continue Improving Logical Access Controls. **This is a Repeat Finding.**
3. Develop and Implement Alternative Controls for Manual Payments

Natural Resources

Department of Game and Inland Fisheries

1. Perform Annual Access Review of the Commonwealth's Attendance and Leave System
2. Improve Employment Eligibility Process
3. Improve Completion and Performance of Physical Inventories. **This is a Repeat Finding.**
4. Improve Policies Surrounding Reconciliation of Capital Assets
5. Improve the Tracking and Reporting of Construction in Progress. **This is a Repeat Finding.**

Veterans and Defense Affairs

Department of Veterans Services

1. Review and Document Service Organization Control Reports
2. Ensure Annual System Access Reviews are Performed
3. Strengthen Procedures over Terminated Employee System Access
4. Grant System Access on the Principle of Least Privilege



Risk Alerts – Quarter Ended September 30, 2019

No “Risk Alerts” were issued.

Special Reports – Quarter Ended September 30, 2019

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

Progress Report on Implementation of JLARC Recommendations as of June 2019

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

Virginia Retirement System GASB 68 Schedules:

- Political Subdivision Retirement Plans for the fiscal year ended June 30, 2018
- State Employee Retirement Plan for the fiscal year ended June 30, 2018
- Teacher Retirement Plan for the fiscal year ended June 30, 2018

Virginia Retirement System GASB 75 Schedules:

- Commonwealth of Virginia State Health Plans Program for Pre-Medicare Retirees for the fiscal year ended June 30, 2018
- Department of Human Resource Management – Commonwealth of Virginia State Health Plans Program for Pre-Medicare Retirees for the year ended June 30, 2018
- Disability Insurance Program for the fiscal year ended June 30, 2018
- Group Life Insurance Plan for the fiscal year ended June 30, 2018
- Political Subdivision Health Insurance Credit Plans for the fiscal year ended June 30, 2018
- State Health Insurance Credit Plan for the year ended June 30, 2018
- Teacher Health Insurance Credit Plan for the fiscal year ended June 30, 2018
- Virginia Retirement System – Line of Duty Act Program for the year ended June 30, 2018

Virginia Retirement System Management’s Assertions Related to Census Data for OPEB Plans for the year ended June 30, 2017

Virginia Retirement System Management’s Assertions Related to Census Data for the year ended June 30, 2017

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

Information Technology Project Progress Report as of March 31, 2019

Local Government Fiscal Distress Monitoring as of June 2019

Report on Compliance – NCAA Subsidy Percentage Requirements for the year ended June 30, 2018

Virginia District Court System for the year ended June 30, 2018

Other Audit Reports – Quarter Ended September 30, 2019

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

Virginia Lottery – Reports on Applying Agreed-Upon Procedures for the period April 2018 through March 2019:

- Cash4Life
- Mega Millions
- Megaplier
- Power Play
- Powerball

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

Innovation and Entrepreneurship Investment Authority, including its Blended Component Unit, Center for Innovative Technology and Subsidiaries for the year ended June 30, 2018

Potomac River Fisheries Commission for the year ended June 30, 2019

Virginia State Bar 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 Reviews” that contained management recommendations:

Department of Conservation and Recreation Internal Control Questionnaire Review Results as of May 2019

Department of Housing and Community Development Internal Control Questionnaire Review Results as of June 2019

Department of Labor and Industry Internal Control Questionnaire Review Results as of May 2019

Marine Resources Commission Internal Control Questionnaire Review Results as of May 2019

Payroll Service Bureau Internal Control Questionnaire Review Results as of May 2019
Southern Virginia Higher Education Center Internal Control Questionnaire Review Results as of May 2019

Southwest Virginia Higher Education Center Internal Control Questionnaire Review
Results as of June 2019

Virginia Health Workforce Development Authority Internal Control Questionnaire Review
Results as of May 2019

The APA issued the following “Internal Control Questionnaire Review” that did not contain management recommendations:

Department of Small Business and Supplier Diversity Internal Control Questionnaire
Review Results as of June 2019



Auditor of Public Accounts Reports - Executive Branch Agencies

Summary of Prior Audit Findings

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

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

| | IN PROGRESS | | COMPLETED | |
|--|-------------|---------|-------------|---------|
| | On Schedule | Delayed | On Schedule | Delayed |
| Administration | | | | |
| Department of General Services | 0 | 2 | 0 | 0 |
| Department of Human Resource Management | 0 | 4 | 0 | 3 |
| Commerce and Trade | | | | |
| Virginia Employment Commission | 4 | 0 | 0 | 0 |
| Education | | | | |
| Department of Education | 1 | 2 | 1 | 0 |
| Christopher Newport University | 0 | 2 | 0 | 0 |
| George Mason University | 2 | 0 | 2 | 2 |
| James Madison University | 0 | 0 | 4 | 0 |
| Longwood University | 0 | 0 | 2 | 0 |
| Norfolk State University | 0 | 5 | 5 | 2 |
| Old Dominion University | 0 | 0 | 3 | 0 |
| Radford University | 2 | 1 | 0 | 0 |
| Richard Bland College | 2 | 4 | 5 | 0 |
| Southern Virginia Higher Education Center | 0 | 1 | 0 | 0 |
| The College of William and Mary in Virginia | 1 | 0 | 0 | 0 |
| University of Mary Washington | 2 | 1 | 0 | 0 |
| University of Virginia Medical Center | 0 | 2 | 0 | 3 |
| Virginia Community College System – Central Office | 0 | 1 | 0 | 0 |
| Northern Virginia Community College | 1 | 0 | 0 | 0 |
| Paul D. Camp Community College | 0 | 0 | 0 | 1 |
| Thomas Nelson Community College | 0 | 0 | 0 | 2 |
| Virginia Military Institute | 1 | 0 | 0 | 0 |
| Virginia School for the Deaf and Blind | 1 | 0 | 0 | 0 |
| Virginia State University | 2 | 1 | 0 | 0 |
| Executive Offices | | | | |
| Attorney General and Department of Law | 0 | 2 | 0 | 0 |

| | IN PROGRESS | | COMPLETED | |
|--|-------------|-----------|-------------|-----------|
| | On Schedule | Delayed | On Schedule | Delayed |
| Finance | | | | |
| Department of Accounts | 0 | 0 | 0 | 1 |
| Department of the Taxation | 1 | 2 | 0 | 0 |
| Department of the Treasury | 1 | 1 | 1 | 0 |
| Health and Human Resources | | | | |
| Department of Behavioral Health and Developmental Services | 0 | 5 | 0 | 0 |
| Department of Health | 0 | 3 | 0 | 2 |
| Department of Medical Assistance Services | 1 | 1 | 1 | 0 |
| Department of Social Services | 4 | 6 | 4 | 0 |
| Independent Agencies | | | | |
| State Corporation Commission | 0 | 2 | 0 | 0 |
| Public Safety and Homeland Security | | | | |
| Department of Corrections | 0 | 0 | 0 | 1 |
| Department of State Police | 0 | 20 | 0 | 4 |
| Virginia Alcoholic Beverage Control Authority | 0 | 1 | 0 | 0 |
| Transportation | | | | |
| Department of Motor Vehicles | 1 | 0 | 0 | 0 |
| Department of Transportation | 0 | 0 | 1 | 1 |
| TOTALS | 27 | 69 | 29 | 22 |



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: No updated Corrective Action Workplan received.

Status Summary: In Progress (Delayed)

Audit Year: 2015

Finding 15-01: Improve Information Security Program

Status: No change in the Deliverable date of December 31, 2019. Progress continues. The first audit is complete and the second will be complete by October 15, 2019.

Status Summary: In Progress (Delayed)

Department of Human Resource Management (DHRM)

Audit Year: 2018

Finding 18-01: Improve Controls over Financial Reporting

Status: Deadline established for FY19 has proved to be inadequate to the reporting requirement. A new deadline will be given to the actuary for FY20 to allow ample time for internal review and adjustment before APA's review timeline.

