

REPORT ON STATEWIDE COMPLIANCE

**FOR THE QUARTER ENDED
JUNE 30, 2020**



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.*

TABLE OF CONTENTS

REPORT ON STATEWIDE COMPLIANCE

Quarter Ended June 30, 2020

	Page
STATEMENT OF PURPOSE	2
COMPLIANCE.....	3
Auditor of Public Accounts Reports - Executive Branch and Independent Agencies	3
Audit Reports.....	3
Audit Findings	5
Risk Alerts	6
Special Reports.....	6
Other Audit Reports.....	6
Internal Control Questionnaire Reviews	6
Summary of Prior Audit Findings	7
Status of Prior Audit Findings	9
Compliance Monitoring	42
ARMICS Compliance.....	42
Prompt Pay Compliance	44
Certification of Agency Reconciliation to Cardinal Reports.....	47
E-Commerce.....	48
<i>Travel Check Charges</i>	48
<i>Small Purchase Charge Card (SPCC) Payment Compliance</i>	50
<i>Travel Charge Card</i>	53
Payroll Controls.....	55
<i>CIPPS/PMIS Payroll Audit</i>	55
<i>CIPPS/PMIS Exceptions</i>	58
<i>Payroll Certification</i>	59
Accounts Receivable.....	61
Comptroller's Debt Setoff.....	66

STATEMENT OF PURPOSE

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

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

This *Quarterly Report* includes information for the quarter ended June 30, 2020, 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 June 30, 2020

The APA issued 7 reports covering 9 State Agencies for the Executive Branch and no reports for the Independent Agencies. The last column indicates whether the CAW has been received as of the date of this publication for each agency with audit findings. Note that in some cases, the CAW may not have been received because it is not yet due.

	New Findings	Repeat Findings	Total Findings	CAW Received
Administration				
None				
Agriculture and Forestry				
None				
Commerce and Trade				
None				
Education				
Christopher Newport University	5	0	5	YES
George Mason University	2	0	2	YES
James Madison University	0	0	0	N/A
Old Dominion University	0	0	0	N/A
6/30/20 Quarterly Report	3			Department of Accounts

	New Findings	Repeat Findings	Total Findings	CAW Received
Radford University	0	0	0	N/A
Richard Bland College ¹	0	2	2	YES
The College of William and Mary in Virginia ¹	1	0	1	YES
University of Mary Washington	0	0	0	N/A
Virginia Institute of Marine Science ¹	0	0	0	N/A

Executive Offices

None

Finance

None

Health and Human Resources

None

Independent Agencies

None

Natural Resources

None

Public Safety and Homeland Security

None

Technology

None

Transportation

None

Veterans and Defense Affairs

(1) *The College of William and Mary in Virginia audit includes Richard Bland College and the Virginia Institute of Marine Science.*



Audit Findings - Quarter Ended June 30, 2020

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

Education

Christopher Newport University

1. Improve Firewall Security
2. Improve Policies and Procedures over System Access Removal for Terminated Employees
3. Improve Virtual Private Network Security
4. Implement Formal Policies and Procedures over Conflict of Interest Requirements
5. Improve Web Application Security

George Mason University

1. Develop and Implement a Process to Maintain Oversight over Service Providers
2. Improve Patch and Vulnerability Management

Richard Bland College

1. Continue Improving Oversight of IT Third-Party Service Providers. **This is a Partial Repeat Finding.**
2. Continue to Strengthen Internal Controls over Federal Cash Management. **This is a Partial Repeat Finding.**

The College of William and Mary in Virginia

1. Improve Operating System Logging and Monitoring Controls



Risk Alerts – Quarter Ended June 30, 2020

No “Risk Alerts” were issued.

Special Reports – Quarter Ended June 30, 2020

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

Final Comparative Report of Local Government Revenue and Expenditures for the fiscal year ended June 30, 2019

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

2019 Internal Control Questionnaire Results for the period January 1, 2019 through December 31, 2019

Local Government Fiscal Distress Monitoring as of April 30, 2020

Other Audit Reports – Quarter Ended June 30, 2020

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

Richard Bland College Review for the year ended June 30, 2019

Internal Control Questionnaire Reviews - Quarter Ended June 30, 2020

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

Department of Juvenile Justice Internal Control Questionnaire Review Results as of April 2020



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 Human Resource Management	0	2	1	0
Commerce and Trade				
Virginia Employment Commission	1	1	0	0
Education				
Department of Education including Direct Aid to Public Education	0	4	2	0
Norfolk State University	0	2	0	0
Radford University	0	0	0	1
Richard Bland College	0	0	1	0
Southern Virginia Higher Education Center	0	1	0	0
University of Mary Washington	0	1	0	0
University of Virginia – Academic	2	0	1	1
University of Virginia Medical Center	0	0	0	1
Virginia Community College System – Central Office	1	1	0	0
Germanna Community College	0	0	1	0
New River Community College	0	0	1	0
Tidewater Community College	0	0	1	0
Virginia Commonwealth University	0	0	1	1
Virginia Polytechnic Institute and State University	0	0	1	0
Virginia School for the Deaf and the Blind	0	1	0	0
Virginia State University	2	0	0	0
Finance				
Department of Accounts	0	0	3	0
Department of Planning and Budget	0	0	1	0
Department of Taxation	1	3	0	0
Department of the Treasury	1	2	2	0

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Health and Human Resources				
Department of Aging and Rehabilitative Services	5	2	0	0
Department of Behavioral Health and Developmental Services	2	12	11	2
Department of Health	8	2	3	0
Department of Medical Assistance Services	2	5	1	0
Department of Social Services	12	1	5	0
Department for the Blind and Vision Impaired	4	6	0	0
Department for the Deaf and Hard-of-Hearing	0	1	0	0
Virginia Board for People with Disabilities	0	1	0	0
Independent Agencies				
State Corporation Commission	0	1	0	0
Public Safety and Homeland Security				
Department of Corrections	0	0	5	0
Department of Fire Programs	6	0	24	0
Department of State Police	1	13	10	7
Virginia Alcoholic Beverage Control Authority	2	1	0	0
Transportation				
Department of Motor Vehicles	0	1	4	0
Department of Transportation	1	1	3	0
TOTALS	51	65	82	13



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 Human Resource Management (DHRM)

Audit Year: 2019

Finding 19-01/18-01: Improve Controls Over Financial Reporting. **This is a Material Weakness and a Repeat Finding.**

Status: Allocation percentage and census data has been delivered to Actuary and Actuary agreed to deliver the actuary report, collection methodology, & appendixes on April 1, 2020. DHRM is scheduled to complete FY20 schedule of benefit payment, Sample Journal entry, & note disclosures by May 1, 2020. Allocation percentage and census data will be delivered to Actuary no later than Nov Actuary agreed to deliver the actuary report, collection methodology, & appendixes on March 1. DHRM is to complete schedule of benefit payment, Sample Journal entry, & note disclosures by May 1. Contract modification addressed FY20 and future contract year's deadline has been signed by all parties on March 9, 2020.