Status Summary: In Progress (Delayed)

Finding 18-02: Improve IT Security Governance

Status: Corrective action has been completed.

Status Summary: Completed (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: Corrective action has been completed.

Status Summary: Completed (Delayed)

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

Finding 18-05: Review and Document Service Organization Control Reports of Third-Party Service Providers
Status: Finance has a draft review procedure that will be finalized by October 15, 2019. SOC Reports by Service organization vendors are usually finalized towards the end of October.
Status Summary: In Progress (Delayed)

Audit Year: 2017

Finding 17-04: Improve Vulnerability Identification and Mitigation Process
Status: Corrective action has been completed.
Status Summary: Completed (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: Two third-party service providers have completed the ECOS assessments, a third provider is in the process of finalizing ECOS Terms and 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: Two third-party service providers have completed the ECOS assessments, a third provider is in the process of finalizing ECOS Terms and Conditions.
Status Summary: In Progress (On Schedule)

Finding 18-03/17-04: Continue to Improve Database Security. **This is a Repeat Finding.**
Status: VEC has partially implemented controls to address this finding and are working towards finalization of those controls.
Status Summary: In Progress (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 18-07/17-11/16-06: Continue Improving Database Security. **This is a Repeat Finding.**

Status: The agency has worked with VITA's Service Provider Atos to ensure that all of the agency's servers are being actively monitored by the Commonwealth's Security Information and Event Management (SIEM) tool. The SIEM tool has the ability to monitor various events including modifications to log files. Atos is currently testing the tool's ability to monitor root/administrative actions taken on log filers.

Status Summary: In Progress (On Schedule)

Finding 18-08: Improve Vulnerability Scanning Process

Status: DOE is actively scanning and monitoring vulnerability scan results for the agency's devices utilizing Tenable Security Center.

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 agency has worked with VITA's Service Provider Atos to ensure that all of the agency's servers are being actively monitored by the Commonwealth's Security Information and Event Management (SIEM) tool. The SIEM tool has the ability to monitor various events including modifications to log files. Atos is currently testing the tool's ability to monitor root/administrative actions taken on log filers.

Status Summary: In Progress (Delayed)

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

Status: The agency has worked with VITA's Service Provider Atos to ensure that all of the agency's servers are being actively monitored by the Commonwealth's Security Information and Event Management (SIEM) tool. The SIEM tool has the ability to monitor various events including modifications to log files. Atos is currently testing the tool's ability to monitor root/administrative actions taken on log filers.

Status Summary: In Progress (Delayed)

Christopher Newport University (CNU)

Audit Year: 2018

Finding 18-01: Improve Web Application Security

Status: Banner Self-Service was migrated to RHEL-7 and Tomcat Development in August of 2019 with ETA to push to the production environment NLT than February 4, 2020: mitigates the risk of the depreciated protocols, mitigates the risk of the insecure cipher suites. Oracle Instance in PPRD/DEV and TEST were patched to v 12.10.2.0. System Software and Patching Standard has been submitted for Executive Steering Committee approval on September 26, 2019. Hardening guidelines for Windows Server and RHEL and system application such as IIS and Apache Tomcat are currently being developed in accordance with industry standards with ETA for completion February 4, 2020.

Status Summary: In Progress (Delayed)

Finding 18-02: Develop and Implement Information Security Policies

Status: Four new draft standards and two new forms have been completed and submitted to Executive Steering Committee for review/approval on September 26, 2019: network firewall standard, remote access standard, security monitoring and logging standard, staff VPN form, vendor VPN form, system and software security patching standard.

Status Summary: In Progress (Delayed)

George Mason University (GMU)

Audit Year: 2018

Finding 18-01: Improve Compliance over Enrollment Reporting

Status: Have sent "Grad Only" enrollment file for summer graduates, in addition to three "DegreeVerify" files. Will send one more "Grad Only" file and "DegreeVerify" file after degree conferral 6-week grace period ends. Continue to consult with NSC representatives and our IT staff to ensure accurate and timely degree reporting.

Status Summary: In Progress (On Schedule)

Finding 18-02: Improve Information Security Policy and Procedures. This is a Repeat Finding.

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 GMU process. Primary responsibility to ensure that GMU IT Security policies are up to date and providing appropriate protections added to CISO position description, May 15, 2018.

Status Summary: Completed (On Schedule)

Finding 18-03: Improve Firewall Security. This is a Repeat Finding.

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Finding 18-04: Ensure Board of Visitor Approved Meal Plan Rates Are Properly Implemented

Status: Executive Director, Retail Services and Director of Business and Finance will approve online posted rates and rates in Mason Card Office Online Card Office Portal for student billing. Copies of reports showing rates and approvals will be saved in Auxiliary Enterprises' shared folder.

Status Summary: Completed (Delayed)

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

Status: Human Resources is making continued progress towards this goal. GMU is now running a report which tracks employees with SOEI indicator. Human Resources, CDE and the President's Office have met to discuss draft procedures and the timeline for implementation. Staffing changes have postponed the completion date; however, continued progress is being made towards this goal.

Status Summary: In Progress (On Schedule)

Finding 18-06: 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 (Delayed)

James Madison University (JMU)

Audit Year: 2018

Finding 18-01: Improve Compliance over Enrollment Reporting

Status: Client Service 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 notification to students.

Status Summary: Completed (On Schedule)

Finding 18-03: Improve Reporting to the Common Origination 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 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 has removed unauthorized access to system and implemented a reporting process to alert of system changes.

Status Summary: Completed (On Schedule)

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

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

Status Summary: Completed (On Schedule)

Norfolk State University (NSU)

Audit Year: 2018

Finding 18-01: Improve Controls over Fixed Asset Inventory

Status: NSU Controller's office 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-9s 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: Financial Aid concluding sampling of students who withdraw from the University (officially or unofficially on September 30, 2019). Designated staff members will continue the efforts of monitoring student enrollment verification data between NSU submissions and the clearinghouse and NSLDS.

Status Summary: Completed (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. The monitoring of 10-week and final grading reports will continue to be monitored to ensure that unofficial withdrawals are processed in compliance with federal guidelines. The Financial Aid Office will continue to monitor students who withdrawal (officially and unofficially) between data reported between the NSU's Student information System, the National Clearinghouse, and NSLDS is being reported accurately.

Status Summary: Completed (On Schedule)

Finding 18-05: 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. The 14-day loan cancellation emails are sent to all Direct Student Loan borrowers (federal subsidized, unsubsidized, graduate PLUS and PLUS) after each loan disbursement. The Financial Aid has maintained copies of the weekly 1-day loan cancellation notification email listing for a period of one year after the audit finding. The Financial Aid Office will continue to utilize the "Process Handler" feature to ensure that 14-day cancellation notifications are email to all Direct Student Loans borrowers.

Status Summary: Completed (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. The monitoring of 10-week and final grading reports will continue to be monitored to ensure that unofficial withdrawal are processed in compliance with federal guidelines. The Financial Aid Office will continue to monitor students who withdrawal (officially and unofficially) between data reported between the NSU's Student information System, the National Clearinghouse and NSLDS is being reported accurately.

Status Summary: Completed (On Schedule)

Finding 18-08: 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. The 14-day loan cancellation emails are sent to all Direct Student Loans borrowers (federal subsidized, unsubsidized, graduate PLUS and PLUS) after each loan disbursement. The Financial Aid has maintained copies of the weekly 14-day loan cancellation notification email listing for a period of one year after the audit finding. The Financial Aid Office will continue to utilize the "Process Handler" feature to ensure that 14-day cancellation notifications are email to all Direct Student Loans borrowers.

Status Summary: Completed (On Schedule)

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

Audit Year: 2017

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

Status: Office of Information Technology (OIT), formerly ITS is working with VITA ISO to ensure alignment with ITRM SEC501-10 (IT Security Standard). Security Policy updates are still in progress. OIT internal impact analysis is complete and being entered into the Archer system with the assistance of the VITA ISO assigned to Norfolk State University. A review of Business Impact Analysis (BIA) results demonstrated the need for further details from organizations external to OIT so follow-up is being conducted with each organization to ensure compliance. These results were obtained as a result of the VITA ISO validation process. As previously noted, first phase of the risk assessment is underway and the Continuity of Operations Plan (COOP) will be driven by the results of the completed assessment. OIT is receiving monthly visits from NSU's VITA ISO representative. 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: In accordance with SEC 501, VITA IT Security Audit Services completed security audit August 2019. Draft security audit report currently under review for acceptance, and the development of IT After Action Plan. Final report and After Action Plan expected to be complete October 31, 2019. In support of IT security compliance and continuous monitoring, July 2019 NSU's Internal Audit Department has hired IT Auditor, which is providing the initial steps for the development of NSU IT Audit Program. IT Auditor will act as an independent arm offering audit services to OIT to ensure sensitive systems are monitored for compliance.

Status Summary: Completed (Delayed)

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

Status: OIT has initiated campus wide internal discussion on IT governance and centralized management of all IT assets in support of IT asset refresh planning. Expected results are centralized defined process and procedures, enforced baselines, and enhanced IT asset visibility. Progress continues with asset discovery and documentation of end-of-life hardware and software. Discussions are also continued with a non-university entity regarding non-compliant software.

Status Summary: In Progress (Delayed)

Finding 17-05: Improve Firewall Management

Status: All firewall patch updates and policies have been applied as identified in initial report. September 26, 2019 marks the completion of NSU's firewall upgrade due to increased bandwidth capacity requirements and approaching end-of-support from vendor with previous model. Vendor recommended code has been applied with assistance of a third-party support. Next steps are discussions with vendor support to deep dive into existing policies and verify conformity with best practices. Additional personal for this effort is still a concern; however, University firewalls are stable and up-to-date.

Status Summary: Completed (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. Testing is complete and the software upgrade has been installed in the live database of Banner.

Status Summary: Completed (On Schedule)

Finding 18-02: Document Justification for Prepaying Expenses

Status: Ellucian has delivered a software upgrade to fix the final NSLDS reporting issue. Testing has been completed and the upgrade has been installed in the live environment.

Status Summary: Completed (On Schedule)

Finding 18-04: Properly Process Return of Title IV Calculations

Status: ODU has updated their R2T4 procedure and process for calculation to ensure that the number of days within a term is correctly calculated and properly reported.

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. A process has been identified, however final testing cannot be conducted until the Fall 2019 term ends and processing can occur to be validated.

Status Summary: In Progress (Delayed)

Finding 18-02*: Improve Enrollment Reporting Process

Status: No Initial Corrective Action Workplan received.

Status Summary: In Progress (On Schedule)

Finding 18-03*: Improve Database Security

Status: No initial Corrective Action Workplan received.

Status Summary: In Progress (On Schedule)

Richard Bland College (RBC)

Audit Year: 2018

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

Status: Work continues (along with CWM 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 our ERP system. RBC has made necessary modifications to our chart of accounts and we have 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 (On Schedule)

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

Status: RBC has 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)

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

Finding 18-03/17-03: Improve Controls Surrounding the Reconciliation between Richard Bland's and the Commonwealth's Accounting and Financial Reporting Systems. **This is a Repeat Finding.**
Status: 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 18-04: Improve Oversight over IT Third-Party Service Providers
Status: In concert with RBC MP04 Improve Oversight for IT Third Party Service Providers and VITA, RBC IT transitioned oversight of its Providers to the Enterprise Cloud Oversight Services (ECOS) when the Providers' contracts are up for renewal to improve oversight of IT Third-Party Service providers.
Status Summary: Completed (On Schedule)

Finding 18-05: Perform IT Security Audits over Sensitive Systems
Status: RBC engaged services of W&M Internal Audit to perform IT Security Audits of sensitive systems. A draft report is due July 2019.
Status Summary: In Progress (On Schedule)

Finding 18-06: Improve Virtual Private Network Security
Status: RBC deployed in May 2019 two factor authentication of the VPN network. All authorized VPN account holders migrated to DUO in May 2019.
Status Summary: Completed (On Schedule)

Finding 18-07: Improve Change Management Process
Status: Per RBC MP11 Improve Change Management Process FOIAE, R+N12BC improved its change management process. These modifications include ensuring separation of responsibilities for technology changes. This separation of duties includes an approval workflow.
Status Summary: Completed (On Schedule)

Finding 18-08: Strengthen Internal Controls over Federal Cash Management. **This is a Repeat Finding.**
Status: A process has been developed and implemented which includes a reconciliation. This ensures the drawdown is equal in total to student disbursements. The final part of this corrective action item is to document the procedure already being followed.
Status Summary: In Progress (Delayed)

Finding 18-09: Strengthen Policies and Procedures over Employment Eligibility Documentation
Status: RBC has created a post-completion I-9 review checklist to identify and correct errors. Through diligent and proper use of the checklist, Human Resources will ensure future compliance with federal employment eligibility verification requirements.
Status Summary: Completed (On Schedule)

Finding 18-10: Strengthen Internal Controls for Monitoring Financial Aid Third-Part Servicer. **This is a Partial Repeat Finding.**
Status: RBC is performing due diligence and monitoring the performance of the third-party servicers. Policies and procedures have been updated over the monitoring agreements with third-party servicers to ensure the servicer is complying with applicable laws and regulations to mitigate the risk of incurring financial penalties. RBC has implemented a new process to ensure updated signed documents from third-party servicers are completed, received timely by RBC each year and are retained.
Status Summary: Completed (On Schedule)

Audit Year: 2017

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: Physical inventory was completed on June 15, 2019. SVHEC is continuing to work on updating FAACS and our inventory listing. The SVHEC R&D Department moved to a new location in June 2019. Also, building renovations began in August 2019 so some assets had to be moved to temporary locations. SVHEC will finalize updates to FAACS and the inventory listing once building renovations are complete and items are moved back to appropriate departments. Building renovations are scheduled to be completed by January 31, 2020.

Status Summary: In Progress (Delayed)

The College of William and Mary in Virginia (CWM)

Audit Year: 2018

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

Status: Actively working on the revisions to the Oversight Policy and process to obtain assurance over providers.

Status Summary: In Progress (On Schedule)

University of Mary Washington (UMW)

Audit Year: 2018

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

Status: The University has included audits of 2 sensitive systems in the Audit Plan for fiscal 2020. This plan has been presented to and approved by the Board of Visitors. University management has also committed to complete audits of all such systems over the next 3 fiscal years and to maintain compliance with the audit requirement thereafter.

Status Summary: In Progress (Delayed)

Finding 18-02: Improve Security Awareness Training

Status: The University Information Technology Department will implement processes and controls to enforce compliance with the annual security awareness training requirement, as well as expand role-based training based on employee/contractor role or job function.

Status Summary: In Progress (On Schedule)

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

Status: Human Resources will provide additional training to Student Employment and to Human Resources staff to ensure proper completion, review and correction of I-9 forms. Human Resources will also work with Student Employment and hiring managers to ensure awareness of I-9 and other Federal Requirements. In addition, Human Resources will conduct an internal audit of all I-9 forms.

Status Summary: In Progress (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: Corrective action has been completed.

Status Summary: Completed (Delayed)

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

Status: UVAH worked closely with Academic colleagues to design a process for reviewing of SOC 2 reports for cloud services providers. A defined process was created and has been implemented into our current risk assessment process. The document is attached to this email. September 2019-the vendors that could not provide SOC2 reports were presented to Senior Leadership for review. Due the impacts and the services they provide for critical patient, it was not advised these should be removed from production, only for the sole fact the vendor was not able to provide a SOC2 report. However, during the next contract renewal with those vendors, a SOC2 or equivalent report will be required or UVA Health may make the decision not to renew the contract. Those will be reviewed on a case by case basis, and as our process defines will need approval by both UVAH acting CITO and the Service Line Chief of that department. It's important to note that UVAH sign BAA's with all UVAH third party.