Status Summary: Completed (On Schedule)

Finding 19-02/18-03/17-01/16-03/15-03/14-01: Improve Web Application Security Controls. **This is a Partial Repeat Finding.**

Status: DHRM is engaged in a project of Server Migration with the objective of migrating existing applications off of that server. DHRM had to rewrite a few applications and that caused the revision of the initial estimated completion date.

Status Summary: In Progress (Delayed)

Audit Year: 2017

Finding 17-05: Improve Database and Application Security

Status: DHRM is engaged in a project of Server Migration with the objective of migrating existing applications off of that server. DHRM had to rewrite a few applications and that cause the revision to the initial estimated completion date.

Status Summary: In Progress (Delayed)

Commerce and Trade

Virginia Employment Commission (VEC)

Audit Year: 2019

Finding 19-01: Improve Database Security

Status: Due to the COVID-19 pandemic and the unprecedented claims volume, management has focused on achieving the agency's mission of providing unemployment benefits to individuals who have lost their job through no fault of their own. Therefore, there is no change to the status this quarter.

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: Due to the COVID-19 pandemic and the unprecedented claims volume, management has focused on achieving the agency's mission of providing unemployment benefits to individuals who have lost their job through no fault of their own. Therefore, there is no change to the status this quarter.

Status Summary: In Progress (Delayed)

Education

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

Audit Year: 2019

Finding 19-01: Improve Vulnerability Remediation Efforts

Status: An error in the scanning technique was corrected. The Partnership implemented new software. Non-VITA supported software on laptops still remains to be addressed by local IT staff.

Status Summary: In Progress (Delayed)

Finding 19-02: Implement Process for Ongoing Monitoring of System Access

Status: SOP drafted and implemented by the School Nutrition Department. Staff informed of proper process and procedures.

Status Summary: Completed (On Schedule)

Finding 19-03/18-07/17-11/16-06: Continue Improving Database Security. **This is a Repeat Finding.**

Status: Progress has been made to implement the new software but the Agency continues to wait for the Partnership to allow access.

Status Summary: In Progress (Delayed)

Finding 19-04: Improve Web Application Security

Status: Management would like to note that this finding was corrected during the course of the audit. Management will ensure that this information remains in the corrected status for future reviews and audits.

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: Progress has been made to implement the new software but the Agency continues to wait for the Partnership to allow access.

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: Progress has been made to implement the new software but the Agency continues to wait for the Partnership to allow access.

Status Summary: In Progress (Delayed)

Norfolk State University (NSU)

Audit Year: 2017

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

Status: Framework that provides security assessments of new and existing business processes and supporting Information Technology (IT) systems. The Security Program Framework addresses roles, responsibilities, management commitment, coordination among organizational entities, and compliance with Commonwealth of Virginia Information Technology Resource Management (ITRM) Security Standard SEC501 for identified sensitive IT systems. With the support of VITA ISO Services, the implementation of Norfolk State University's Security Program and Framework has resulted in a completed University-wide Business Impact Analysis (BIA), the identification of essential business processes and IT systems, and classification of data types. The goal now is completion of scheduled IT system Risk Assessments and Security Audits for identified sensitive systems. The Security Program and Framework are repeatable processes that assess the risk and security controls throughout the life cycle of critical business processes and related IT systems. Overall outcomes of the Security Program will continuously provide inputs to Norfolk State University IT Continuity of Operations (COOP) and IT Disaster Recovery Plans (DRP) which is deemed as an ongoing planning activity. In parallel efforts, Norfolk State University is consolidating and updating Security Policies and providing training to staff members who hold key security roles and responsibilities. The estimated completion date for policy updates is scheduled for December 31, 2020.

Status Summary: In Progress (Delayed)

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

Status: Norfolk state University will continue its End-of-Life upgrade projects. The University is in the process of hiring additional resources to facilitate these projects. The University's estimated time of completion is end of calendar year 2020.

Status Summary: In Progress (Delayed)

Radford University (RU)

Audit Year: 2018

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

Status: Testing of the new process by applicable offices has been completed and verified by Audit and Advisory Services. This is now considered complete.

Status Summary: Completed (Delayed)

Richard Bland College (RBC)

Audit Year: 2018

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

Status: Work continues (along with W&M staff) with respect to evaluating, updating and/or creating appropriate policies, procedures and processes around the financial reporting process to include internal controls. Simultaneously with this, RBC is also looking at system set-up and functionality to ensure effective, efficient and accurate use of RBC's ERP system. RBC has made necessary modifications to our chart of accounts and we have completed the implementation of the Banner Fixed Assets Module. Also, we have re-organized the Finance Department and have filled several positions with highly skilled professionals. 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: Completed (On Schedule)

Southern Virginia Higher Education Center (SVHEC)

Audit Year: 2016

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

Status: Building renovations are almost complete. Renovations are scheduled to be completed by August 31, 2020. Final renovations were delayed due to COVID-19. Some assets had to be moved to temporary locations. SVHEC is continuing to update its inventory listings. This will be an ongoing process.

Status Summary: In Progress (Delayed)

University of Mary Washington (UMW)

Audit Year: 2018

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

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

Status Summary: In Progress (Delayed)

University of Virginia (UVA/AD)

Audit Year: 2019

Finding 19-01: Improve Security Awareness Training Program. **This is a Partial Repeat Finding.**

Status: After the last review by the APA, the University will make additional updates to reflect its risk-based approach to security training that focuses compliance efforts on personnel with access to highly sensitive data. The University has drafted updates to the Acceptable Use of the University's Information Technology Resources (IRM-002) policy to address security awareness training requirements. These changes are currently being reviewed by the University's Policy Review Committee (PRC) and will be addressed at their meeting on Monday, April 6, 2020. The revised IRM-002 policy was approved by the PRC and published on May 16, 2020.

Status Summary: Completed (Delayed)

Finding 19-02: Improve Segregation of Duties Controls over the Payroll and Human Resources System

Status: As of June 30, 2020, the vast majority of the reported risks have been remediated. It is important to note that this finding contains risks that are no longer applicable, due to either the elimination of the role, or security modification, as well as findings that present no risk, such as Security Groups, with roles in Workday Financials, which is not even an active tenant, and will not be live until 2022. Further, many risks cited in the report are duplicative due to the role or level of system access. Actions Taken to Improve Segregation of Duties to HR and Payroll System Tenant Deloitte re-ran the report based on latest data extract in March. As a result, the vast majority of the reported risks were remediated. In January of 2020, UVA worked to remove overlap in security groups that allow partners in compensation and other functional areas, for example, to perform some basic business set up activities. In addition, in March 2020 a review of low risk items was conducted, with many explainable due to identified business needs, such as open enrollment or learning specialists, while others were removed. Finally, the need for reporting and compensating controls was addressed for the remaining risks, and identification of the appropriate business owner was documented.