Status Summary: In Progress (Delayed)

Finding 18-03: Improve Wireless Local Area Network Security

Status: Corrective action has been completed.

Status Summary: Completed (Delayed)

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

Status: Corrective action is ongoing.

Status Summary: In Progress (Delayed)

Audit Year: 2017

Finding 17-01: Improve Database Security

Status: Corrective action has been completed.

Status Summary: Completed (Delayed)

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

Audit Year: 2017

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)

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 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)

Paul D. Camp Community College (PDCCC)

Audit Year: 2018

Finding 18-01: Improve Compliance over Enrollment Reporting

Status: PDCCC management implemented a quality control review (QCR) process and workgroup. The Registrar, Financial Aid Coordinator, Dean of Student Affairs, and Return of Aid Processor created a calendar to perform the following functions: review the NSLDS Roster, disseminate the NSLDS Reporting Manual to the QCR members, increase subsequent reporting to NSC, collaborate on the R2T4 report, and review the graduation file. Two members of the workgroup attended a March 2019 NSC training session. However, in order to prevent future non0compliance, and due to turnover in Financial Aid subsequent to the March training, staff training is ongoing, as is refinement of the QCR process and timeline. Target date for completion is now August 1, 2019 to allow for a full cycle of implementation of the QCR process.

Status Summary: Completed (Delayed)

Thomas Nelson Community College (TNCC)

Audit Year: 2017

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

Status: Although an automated process has not been developed, in the interim, HR and IT are working together to strengthen communication to ensure that terminated employee's access to systems are removed timely. TNCC is committed to continue to look at this issue and make changes when necessary.

Status Summary: Completed (Delayed)

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

Status: Although an automated process has not been developed, in the interim, HR and IT are working together to strengthen communication to ensure that employee clearance forms are completed upon termination. TNCC is committed to continue to look at this issue and make changes when necessary.

Status Summary: Completed (Delayed)

Virginia Military Institute (VMI)

Audit Year: 2018

Finding 18-01: Improve Controls over Fixed Asset Reporting

Status: VMI's cross departmental Fixed Assets Workgroup continued to assess and revise relevant policies/procedures, particularly with respect to disposition (including surplus) protocol. Further refinement, testing and deployment of the electronic Disposition of Equipment (DOE) Form occurred (now widely utilized), as well as targeted ARMICS test work, additional review/transition from paper-based to electronic forms (e.g. New Asset Reporting Form), and further accrued training/experience to the current Fixed Assets Accountant. The Comptroller's Office also finalized selection and purchase of a new asset inventory tracking system (WASP), inclusive of multiple handheld asset tag scanning devices, a user friendly interface, and overall enhanced capabilities deemed superior to existing system functionality. Implementation prior to calendar year end anticipated. Supplemental support via part time assistance has also been identified to expedite inventory completion beyond regulatory mandate.

Status Summary: In Progress (On Schedule)

Virginia School for the Deaf and Blind (VSDB)

Audit Year: 2017

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

Status: Work continues and it is estimated to take about an additional 6 months to complete.

Status Summary: In Progress (On Schedule)

Virginia State University (VSU)

Audit Year: 2018

Finding 18-01*: Improve Compliance over Enrollment Reporting

Status: No update for corrective action.

Status Summary: In Progress (On Schedule)

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

Status: No update for corrective action.

Status Summary: In Progress (On Schedule)

Audit Year: 2017

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

Status: The only outstanding task related to this finding is to discuss the new processes with the VPs and provide training for University 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. OAG is awaiting InfoTech to come on site to complete the process.

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. Continuing to work on process.

Status Summary: In Progress (Delayed)

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: In August 2019, DOA made a decision to inactivate all nonexempt vendors for which DOA has no W-9 at September 30, 2019. All non-exempt vendors without a W-9 were inactivated September 30, 2019.

Status Summary: Completed (Delayed)

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

Department of Taxation (TAX)*

Audit Year: 2018

Finding 18-03: Improve Controls over Workgroups

Status: No updated Corrective action workplan received.

Status Summary: In Progress (Delayed)

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

Status: No updated Corrective action workplan received.

Status Summary: In Progress (On Schedule)

Finding 18-06: Improve Disaster Recovery Planning Documentation

Status: No updated Corrective action workplan received.

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 employed for one year. The position has been trained on key responsibilities in Trust Accounting and cross-trained on other Trust Accounting

responsibilities. Position is completing first year-end reporting cycle and is responsible for a select group of year-end activities.

Status Summary: In Progress (On Schedule)

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

Status: A comprehensive review following set procedures gathered from prior year submissions for Attachment 9 and Attachment 23 was completed by TD prior to submission of FY 2019 financials. TD are answering questions from DOA and APA as these Attachments are being reviewed. Comments and questions are being incorporated into the notes for future reference.

Status Summary: Completed (On Schedule)

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

Status: TD has documented the roles and workflows associated with TD's Unclaimed Property System (TUPS) and document management system (PaperVision). Workflow permissions (by individual security role) have been reviewed.

Status Summary: In Progress (Delayed)

Health and Human Resources

Department of Behavioral Health and Developmental Services (DBHDS)

Audit Year: 2018

Finding 18-02/17-02: Improve IT Contingency Management Program. **This is a Repeat Finding.**

Status: DBHDS 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. DBHDS Production Support has received quotes for DRP services from Unisys and is working with Facility Directors to implement DRP for critical servers.

Status Summary: In Progress (Delayed)

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

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 meet 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 (Delayed)

Finding 18-05: Improve Application Security

Status: DBHDS plans to have the Kronos administrator cross train other IT developers to support Kronos as secondary and tertiary resources. for backup administrator support. The application is in the process of moving to a cloud based platform. DBHDS is currently updating the risk assessment to ensure sufficient mitigating controls are in place.

Status Summary: In Progress (Delayed)

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. Training has been provided, but issues are still noted in this year's APA audit. Expected to be a finding again this year.

Status Summary: In Progress (Delayed)

Department of Health (VDH)

Audit Year: 2018

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

Status: Virginia Administrative Code has been updated.

Status Summary: Completed (Delayed)

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. Still awaiting approval from USDA to start this process.

Status Summary: In Progress (Delayed)

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

Status: Virginia Administrative Code has been updated

Status Summary: Completed (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. VDH is still awaiting on DXC response.

Status Summary: In Progress (Delayed)

Finding 18-10: Improve Web Application Security

Status: Reporting requirements are currently being investigated. Audit review procedures to be developed and implemented based on this analysis. Estimated to be completed 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)

Department of Medical Assistance Services (DMAS)

Audit Year: 2018

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

Status: All action items for this finding have been completed. The following documents have been revised and implemented to ensure year end process is accurate and efficient. FY 19 instructions to update the Master File (September 18, 2019). FY 19 Accrual Methodology (September 11, 2019). In addition the timeline developed and reported in June has been adhered to and budget and fiscal collaborated on the entire process.

Status Summary: Completed (On Schedule)

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

Status: DMAS's Fiscal Division continue to improve its collection process for overpayments. All Provider-related repayment plans processing have been consolidated and includes an updated automated feature, A/R status alert in Oracle Financials. Provider repayment plan processing is now centralized and managed under one A/R Analyst. All receivable cases intake, set-up and response are managed using a master tacking worksheet easily accessible by Fiscal management and other pertinent A/R staff. With one dedicated analyst overseeing this process, the backing for provider repayment plans have been eliminated. For quarter-ending June 30, 2019, DMAS created approximately 2,369 receivable cases totaling approximately \$29.2 million for both members and providers. As receivable cases continue to increase, system automation is needed to improve referral notifications. The A/R status alert feature in Oracle Financials was updated in August 2019. This reporting feature is used to manage referrals for Debt Set-Off, third party collections, and/or Office of Attorney General (OAG). This automation feature flags monthly all active receivable accounts with a repayment plan, based on the last date a payment was applied. Allowing A/R staff to focus on referring cases to the designated collection entity more timely. In addition, Fiscal Management continues to monitor staffing levels and can quickly add staff using temporary resources to assist with collection efforts.

Status Summary: In Progress (On Schedule)

Audit Year: 2017

Finding 17-01: Develop Processes to Facilitate the Controlling of Privileges in the Claims Processing System. **This is a Material Weakness.**

Status: Role definitions are complete for the new MES OPSS System, 37 user roles have been identified and documented working with Accenture Team. These roles will be tested in UAT and will be adjusted as necessary. Revised completion date, June 30, 2020.

Status Summary: In Progress (Delayed)

Department of Social Services (DSS)

Audit Year: 2018

Finding 18-01: Improve Controls over Income Verification for the Temporary Assistance for Needy Family Program

Status: Corrective action is ongoing.

Status Summary: In Progress (Delayed)

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

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Finding 18-03: Improve Controls over Federal Performance Reporting

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Finding 18-05: Improve the Billing Process

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

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

Status: Person hired to review audits of agencies with over \$750,000 in federal funds. All audits are nearly complete.

Status Summary: In Progress (On Schedule)

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

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

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

Status: DSS is now in the process of configuring a different server that will have more space. AVDF will be installed on that server and the AVDF backup applied. The upgrade to AV 12.2.0.9 will then be performed. DSS is also actively pursuing SPLUNK. The contract has been signed and required hardware has been ordered. The hardware is expected to be installed in August. VDSS personnel are currently taking SPLUNK training courses. SPLUNK will be used to address the section AU-6 in the Social Services' Information Security Audit, Monitoring, and Logging Policy. Specifically SPLUNK will be used to facilitate the manual review of audit records at least every 30 days. SPLUNK will be used to monitor administrator group every fourteen days to ensure only legitimate accounts exist on the systems. SPLUNK will also be used to monitor the activities of database administrators and any other personnel who have direct access to the VaCMS and FAAS databases.

Status Summary: In Progress (Delayed)

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

Status: A change request was developed for the records retention requirements. The activity for this request was 'put on hold' in June of 2018 due to the Governor's Medicaid Expansion initiative. The following update puts the effort on the same duration. A new start for the request has not been documented. The effort remains on the record, but need to be reinitialized as an active project. A duration must be newly identified and the effort needs a resource plan to identify its schedule.

Status Summary: In Progress (On Schedule)

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

Status: DSS is working to complete all data classifications, system security plans, and risk assessments. The Risk Management position has not been filled and will be responsible for data classification and risk assessments. Regarding testing our Continuity Plan, DIS works with VITA annually to test its critical IT systems regarding availability. ISRM provides DIS with a list of critical systems for availability annually so they can coordinate IT DR services with VITA. Contact DIS for details. DSS conducts annual tests of its Continuity Plan as required by VDEM. In 2018, an initial IT connectivity test was conducted with the DSS Command Center at the State Corporation Commission. It was successful. For 2019, DSS plans to conduct a Recovery Leadership Team tabletop exercise.

Status Summary: In Progress (On Schedule)

Finding 18-12: Remove Separated Employees' Access to Critical Systems in a Timely Manner
Status: HR Shared Services and OD Benefits Administrator will send reminders to managers/supervisors regarding separated and transfer employees. The separation checklist will be the primary form for receipt and notification of separation/transfer. OD verified email distribution list for separation checklist to ensure notification of all responsible parties as detailed on the separation checklist.

Status Summary: In Progress (On Schedule)

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

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

Status Summary: In Progress (Delayed)

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

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

Status Summary: In Progress (Delayed)

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

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

Status Summary: In Progress (Delayed)

Finding 18-17: Improve Controls over Journal Entries

Status: 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: The previously implemented repeatable process has allowed drafting and approval of new standards to pick up where they paused while the resource was on FMLA leave. This has allowed for 2 additional policies to be approved and 2 going through the review process. A roadmap has been drafted with an expected completion in the 2nd quarter of 2020. A new policy review process has also been approved and will be used to look at previously approved standards moving forward.

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)

Public Safety and Homeland Security

Department of Corrections (DOC)

Audit Year: 2018

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

Status: DOC's Human Resources (HR) Unit has created annual and/or quarterly controls for reviewing user accounts. The annual process of supervisors reviewing and updating user accesses at the end of the performance year is presently underway. In addition to sharing the new process

with Human Resource Officers (HROs) during a monthly staff meeting and following up with written guidance (newsletter), HR's Benefits Analyst sends HROs a monthly reminder to notify Headquarters Human Resource of changes in their HR staffing. Two Analyst have been assigned the responsibility of conducting a cross check of PMIS and DOCXL at least semi-yearly. A procedure (similar to Standard Operating Procedures) have been created. It is an internal process which lists the steps the Analyst must follow to complete the cross checks. This, along with the monthly reminders to HROs, has improved the Department's processes and ensures accesses are modified as needed.

Status Summary: Completed (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. Both projects are on track.

Status Summary: In Progress (Delayed)

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

Status: Updated list of sensitive systems was communicated to VITA Centralized Audit Services on May 31, 2019. VITA Centralized Audit Services is responsible for preparing the updated audit plan. Currently on track.

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. On track.

Status Summary: In Progress (Delayed)

Finding 17-05: Improve Disaster Recovery Plan

Status: Risk assessments are on the VITA prescribed 3 year cycle. Four systems are completed with 66 left to complete. The BIA and risk assessments will be in put to DR plan. DR plan is also dependent on VITA transformation timeline. Preparation for enterprise readiness started March 2018. Solutions are developed but pricing remains to be completed. Unfortunately, VSP has continued to experience delays with pricing. High level overview schedule for VSP transformation: March 5, 2019 8011-8014 pricing to VSP/ VITA, October 30, 2019 MSI receives VITA NTP on 8011-8014, Date unknown to obtain approval to being execution, no definite completion date for PC and network services, estimate range from 2020 – 2021, no start date established for Server infrastructure. VSP's computer environment will change dramatically once transformed. At that time, VSP will leverage VITA suppliers for infrastructure and DR capabilities. When applicable, IT and ISO will work together on DR plan utilizing the VITA service providers.

Status Summary: In Progress (Delayed)

Finding 17-06: Improve Risk Assessments

Status: Risk assessment plan to comply with performing all risk assessments has been documented and is on schedule.

Status Summary: In Progress (Delayed)

Finding 17-07/14-01: Continue to Improve Web Application Security. **This is a Repeat Finding.**
Status: IT engineering team has identified and tested a solution to address the Password related audit findings. The solution has been implemented where applicable. VSP application owners are submitting a Security Exception for not complying with all aspects of the policy. To address the review of system logs, automated tools have been developed and implemented. Reports are delivered to VSP security team for review.
Status Summary: Completed (Delayed)

Finding 17-08: Obtain, Review, and Document Service Organization Control Reports of Third-Party Service Providers
Status: Correspondence to vendors mailed out.
Status Summary: In Progress (Delayed)

Finding 17-09: Strengthen User Access Policies and Procedures. **This is a Repeat Finding.**
Status: VSP continues to draft desk procedures and maintain auditable documentation with quarterly reviews.
Status Summary: In Progress (Delayed)

Finding 17-14/14-06: Align Fixed Asset Accounting Policies with Code of Virginia and CAPP Manual Best Practices. **This is a Repeat Finding.**
Status: Monthly FAACS reconciliation is in place since July 2019 - FAACS to Cardinal.
Status Summary: In Progress (Delayed)

Finding 17-15: Enter Assets into the Commonwealth's Fixed Asset System in a Timely Manner
Status: Fixed Assets Accountant enters assets by the end of the month in which the invoice is processed as reported on the Cardinal Potential Fixed Assets Report. VSP will review with DOA if this procedure is in compliance with CAPP.
Status Summary: In Progress (Delayed)

Finding 17-16: Capitalize Fixed Assets in Accordance with Commonwealth and VSP Policy
Status: Fixed Assets Senior Accountant performs reasonable assurance that cost is correct after adequately analyzing the supporting documents.
Status Summary: Completed (Delayed)

Finding 17-17: Complete Fixed Assets Physical Inventories. **This is a Repeat Finding.**
Status: Approximately 66.67% of the physical inventory has been completed. The remainder is expected to be inventoried over the next three 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. In process.
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. In process.
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 (target date December 31, 2019), 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. In process.