Status Summary: In Progress (On Schedule)

Finding 19-03: Ensure Completion of the Commonwealth's Retirement Benefits System Reconciliation Process

Status: Work is underway to catch up past due reconciliations. Recons for UVA Wise has been completed; UVA/AD recons have been completed through November 2019; 209 is starting in April 2020. As of June 30, records with differences down over 65%. VRS maintenance file system updates sent to integrations team with August 14 due date. Expect additional reductions after implementation.

Status Summary: In Progress (On Schedule)

Finding 19-06: Improve Timesheet Approval Process

Status: The University has implemented the following to address this finding. Communications Regarding Expectations for Time Entry and Approval have been significantly improved. Changes to timekeeping process and alerts (extended deadlines, frequent reminders). Additional communications regarding reconciliations of labor cost. University policy FIN-023, Reconciling Unit Accounting Records, requires that all Projects be reconciled monthly which serves as a significant compensating control when time is Mass Advanced

Status Summary: Completed (On Schedule)

University of Virginia Medical Center (UVAH)

Audit Year: 2019

Finding 19-01/18-04: Improve Patient Accounting, Billing, and Management System Segregation of Duties. **This is a Repeat Finding.**

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

Status Summary: Completed (Delayed)

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

Audit Year: 2018

Finding 18-03: Improve Web Application Security

Status: On target for completion on or before December 31, 2020.

Status Summary: In Progress (On Schedule)

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

Status: Due to resource constraints and Covid-19, the target date for completion has been extended until December 31, 2020. Risk assessments were complete for the majority of systems; however, there were four additional systems added that also delayed completion.

Status Summary: In Progress (Delayed)

Germanna Community College (GCC)

Audit Year: 2018

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

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

New River Community College (NRCC)

Audit Year: 2018

Finding 18-02: Improve Fixed Asset Inventory and Tracking

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Tidewater Community College (TCC)

Audit Year: 2018

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

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Virginia Commonwealth University (VCU/AD)

Audit Year: 2019

Finding 19-01: Improve Reporting to National Student Loan Data System. **This is a Repeat Finding.**

Status: The initial corrective action plan was implemented in spring 2019. This corrected the issue for the majority of students, however, it became evident that some data was still incorrect. VCU then added an additional steps to ensure correct data submission.

Status Summary: Completed (Delayed)

Finding 19-02: Improve IT Asset Surplus Process

Status: VCU utilizes a three tiered policy framework to govern its operations related to information technology and information management that includes top level policies, middle tier technology standards, and the technical operational baselines. As such, the Media Sanitization Baseline is a set of technical operational procedures that is governed by the Computer and Network Resource Use Policy and Information Security Policy, enforced through the Data Handling and Storage standards. The aforementioned standard is up for its triennial update and VCU will modify the standard to provide additional clarification on IT asset disposal. Further, VCU will review and update as necessary, its media sanitization baseline to include additional guidance on media sanitization and destruction.

Status Summary: Completed (On Schedule)

Virginia Polytechnic Institute and State University (VPISU/ID)

Audit Year 2019

Finding 19-01: Improve the Process to Identify Individuals in a Position of Trust

Status: Assign coordinator for SOEI program (completed October 1, 2019). Complete review of all 17,506 employees, including review with COI team to include their list (complete by December 20, 2019). Update SOEI spreadsheet identifying all required positions (complete by Dec 30, 2019). Review of new hires/terms (monthly, starting in December 2019, and monthly thereafter through 2020) Implemented December 2019. Add/review required positions and initiate communication with new hires (monthly starting in December 2019 through 2020) Implemented December 2019. Review monthly those who have completed the new hire requirement (monthly starting in December 2019 through 2020). Implemented December 2019. Notify employee two times then senior management if the employee has not completed form or training Implemented December 2019. Explore the possibility of adding SOEI tag to position descriptions in Page Up (complete review by March 31, 2020 – if feasible, complete by May 1, 2020). Review delayed by COVID19, but review of completed by June 30, 2020. Explore options for onboarding communication -Review completed by June 30. Our review found the new LMS to be the best option for communicating SOEI and is currently be designed with expected rollout in fall of 2020. Report those who do not complete the required training to senior management (Provost or SVP as appropriate) for further review (start in January 2020 with the annual reporting date) implemented January 2020.

Status Summary: Completed (On Schedule)

Virginia School for the Deaf and Blind (VSDB)

Audit Year: 2017

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

Status: Managed Security Awareness Training implementation has been completed.

Status Summary: In Progress (Delayed)

Virginia State University (VSU)

Audit Year: 2018

Finding 18-07: Strengthen Internal Controls over Capital Assets

Status: The University will have all surplus items completed by June 30, 2020 and currently still undergoing a campus-wide inventory by department which was delayed by COVID-19. A campus-wide e-mail was also sent regarding items received directly by various departments.

Status Summary: In Progress (On Schedule)

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

Status: The Grants & Contracts Office is still pulling supporting documentation for stagnant grants and working towards clearing out or re-purposing the grant proceeds with grantor approval. However, the Grants & Contracts position is now vacant which has prolonged the estimated completion date.

Status Summary: In Progress (On Schedule)

Finance

Department of Accounts (DOA)

Audit Year: 2019

Finding 19-01: Dedicate Resources to Timely Update of CAPP Manual Topics

Status: DOA acknowledges the importance of updating the Commonwealth Accounting Policies and Procedures (CAPP) Manual, and DOA agrees that the topics cited were not updated by June 30, 2019. However, DOA disagrees with the severity of the impact related to these topics. DOA prioritized the CAPP topics when the new accounting system was placed in service and all topics with substantive changes were updated. The five topics that remained were assessed as low priority since no substantive changes that would impact either accounting or reporting accuracy were required. As a mitigating control, Cardinal Job Aids and/or training materials provided guidance to effectively provide assistance with any terminology or coding changes that the agencies might require. These topics were updated by December 31, 2019. Regarding the payroll CAPP topics, DOA does not plan to divert resources from the Human Capital Management (HCM) Project to update CAPP topics for CIPPS and the associated payroll business processes, which are scheduled to be replaced in October of 2021. Management does not believe this would be an appropriate use of the agency's limited resources. To mitigate any associated risk, DOA is providing detailed and specific payroll processing guidance via Payroll Bulletins to agency fiscal and payroll personnel. DOA will revise all Payroll topics as the new HCM module is placed in service.