Status Summary: In Progress (Delayed)

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

Status: Revised Manual #5 has been created and is awaiting final review and publication to shared drive. Cardholder, Supervisor, and Program Administrator training requirements have been addressed in Section A. Program Administrator responsibilities have been addressed in Section E. Purchase card request procedures have been address in Section A. Split purchases have been address in Section E. Program Administrator training requirements have been addressed in Section A. Program Administrator responsibilities have been addressed in Section F. Accounts' certification requirements; this information is certified on the DOA CCA Annual Cardholder Training Certification Form that is submitted once all training has been completed by Cardholder, Gold Cardholder, Supervisors, and Program Administrators.

Status Summary: In Progress (Delayed)

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

Status: Charge Card request form for 9 or 17 cardholders reviewed. Card Request form and certificate of completion of training is required prior to PA ordering a card. Justification for changes in the merchant category code restriction for 6 of 17 cardholders reviewed. This is completed by the supervisor of the LT of P& F submitting a request to the PA to request a restriction lift for the Non-Sworn cardholders. Documentation is on file with PA. Purchasing Card Employee Agreement for one in 17 cardholders reviewed – When a card is ordered prior to the cardholder receiving their card an Employee Agreement form is submitted either by a scanned copy with complete signatures or the original. If a scanned copy is submitted, the original is to follow in interoffice mail. Support to verify that two of 9 purchases reviewed were not split orders: DOA conducts audits and those are sent to PA and then to cardholder for justification. PA has also conducted audits and submitted to cardholders for justification. Addition information is submitted on the SP-299 and filed in Accounts Payable office.

Status Summary: Completed (Delayed)

Finding 17-28: Complete Purchase Card Reconciliations Timely

Status: Purchase Card Reconciliation timely - This section belongs to AP. There are programs that can be utilized to expedite this process such as On-Line Reconciliation within WORKS or eVA has an on-line program.

Status Summary: Completed (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 still under review, but a new Accounting Manager started at VSP on July 25, 2019. Decision has been made to use a State Contract Debt Collection vendor and research has been performed on the 3 vendors on state contract. 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 and our new Accounting Manager began work at VSP on July 25, 2019. 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, and VSP has performed research on the 3 vendors on state contract. Desk procedures will be revised to reflect the use of a collection agency in compliance with CAPP. And, VSP are now 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: The contract for the business analyst and project manager who were hired for the consolidated billing solution has been canceled and replaced by new consulting firm. A more in-depth discovery is being performed including the examination of the use of Oracle. An Oracle demo to be held very soon.

Status Summary: In Progress (Delayed)

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

Status: No action has been taken on this system to date. To be considered in the agency comprehensive billing solution.

Status Summary: In Progress (Delayed)

Finding 17-38: Document Retirement Benefits System Reconciliations

Status: Still in process.

Status Summary: In Progress (Delayed)

Virginia Alcoholic Beverage Control Authority (ABC)

Audit Year: 2018

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

Status: This corrective action remains on-going. 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 continues to make significant progress updating information security policies and procedures since the transition to an authority. As of the end of September the overall access management and asset management policy have been approved by the ABC Board.

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: Process enhancements have been implemented, presently reviewing the terminations for the past 30 days to determine if the issue was corrected. Still on target for December 31, 2019.

Status Summary: In Progress (On Schedule)

Department of Transportation (VDOT)

Audit Year: 2018

Finding 18-02: Improve Financial Reporting of Infrastructure Assets with Proactive Policies and Procedures

Status: Procedures were completed and reviewed prior to submission of the FY 2019 capital asset submission to DOA

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. DOA and APA have both concurred on VDOT's approach for reporting. VDOT has also updated its AR checklist to ensure VDOT places loan receivables in the long-term AR instead of short-term AR.

Status Summary: Completed (Delayed)



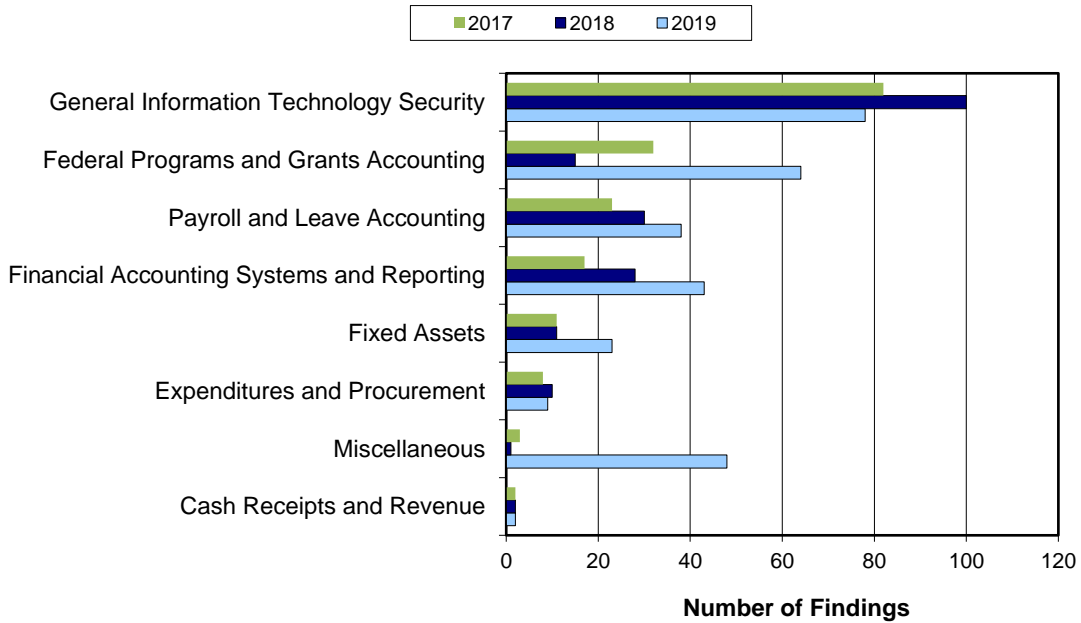
Annual Summary of APA Audit Findings

As of September 30, 2019, the Auditor of Public Accounts issued 45 audit reports in the fiscal year ended 2019. These 45 audits covered 68 Executive Branch and Independent agencies. Of these reports, 6 reflected no internal control weaknesses or compliance findings. The APA identified 305 audit findings that cited internal control weaknesses and instances of noncompliance. For the fiscal year ending 2018, 27 of 40 reports contained findings and 197 total findings were reported.

| <u>Category</u> | <u>New Findings</u> | <u>Repeat Findings</u> | <u>Total Findings</u> |
|--|---------------------|------------------------|-----------------------|
| General Information Technology Security | 47 | 31 | 78 |
| Federal Programs and Grants Accounting | 48 | 16 | 64 |
| Payroll and Leave Accounting | 32 | 6 | 38 |
| Financial Accounting Systems and Reporting | 35 | 8 | 43 |
| Fixed Assets | 18 | 5 | 23 |
| Expenditures and Procurement | 9 | - | 9 |
| Miscellaneous | 39 | 9 | 48 |
| Cash Receipts and Revenue | 2 | - | 2 |
| | 230 | 75 | 305 |

Statewide Findings by Category

FY 2017 - FY 2019 Comparison



Compliance Monitoring

Agency Risk Management and Internal Control Standards (ARMICS) Compliance

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

The following agencies did not comply with ARMICS in FY 2019 and submitted an Exhibit 4 Certification Statement:

| Agency Name | Reason for Non-Compliance | Initial Corrective Action Plan Received | Status of Corrective Action |
|-------------------------------------|----------------------------------|--|---|
| Department of Forensic Science | Exhibit 4 Filed | Yes | Agency expects to complete ARMICS assessment by March 31, 2020. |
| Frontier Culture Museum of Virginia | Exhibit 4 Filed | Yes | Agency states internal control assessments will be completed by September 30, 2020. |

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

| 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 | Yes | Agency states that internal control assessments will be complete by December 31, 2019. Quarterly status update received. |



Compliance Monitoring

Certification of Agency Reconciliation to Cardinal Reports

The Commonwealth’s accounting and reporting system, Cardinal, contains the Commonwealth's official accounting records. Therefore, State accounting policy requires that each agency reconcile its internal accounting records to Cardinal at least monthly and submit the results of the reconciliation via the Certification of Agency Reconciliation to Cardinal.