Status Summary: Completed (On Schedule)

Finding 19-02: Comply with Federal Regulations for Documentation of Employment Eligibility

Status: Accounts has required Human Resource employees completing the I-9 form to take the Federal on-line training on the USCIS website, and has been completed. Internal procedures have been drafted on the I-9 form and require a second Human Resource employee to review completed forms to ensure compliance with policy. Any issues found in the review process must be addressed appropriately before the form is filed.

Status Summary: Completed (On Schedule)

Finding 19-03: Improve Web Application Security

Status: Configuration modified to align with SEC501 security standard.

Status Summary: Completed (On Schedule)

Department of Planning and Budget (DPB)

Audit Year: 2019

Finding 19-01: Improve the Budget System Database Governance and Security

Status: A Statement of Work has been signed and executed between the vendor and the agency.

Status Summary: Completed (On Schedule)

Department of Taxation (TAX)

Audit Year: 2019

Finding 19-01: Continue to Improve Controls over Role Access. **This is a Repeat Finding.**

Status: Phase I (January-March 2020): Assemble a leadership workgroup to review circumstances surrounding the 14 of 35 roles accessed which provided excess authority of employee job duties. Goal is to identify communication, technology and operational breakdowns and opportunities for strengthening controls. Phase II (April-May 2020): Prioritize specific steps and initiatives to further strengthen controls, reduce unnecessary critical access, and ensure least privilege is maintained. These efforts may include technology enhancements, training and educational opportunities, policy and procedure changes, ongoing monitoring and review of roles, and memorialized documentation. Phase III (June-August 2020): Implementation of enhancements to include; communications, training and education, systems changes, and post recertification quality review. Phase 1 and Phase 2 have been completed.

Status Summary: In Progress (Delayed)

Finding 19-02/18-06: Continue to Improve Disaster Recovery Planning Documentation. **This is a Repeat Finding.**

Status: Coop plan was completed March 31, 2020. However additional actions will be needed and cooperation from VITA to revise the Disaster Recovery plan.

Status Summary: In Progress (On Schedule)

Finding 19-03: Complete a Risk Assessment for Each Sensitive System

Status: A high level risk assessment plan has been prepared which reflects a completion date of November 30, 2020.

Status Summary: In Progress (Delayed)

Finding 19-04: Mitigate Server Vulnerabilities. **This is a Repeat Finding.**

Status: Sent update to VITA.

Status Summary: In Progress (Delayed)

Department of the Treasury (TD)

Audit Year: 2019

Finding 19-01: Continue to Improve Information System Access Controls. **This is a Repeat Finding.**

Status: UCP has defined and documented access privilege descriptions, conducted annual systems access review, implemented and documented its process for a detailed review of its claims processing system to ensure access is appropriate, and identified access roles based on job duties.

Status Summary: In Progress (On Schedule)

Finding 19-02: Improve Web Application Security

Status: Treasury has submitted and received approval for an Exception Request for the continued use of a legacy transfer protocol. Treasury has researched several options for upgrading to a more current version of this transfer protocol. Successful implementation of any of these options will depend upon the availability of funds to procure a test server.

Status Summary: In Progress (Delayed)

Finding 19-03: Improve Service Organization Control Report Reviews Policies and Procedures

Status: Treasury has fully implemented the updated process, and continues to provide on-demand training to applicable employees.

Status Summary: Completed (On Schedule)

Finding 19-04: Improve Process for Payment of Risk Management Invoices

Status: DRM has created a dedicated mailbox for all outside counsel invoices. DRM will have one position dedicated to managing the mailbox. DRM is in the process of training the individual on the process and procedures.

Status Summary: In Progress (Delayed)

Finding 19-05: Improve Policies and Procedures over Unclaimed Property Reconciliations
Status: UCP has updated its reconciliation procedures to ensure a timely review and clear audit trail.
Status Summary: Completed (On Schedule)

Health and Human Resources

Department of Aging and Rehabilitative Services (DARS)

Audit Year: 2019

Finding 19-01: Improve the Case Management System Access Review Process
Status: There have been meetings with appropriate staff of both organizations along with the AWARE core user group and coordination meeting with DARS and DBVI Directors with CFO to ensure congruence in implementation
Status Summary: In Progress (On Schedule)

Finding 19-02: Improve Oversight of Third-Party Service Providers
Status: The ISO and CIO have begun evaluating the contracts and services that require SOC to ensure compliance within the agreements. Both employees began after the issuance of the findings.
Status Summary: In Progress (On Schedule)

Finding 19-03: Improve the Eligibility Determination Process for Vocational Rehabilitation
Status: The procedures have been included in training with District Directors and counselors.
Status Summary: In Progress (On Schedule)

Finding 19-04: Improve Processes to Comply with the Conflict of Interest Act
Status: The Chief Deputy Commissioner has sent out request for information and assigned staff within HR to manage the function.
Status Summary: In Progress (On Schedule)

Finding 19-05: Improve Documentation to Show Compliance
Status: The DDS and CFO have meet to develop communication plan to clarify documentation requirements.
Status Summary: In Progress (On Schedule)

Audit Year: 2018

Finding 18-01: Update Disability Services Agencies Memorandum of Understanding
Status: The management teams shared the deliverables provided by DARS to DBVI and DBVI has provided feedback to those deliverables. Parties involved in the execution of those deliverables from each agency will meet to discuss through the services. These meetings are delayed due to the COVID 19 and DARS and DBVI anticipates delays in completing the MOU, subsequently DARS and DBVI plan to complete MOU by end of SFY 2021.
Status Summary: In Progress (Delayed)

Finding 18-02: Improve Internal Controls over Financial System Reconciliations
Status: Revised estimated completion dates. The DBVI and DARS fiscal management team have discussed the overall strategy but has not developed teams to complete this procedure. DARS and DBVI anticipates delays due to COVID19.
Status Summary: In Progress (Delayed)

Department of Behavioral Health and Developmental Services (DBHDS)

Audit Year: 2019

Finding 19-01: Dedicate Resources to Support Information Security Program

Status: Strategic plan has been submitted to VITA, and the new CISO will evaluate staffing and support needs.

Status Summary: In Progress (On Schedule)

Finding 19-02/18-02/17-02: Improve IT Contingency Management Program. **This is a Repeat Finding.**

Status: The new CISO is part of the agency recovery plan so additional time will be needed to update COOP plans. Agency will need a new target date for completion. Internal APA audit finding has identified the need for BIA developments/updates which are anticipated to be completed by September 30, 2020. BIA's will be needed before DBHDS provides a new date for the overall COOP plan.

Status Summary: In Progress (Delayed)

Finding 19-03: Improve Disaster Recovery for Sensitive Systems

Status: SAIC has provided information to DBHDS on June 24, selection for specific servers will be made early July at which point the APA audit finding can be closed.

Status Summary: In Progress (Delayed)

Finding 19-04/18-04: Develop Baseline Configuration for Information Systems. **This is a Repeat Finding.**

Status: DBHDS is will be resubmitting to SAIC a request to receive all the base configurations from the infrastructure side.

Status Summary: In Progress (Delayed)

Finding 19-05: Improve Web Application Security. **This is a Partial Repeat Finding.**

Status: The DBHDS Application administrator will be cross training other IT staff to support the application 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. Documents are being finalized with cross training to start early July 2020. The application administrator has been moved, Daily, Weekly, Monthly and Yearly tasks documentation has been requested and will be used to create a reference document for cross training additional DBHDS staff.

Status Summary: In Progress (Delayed)

Finding 19-06: Create Processes for Review and Assessment of Third-Party Service Provider's Controls

Status: DBHDS has already implemented update requirement language and boilerplate documents to address future contracts.

Status Summary: Completed (On Schedule)

Finding 19-07: Implement Opioid Grant Subrecipient Monitoring

Status: The Division of Community Behavioral Health has established procedures for managing federal grant sub-recipients. The procedures, reference materials and training materials has been distributed to staff for implementation. Staff was also provided formal training on the new procedures.

Status Summary: Completed (On Schedule)

Finding 19-08: Provide Federal Award Requirements to Subrecipients

Status: The Division of Community Behavioral Health procedures for managing federal grant sub-recipients also includes disbursement, monitoring, and reporting requirements.

Status Summary: Completed (On Schedule)

Finding 19-09: Improve Access Controls over the Internal Accounting and Patient Revenue System. **This is a Repeat Finding.**

Status: Due to COVID-19, no work on the creation of the workflow through the SAIC-KSE tool has started. IT will create initial application to assist with the identification of staff members who no longer need access. OKTA integration is desired but will need further review.

Status Summary: In Progress (Delayed)

Finding 19-10: Develop and Implement Compliant Application Access Management Procedures. **This is a Repeat Finding.**

Status: DBHDS will establish workflows for access controls during on/off boarding and will review available tools in the environment (ex: Service Now).

Status Summary: In Progress (Delayed)

Finding 19-11: Promptly Remove Commonwealth's Accounting and Financial Reporting System User Access

Status: DBHDS continue to work with HR to ensure that all parties are notified of a departure so that access to all systems can be removed. The original plan of correction response is still largely intact as DBHDS has not had adequate time to perform a review of potential systems bottlenecks. The COVID crisis has demanded DBHDS attention at this time.

Status Summary: In Progress (Delayed)

Finding 19-12: Improve Controls Over Financial Systems Reconciliations

Status: APA findings were addressed with facility CFOs on February 20, 2020 and facility Directors and ADAs on February 21, 2020.

Status Summary: Completed (On Schedule)

Finding 19-13: Process Expense Reimbursements in the Commonwealth's Accounting and Financial Reporting System

Status: CVTC will be closed effective June 2020. This finding was the result of staffing shortages for a facility in transition.

Status Summary: Completed (On Schedule)

Finding 19-14: Improve Controls over the Purchasing Process

Status: This finding has been covered in several facility leadership meetings, and the facility with exceptions noted in the past audit has experienced significant turnover in Procurement leadership and their control structure has been enhanced by reorganization and input from DBHDS Central Office.

Status Summary: Completed (On Schedule)

Finding 19-15: Perform an Evaluation and Analysis of Potential Asset Retirement and Pollution Remediation Obligations

Status: While DBHDS Finance does not concur with this recommendation as presented, it will continue its standard process and procedure of communicating GASB requirements to its facilities related to asset retirement to include criteria for ARO. This will also include coordination with DBHDS facilities with reasonableness checks and with DBHDS Office of A and E Services to ensure that ARO issues are not present.

Status Summary: Completed (On Schedule)

Finding 19-16: Comply with Employment Eligibility Requirements. **This is a Repeat Finding.**

Status: Training has been completed and updated process put in place to ensure all HR staff that handle I9 functions are trained and stay up to date. HR staff attend I9 training offered by Feds as needed throughout year. This training is pushed out by DHRM when available. DBHDS will continue to offer training and complete follow up audits when out at facilities. DBHDS CO HR met with the APA to discuss DBHDS findings. DBHDS will review all findings at the DBHDS HR Forum in April. Discussed on the June 18, 2020 HR Manager Call.

Status Summary: In Progress (Delayed)

Finding 19-17: Perform Reconciliation between the Commonwealth's Payroll and the Accounting and Financial Reporting Systems

Status: APA findings were addressed with facility CFOs on February 20, 2020 and facility Directors and ADAs on February 21, 2020.

Status Summary: Completed (On Schedule)

Finding 19-18: Improve Controls over Payroll Certifications

Status: APA findings were addressed with facility CFOs on February 20, 2020 and facility Directors and ADAs on February 21, 2020.

Status Summary: Completed (On Schedule)

Finding 19-19: Develop Access Profile Descriptions and Improve Monitoring Controls over the Internal Attendance and Leave System

Status: Due to COVID-19, no work on the creation of the workflow through the SAIC-KSE tool has started. IT will create initial application to assist with the identification of staff members who no longer need access. OKTA integration is desired but will need further review.

Status Summary: In Progress (Delayed)

Finding 19-20: Improve Review Process for Individual Facility Leave Liability Submissions

Status: APA findings were addressed with facility CFOs on February 20, 2020 and facility Directors and ADAs on February 21, 2020.

Status Summary: Completed (On Schedule)

Finding 19-21: Retain Documentation of Property Collection and Removal of Terminated Employee Badge Access

Status: HR Forum planning and alternative solutions underway due to COVID-19. HR is working with the Audit department on including this as a part of the HR field audit. Sample check out sheet sent to all facility HR Managers.

Status Summary: Completed (On Schedule)

Finding 19-22: Ensure Terminated Employees Are Properly Classified in the Payroll System

Status: HR Forum planning and alternative solutions underway due to COVID-19. HR is working with the Audit department on including this as a part of the HR field audit. Discussed topic on June 18, 2020 HR Managers call.

Status Summary: In Progress (On Schedule)

Finding 19-23: Improve Access Controls over the Commonwealth's Payroll System

Status: DBHDS are working with the security function to possibly establish a more reasonable time frame than the 24 hours currently in place. DBHDS facilities experience extremely high turnover and a 24 hour turnaround time is not necessarily reasonable. Again, the COVID crisis has put this effort on the back burner temporarily.