DOA closely monitors Certification status, evaluates exceptions, and posts correcting entries in Cardinal. Certifications for July and August were due on 8/30/2019 and 9/30/19 respectively.

Certifications Late or Outstanding

As of November 4, 2019

| Agency | July | Aug |
|--------------------------------|-------------|------------|
| Department of Forensic Science | O/S | O/S |

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

E-Commerce

Travel Check Charges

In accordance with Chapter 854, 2019 Virginia Acts of Assembly § 4-5.04 f., the Comptroller charges agencies \$5 for travel reimbursement checks issued in lieu of Travel EDI. Agencies are charged for each travel reimbursement check issued to an employee after their second check of the fiscal year. Agencies are expected to take action to enroll applicable employees in the

EDI program and thus avoid the fees altogether. The following table lists agencies that have incurred travel check charges during the first quarter of FY 2020.

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

Agency Non-Compliance Travel Check Charges

| Agency by Secretarial Area | Quarter Ended September 30, 2019 | Fiscal Year 2020 To-date Charges |
|---|---|---|
| Education | | |
| Virginia State University | \$10.00 | \$10.00 |
| Virginia Museum of Fine Arts | \$5.00 | \$5.00 |
| Health and Human Resources | | |
| Department of Health | \$10.00 | \$10.00 |
| Judicial | | |
| Magistrate System | \$5.00 | \$5.00 |
| Circuit Courts | \$185.00 | \$185.00 |
| General District Courts | \$165.00 | \$165.00 |
| Juvenile and Domestic Relations District Courts | \$30.00 | \$30.00 |
| Natural Resources | | |
| Department of Conservation and Recreation | \$90.00 | \$90.00 |
| Public Safety and Homeland Security | | |
| Virginia Alcoholic Beverage Control Authority | \$5.00 | \$5.00 |
| Transportation | | |
| Department of Motor Vehicles | \$10.00 | \$10.00 |

Payroll Controls

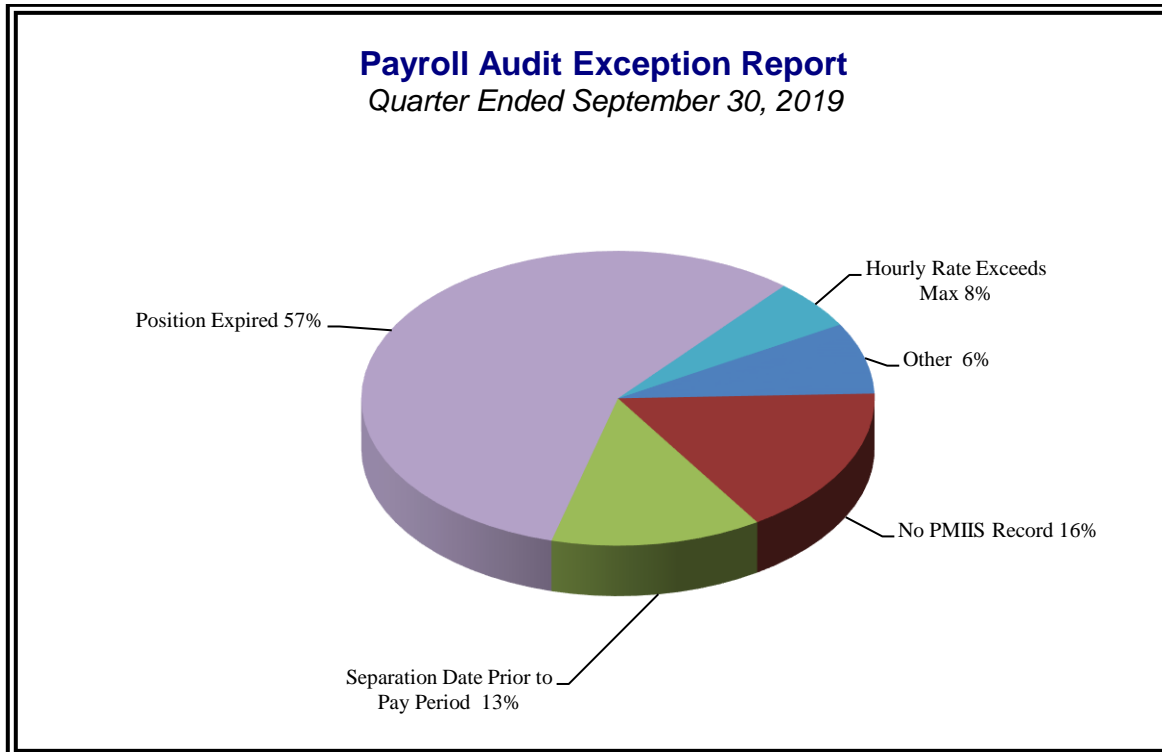
CIPPS/PMIS Payroll Audit

During the quarter, DOA's automated comparison of payroll (CIPPS) and personnel (PMIS) records examined 397,480 salaried pay transactions and 99,999 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 5,283 new exceptions noted statewide during the quarter, with an overall exception rate of 0.0%.

The statewide salaried payroll exception rate was 0.12% and the wage payroll exception rate was 0.09%. During this quarter, 2 employee

paychecks were reduced to recover \$49.16 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

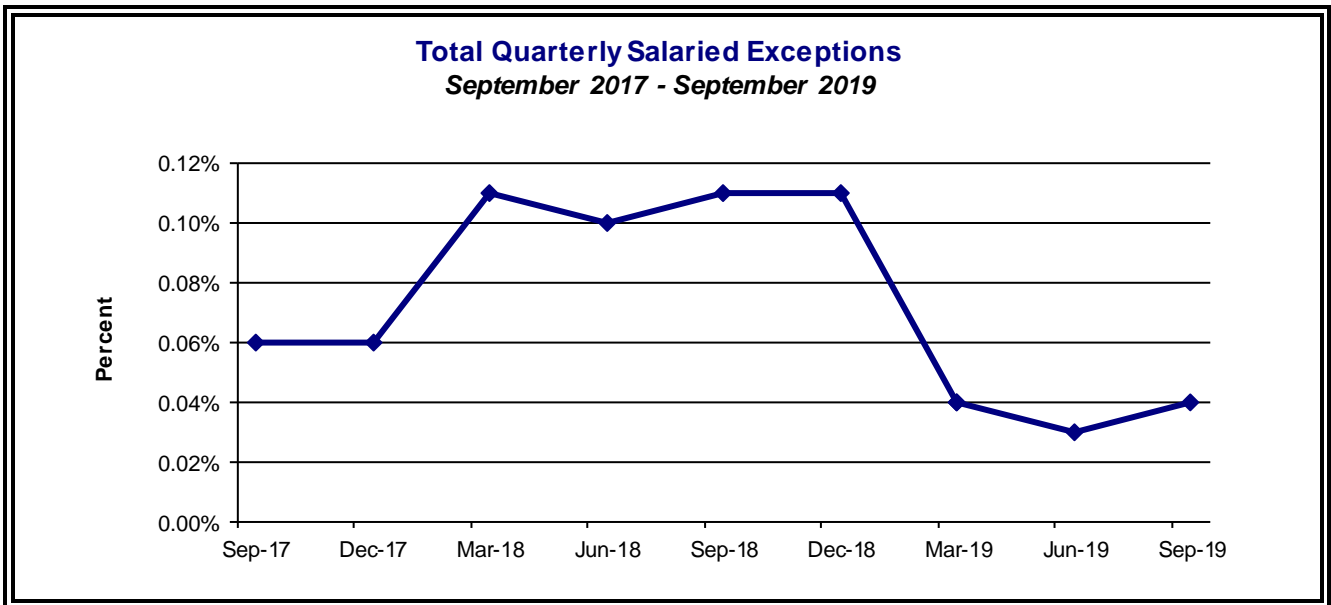
payments exceeds three times the statewide average for the quarter. None of the agencies exceeded the allowed threshold for wage or salaried payments during the quarter ended September 30, 2019.