Status Summary: In Progress (Delayed)

Finding 19-24: Properly Approve and Monitor Administrative Employee Overtime

Status: HR Forum planning and alternative solutions underway due to COVID-19. Discussed at June 18, 2020 HR Manager Call. FLSA training will be conducted system-wide on July 28, 2020.

Status Summary: In Progress (Delayed)

Finding 19-25: Perform and Document Commonwealth's Retirement Benefits System Reconciliations. **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. Training and resources provided to facility HR.

Status Summary: Completed (Delayed)

Finding 19-26/18-10: Improve Controls over Access to the Commonwealth's Retirement Benefits System. **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. Training and resources provided to facility HR.

Status Summary: Completed (Delayed)

Audit Year: 2018

Finding 18-05: Improve Application Security

Status: The DBHDS Application administrator will be cross training other IT staff to support the application 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. Documents are being finalized with cross training to start early July 2020. The application administrator has been moved, Daily, Weekly, Monthly and Yearly tasks documentation has been requested and will be used to create a reference document for cross training additional DBHDS staff.

Status Summary: In Progress (Delayed)

Department of Health (VDH)

Audit Year: 2019

Finding 19-01/18-10: Improve Web Application Security. **This is a Partial Repeat Finding.**

Status: The application is subject to release as scheduled by the application's states' user group. The technology upgrade will allow the state to switch over to TLS 1.2. This technology upgrade is currently planned for release 2.5 which the user group has scheduled for EARLY 2021. A finalized schedule for release 2.5 is due to the user group in LATE 2020. DXC (software vendor) notified in July 2019 of vulnerabilities identified in Quarterly VITA scan. The application continues to make progress on the software releases, security vulnerabilities and testing. VDH are on track to receive a new release which has security setting changes by August in UAT. VDH is validating the new environment and is in the process of submitting a request to VITA to do a scan on for application UAT. Regarding VIIS: Since the last update, VDH is negotiating a new contract with DXC LLC. The Immunization application will be moved to the cloud hosted environment by December 2020. The ECOS was approved in June 2020. Two security exceptions have been approved by Agency Head.

Status Summary: In Progress (On Schedule)

Finding 19-02: Improve Contingency Management Program. **This is a Repeat Finding.**

Status: OIM will continue to work with VDH senior leadership on the agency's Continuity Program. VDH ISOs have successfully completed the Business Impact Analysis (BIA) for 2019 to include a list of primary business functions with management approvals on the BIAs. VDH leadership also established an IT systems prioritization group to identify mission essential functions, identified the tier levels for disaster recovery services, and IT systems prioritization. The Office of Emergency Preparedness (OEP) and the Office of Information Management (OIM) have scheduled an Agency COOP test and exercise to include IT systems in January 2020. The Virginia Department of Health has been consumed in emergency operations as the State lead agency in the Commonwealth's response and recovery to the COVID-19 Pandemic, since January 2020. The ongoing response to COVID-19 has been a true, real-world exercise of its Continuity Plan. Many times more effective and challenging than a formal "training exercise"; and a much better plan test. VDH office of Information Management (OIM) has implemented and tested systems virtually to allow the agency to respond in the current environment, in addition to many disparate elements of the COOP. VDH is partnering with CNA Consultants to provide an "In-progress Review" of its response to COVID; comments, lessons learned, best practices, and an Improvement Plan will be captured.

Status Summary: In Progress (On Schedule)

Finding 19-03: Improve the Disaster Recovery Plan

Status: Agency Head has signed off on the 11 IT sensitive systems and tier 4 disaster recovery services for these system. This is now complete.

Status Summary: Completed (On Schedule)

Finding 19-04: Improve Timely Removal of Critical System Access. **This is a Repeat Finding.**

Status: The Office of Human Resources will evaluate and update policies and procedures, as necessary, to provide instruction for proper removal of staff that are separate or no longer need access. OHR will provide communication regarding policies and procedures to agency business partners, including managers responsible for initiating and assuring proper separation actions. OHR will perform quality assurance on the transactions of separation completed by the appropriate SBS.

Status Summary: In Progress (On Schedule)

Finding 19-05: Perform System Access Reviews. **This is a Partial Repeat Finding.**

Status: During the review period, three data systems have been in use to support Ryan White (RW) related activities. E2Virginia recorded client level data for services other than the AIDS Drug Assistance Program (ADAP). User reviews for this system were conducted by email on a quarterly basis. The Division of Disease Prevention (DDP) Redcap RW module replaced E2Virginia. DDP Redcap users are reviewed monthly on a rolling basis, which is determined by the date the respective user was given access. The ADAP Database records client level data for individuals receiving medication, premium and co-payment assistance. The ADAP data manager (position number EP245) did not complete all reviews. She was assigned to immediately perform and document a user access review. This was completed. Job descriptions for EP245, her supervisor (EP236), and the unit manager responsible for the Ryan White Program (EP237) were revised to clearly document that user reviews must be completed at least quarterly. These revised job descriptions were signed by these positions by November 26, 2019. The next quarterly user review (January 2020) required prompting by the Division Director in order for EP245, EP236, and EP237 to complete. The next quarterly review (April 2020) was completed on time without prompting. However, due to COVID-19, the supervisor attestations were obtained via email. While the user list indicated an email attestation was received from the supervisor for each user, supporting documentation did not include an email from one out of 17 supervisors. Therefore, the Director will assess the ADAP database user review process to identify procedural changes needed, before the next quarterly review. The Division Director will continue to monitor until staff have completed 3 successive quarterly reviews without prompting and with adequate supporting documentation of supervisory approval. Therefore the estimated completion date has been moved to January 24, 2021.

Status Summary: In Progress (On Schedule)

Finding 19-06: Perform Monthly Reconciliations of the Payroll and Retirement Systems

Status: The Senior Benefits Accountant position was filled on May 10, 2019 has have recommenced the monthly review process.

Status Summary: Completed (On Schedule)

Finding 19-07: Strengthen the Employee Off-Boarding Process

Status: OFM will implement a termination check list and a separation review process to be performed by a secondary staff member. The termination check list will ensure all employees are removed from CIPPS in a timely manner. A secondary reviewer is to confirm the hours and rate calculated by the payroll and benefits accountant. Delay in implementation due to COVID-19; must develop a new plan to handle review of calculations in telework environment.

Status Summary: In Progress (On Schedule)

Finding 19-08: Enhance the Overtime Reporting Process

Status: OFM will work with the business units on the proper way to complete the overtime form. Delay in implementation due to COVID-19. Ninety-nine percent of all overtime being completed since April 2020 is being recorded on a spreadsheet that allows the user to identify their overtime eligibility as well as calculates overtime based on all hours worked in a workweek.

Status Summary: In Progress (On Schedule)

Finding 19-09: Improve the Expense Allocation Process

Status: The auto split procedures in general accounting will be updated to include the analysis and final entry required to "true-up" the revenue allocations. This process will also be documented in the budget office. Procedures have been written for this purpose and are under final review.