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

| <u>Agency</u> | <u># of Salaried Exceptions</u> | <u>Exceptions as a % of Salaried Payments</u> |
|--|---------------------------------|---|
| Catawba Hospital | 10 | 0.64% |
| Central State Hospital | 9 | 0.15% |
| Commonwealth Center for Children and Adolescents | 2 | 0.20% |
| Department of Transportation | 9 | 0.18% |
| Norfolk State University | 2 | 0.04% |
| Piedmont Geriatric Hospital | 3 | 0.14% |
| Virginia Center for Behavioral Rehabilitation | 8 | 0.25% |
| Virginia Community College System | 74 | 0.19% |

| | |
|--|--------------|
| Salaried Payroll Exceptions for the Quarter | 0.04% |
|--|--------------|

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



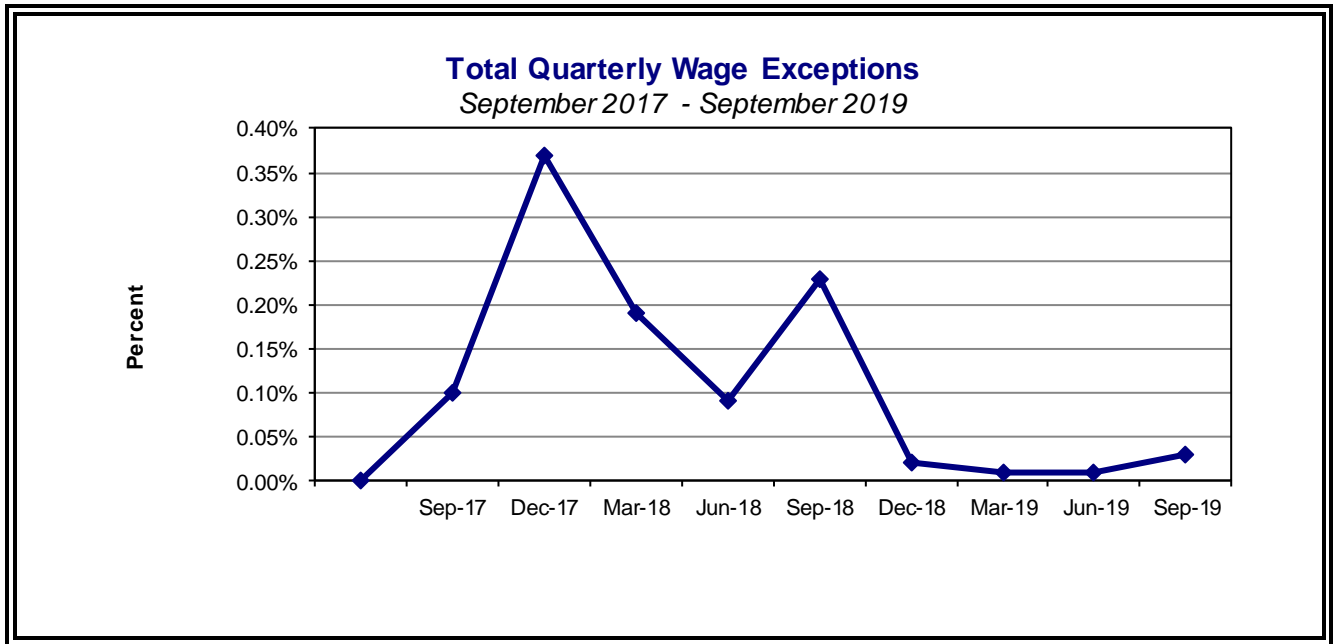
Agency Payroll Exceptions as a Percent of Wage Payments

Quarter Ended September 30, 2019

| <u>Agency</u> | <u># of Wage Exceptions</u> | <u>Exceptions as a % of Wage Payments</u> |
|-------------------------------|-----------------------------|---|
| Central State Hospital | 1 | 0.13% |
| Department of Corrections | 7 | 0.24% |
| Norfolk State University | 3 | 0.18% |
| Virginia Veterans Care Center | 2 | 0.49% |

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

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



Payroll Certification

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

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

and are not consistent with sound internal control over payroll.

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

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

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

| Agency | Variance Amount (a) | Performed by DOA (b) | Submitted Late (c) | Corrected by DOA (d) |
|--|---------------------------|----------------------------|--------------------------|----------------------------|
| Education | | | | |
| Cooperative Extension and Agricultural Research Services | \$ 138,670 | | 2 | |
| Eastern Shore Community College | | 2 | | |
| Mountain Empire Community College | 30,629 | | | |
| Patrick Henry Community College | | | 2 | |
| Piedmont Virginia Community College | | 2 | 3 | |
| Southside Virginia Community College | 42,129 | | | |
| Thomas Nelson Community College | 438,000 | 1 | | |
| Virginia Community College System | | | 2 | |
| Virginia State University | | | | 1 |
| Health and Human Resources | | | | |
| Central State Hospital | 474,774 | | 2 | |
| Southwestern Virginia Mental Health Institute | 42,793 | | | |
| Public Safety and Homeland Security | | | | |
| Department of Forensic Science* | | | 2 | |
| Department of State Police* | | | 3 | |
| Greensville Correctional Center | | 1 | | |
| Virginia Correctional Center for Women | | 1 | | |
| Transportation | | | | |
| VDOT - Fredericksburg District | 33,672 | | | |
| VDOT - Salem District | | | | 1 |
| Veterans and Defense Affairs | | | | |
| Virginia Veterans Care Center | | | 2 | |

Columns show the following:

- (a) Variance in dollars for agencies whose certified amounts varied from actual computed amounts if the variance is more than \$20,000 for any payrolls processed during the quarter or the explanation for gross pay difference was submitted late.
- (b) The number of times DOA had to perform the certification function for the agency due to inadequate agency back-up.
- (c) The number of certifications that were submitted or altered later than the daily deadline.
- (d) The number of times DOA made corrections to agency certifications during the quarter.



Health Care Reconciliations

Employee health care fringe benefits costs are covered by a combination of agency-paid and employee-paid premiums. Agencies are required to return a *Certification of Automated Health Care Reconciliations* package to DOA by the close of the month following the month

of coverage. This reconciliation annotates differences between health care eligibility records (BES) and health care premium payments collected through payroll deduction. The following table lists those agencies that did not comply with reporting requirements.

**Health Care Reconciliations
as of September 30, 2019**

| <u>Agency</u> | <u>Incomplete*</u> | <u>Errors*</u> | <u>Late</u> |
|---|--------------------|----------------|-------------|
| Catawba Hospital | | | 2 |
| Department of Health | | | 1 |
| Department of Housing and Community Development | | | 1 |
| Mountain Empire Community College | | | 1 |
| Piedmont Virginia Community College | | | 1 |
| Southwest Virginia Community College | | | 1 |
| Virginia Alcoholic Beverage Control Authority | | 3 | |
| Virginia Veterans Care Center | | | 1 |

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