Status Summary: In Progress (On Schedule)

Finding 19-10: Develop and Implement Policy for Monitoring Part-Time Employee Hours. **This is a Repeat Finding.**

Status: OFM will implement new tracking excel workbook (timesheet) that will accumulate and reflect hours towards the 1,500 hour threshold. This will be seen by the employee, supervisor and business manager at the point of completion.

Status Summary: Completed (On Schedule)

Finding 19-11: Comply with the Conflicts of Interest Act

Status: VDH updated the SOEI Orientation/Training notification process. VDH is also in discussion with the Office of Information Management (OIM) to explore an improved automated notification system.

Status Summary: In Progress (On Schedule)

Audit Year: 2018

Finding 18-06: Ensure Adequate Separation of Duties when Certifying WIC Participants

Status: Policy has been drafted, updated and approved by USDA. The necessary scripts to change the report within Crossroads have been created for the new separation of duties line of demarcation. New approved policy can be found on VDH's website. Training to the Local Agency staff is scheduled for August 2020.

Status Summary: In Progress (Delayed)

Finding 18-08: Develop Procedures to Ensure Price Limits Are Accurately Recorded

Status: The issues specific to yogurt have been addressed and corrected. Yogurt was tested with positive results and Virginia WIC resumed allowance of issuing yogurt on April 1, 2020. A system fix is set to correct all price limits, specific to NTEs (Not To Exceed), with the scheduled Crossroads Release 2.5.

Status Summary: In Progress (Delayed)

Department of Medical Assistance Services (DMAS)

Audit Year: 2019

Finding 19-01: Strengthen Controls over Year-End Accrual Reporting. **This is a Repeat Finding.**

Status: The Fiscal, Budget, and Provider Reimbursement divisions have been meeting weekly on year-end spend down leading up to FYE 2020 year-end close. These meetings lead up to the FYE 2020 reporting directives and reporting of year-end accruals.

Status Summary: In Progress (On Schedule)

Finding 19-02: Improve Financial Reporting for Accounts Receivable

Status: Internal Audit is auditing the allowance for doubtful accounts.

Status Summary: In Progress (On Schedule)

Finding 19-03: Complete and Approve the System Security Plan

Status: The COVID 19 situation has required OCS to rethink the approach of meeting with Conduent in person; therefore, OCS has shifted to using a MS Teams Site to allow collaboration. This and personnel shortages has pushed back progress on the SSP for the quarter. DMAS also included a full SEC 525 audit with the new VaMMIS contract, and OCS will use this to validate controls in the SSP that are verified as compliant in the audit. OCS is developing a formal approval process in Archer to record the state of the SSP, as well as capturing approvals from DMAS personnel.

Status Summary: In Progress (Delayed)

Finding 19-04: Remove Separated Employee Access in a Timely Manner. **This is a Repeat Finding.**

Status: OCS is continuing to work with the Human Capital and Development Division and first line managers to ensure use of the K2 workflow. OCS is developing reportable metrics on workflow use and timeliness of submitting the workflow before departure. These will provide feedback to HCD on the level of first line manager compliance with the process. The Contract for the Claims system was renewed, with the understanding of exploring integration of the old system to the new system's ICAM and Single Sign On. Initial meetings will be held in the next month to determine a roadmap for moving forward with technical integration, as well as a user migration strategy. Full integration tentatively expected by June 30, 2021. OCS has communicated manager responsibility.

Status Summary: In Progress (Delayed)

Finding 19-05: Continue Improving the Overpayment Collection Process. **This is a Repeat Finding.**

Status: The Accounts Receivable unit continues to evaluate resources assigned to specific functions, to ensure there are adequate resources to perform the necessary functions in accordance with policies and procedures. A Lead Accountant was hired on February 1, 2020 to oversee daily functions. There are four staff accountants, two each are assigned to both receivable categories, Provider and Member. Unfortunately, due to the current hiring freeze, brought on by COVID-19 DMAS was unable to hire a full-time Accounts Receivable Manager in April 2020 as planned. Fiscal has hired a new lead accountant person and has assigned 4 people to the cases. Fiscal has not been able to hire the A/R Manager due to the freeze in state positions.

Status Summary: In Progress (Delayed)

Finding 19-06: Ensure Employees Complete Required Conflict of Interest Training. **This is a Repeat Finding.**

Status: On May 22, 2020, HCD sent an email to all SOEI Filers who are required to complete the annual Conflict of Interest Training with a deadline to complete the training either through the Virginia Learning Center or the Virginia Ethics Council's website by June 26, 2020. HCD has been monitoring the training and sending reminders to those that have not completed it. HCD is on goal with having all SOEI Filers complete the training by June 30, 2020. Senior management has agreed to require that filers complete the training every year during the filing period so that training anniversary dates do not slip and tracking is simplified.

Status Summary: Completed (On Schedule)

Audit Year: 2018

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

Status: Fiscal has hired a new lead accountant person and has assigned 4 people to the cases. Fiscal has not been able to hire the A/R Manager due to the freeze in state positions.

Status Summary: In Progress (Delayed)

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: OCS continues to perform manual access system reviews. User Roles and access were defined; however, the new system has not been deployed.

Status Summary: In Progress (Delayed)

Department of Social Services (DSS)

Audit Year: 2019

Finding 19-01: Improve Controls over SNAP Payments

Status: Since the audit, Finance has worked with Information Technology to correct the VaCMS EBT Reconciliation Report to properly account for all transaction types. The beginning balance has been updated in VaCMS and the report and reconciliation process are currently working.

Finance will bring discrepancies between VaCMS and Conduent to the attention of Information Technology management within 24 hours of discovery for research of the underlying information. If the discrepancy cannot be resolved, Finance will also bring this to the attention of Benefit Programs management and the CFO. Finance has also begun requiring supervisor approval of the SNAP EBT on the monthly reconciliation.

Status Summary: Completed (On Schedule)

Finding 19-02/18-01: Improve Controls over Income Verification for the TANF Program. **This is a Repeat Finding.**

Status: This functionality is expected to be delivered in the August Release slated at the end of August and should be functional at or before September 1, 2020.

Status Summary: In Progress (Delayed)

Finding 19-03: Improve Controls over SNAP Federal Reporting. **This is a Repeat Finding.**

Status: Since the audit, Finance has worked with Information Technology to correct the VaCMS EBT Reconciliation Report to properly account for all transaction types. The beginning balance has been updated in VaCMS and the report and reconciliation process are currently working. Finance will bring discrepancies between VaCMS and Conduent to the attention of Information Technology management within 24 hours of discovery for research of the underlying information. If the discrepancy cannot be resolved, Finance will also bring this to the attention of Benefit Programs management and the CFO. Finance has also begun requiring supervisor approval of the SNAP EBT on the monthly reconciliation. DSS would be able to report their data monthly and have the capability to edit their "initial" and "interim" monthly aggregate data submittals, as well as designate when the data are available to meet the quarterly reporting requirements. In progress with completion expected by stated due date.

Status Summary: In Progress (On Schedule)

Finding 19-04: Improve Controls over TANF Federal Performance Reporting. **This is a Repeat Finding.**

Status: The findings were adapted in December 2019 and now are operational. Future enhancements are expected to be identified by September 30, 2020.

Status Summary: In Progress (On Schedule)

Finding 19-05: Ensure Subrecipient Reviews Adhere to Monitoring Plan. **This is a Repeat Finding.**

Status: According to DSS policy, each subrecipient is to be monitored onsite at least once every three years. The DFS is unique in that subrecipients can be any agency, nonprofit, or any other state agency awarded federal funding to administer federal programs. Mechanisms to award federal funding include grants, memorandums of agreement (MOA), and requests for application (RFA). Due to differences in funding mechanisms, subrecipients classify as local agencies or non-local agencies. However, a Subrecipient staff has been hired as of December 25, 2019 and already reviewing departmental monitoring plans and process. Subrecipient monitoring involves conducting on-site and desk reviews, the collection and analysis of critical documents, and reporting the findings by each program unit's requirements of the review to the DFS subrecipient monitoring coordinator. In progress with completion expected by stated due date.

Status Summary: In Progress (On Schedule)

Finding 19-06: Continue to Improve Controls over Subrecipient Monitoring. **This is a Repeat Finding.**

Status: Enhancements continue regarding the content and use of the SharePoint database to further facilitate the Subrecipient Monitoring activities for Family Services. DSS expects to continue to mature the SharePoint functionality through September 2020.

Status Summary: In Progress (On Schedule)

Finding 19-07: Ensure Family Services Subrecipient Reviews Adhere to Monitoring Plan

Status: Enhancements and reviews continue regarding the content of training and the future use of a local agency risk assessment tool. DSS expects to continue to mature the training content and risk assessment tool until the beginning of September 2020.

Status Summary: In Progress (On Schedule)

Finding 19-08/18-11: Continue Improving IT Risk Management Program. **This is a Repeat Finding.**

Status: DSS' Information Security and Risk Management Division is in the process of reviewing candidates for the unfilled Risk Manager position. The Risk Manager's job duties will include updating data classification for sensitive systems, conducting and updating risk assessments, conducting and updating system security plans, and developing corrective action plans for outstanding risks. In progress with completion expected by stated due date.

Status Summary: In Progress (On Schedule)

Finding 19-09/18-09: Continue Improving Database Security. **This is a Partial Repeat Finding.**

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

Status Summary: In Progress (On Schedule)

Finding 19-10/18-10: Develop Records Retention Requirements and Processes for Case Management System. **This is a Repeat Finding.**

Status: DSS' Division of Enterprise Systems has Change Request CR435: Records Purge and Retention tentatively on the schedule for November 2020 release and deployment. The business cites tentative due to IT leadership changes and the fact that agency priorities may cause adjustment to any and all scheduled changes. In progress with completion expected by stated due date.

Status Summary: In Progress (On Schedule)

Finding 19-11: Develop a Process to Maintain Oversight for Third-Party Providers

Status: DSS' Department of Information Systems (DIS), Department of Information Security and Risk Management (ISRM), and Department of General Services (DGS) will dedicate resources to developing a formal policy, procedure, and process to review and maintain VITA ECOS documentation. Procedures will detail a process to monitor and maintain the VITA ECOS oversight program of third-party SaaS providers. DSS will develop procedures to address inadequate security controls identified in VITA ECOS documentation. ISRM will coordinate with DGS to develop a policy that ensures security compliance is enforced as part of the vendor's contractual obligations. In progress with completion expected by stated due date.

Status Summary: In Progress (On Schedule)

Finding 19-12: Improve Web Application Security

Status: DSS' Division of Enterprise Systems (DES) and Division of Information Security and Risk Management (ISRM) concur with the above management point. The Division of Enterprise Systems will dedicate resources to remediate security patch issues, scan vulnerabilities, continuous monitoring and logging, header sanitization, and TLS encryption. ISRM will dedicate resources to including CommonHelp in the SPLUNK continuous logging and monitoring solution. In progress with completion expected by stated due date.

Status Summary: In Progress (On Schedule)

Finding 19-13: Improve IT Change and Configuration Management Process

Status: DSS' Division of Information Systems (DIS) and Division of Information Security and Risk Management (ISRM) concur with the above finding. DIS and ISRM will dedicate resources to monitor activity of privileged users authorized to make changes to production environments. DSS is currently implementing a SPLUNK logging and monitoring solution that will include these requirements. ISRM will verify the completion of security impact assessment for each potential change request. DIS will update the normal change template to record the results of pre-implementation testing in the Manage Engine Service Desk change management system of record. DIS will dedicate resources to developing a solution to implement separation of duties between the different roles in Manage Engine Service Desk. DIS will amend the Change Management process to require the validation step to be completed after implementation, before the record is closed. DIS will review the Change Management process to determine reasonable frequencies for Manage Engine Service Desk roles to review and close changes. DIS will review the Change Management Process to ensure the Change Manager approves the change in Manage Engine Service Desk before a change is implemented. DIS will modify the Manage Engine Service Desk normal and emergency template to include an 'updated system configuration' flag and an 'updated system documentation' flag. DSS reviews the Information Security Program Policies annually. ISRM updates the CM DSS Change Management Policy annually in September. The 2018 policy provided to APA was less than 365 days old. The CM DSS Change Management Policy was reviewed and released on 9/5/2019 to the FUSION Intranet. DIS will review update the Change Management Process Guide to ensure it reflects the agencies current process. In progress with completion expected by stated due date.

Status Summary: In Progress (On Schedule)

Finding 19-14: Improve Access Controls to Critical Systems. **This is a Repeat Finding.**

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

Status Summary: In Progress (On Schedule)

Finding 19-15: Ensure Compliance with Conflict of Interests Act. **This is a Repeat Finding.**

Status: DSS employees in Positions of Trust, who had not completed the training, were given the corrected instructions that the initial training should be completed within 2-months of hire. All identified employees have synced completed the SOEI training. The DSS Board Members were confirmed for the FY2020 cycle and will be added to the site during the enrollment FY2020 period.

Status Summary: Completed (On Schedule)

Finding 19-16: Continue to Improve Internal Controls over Employment Eligibility Verification Process. **This is a Repeat Finding.**

Status: DSS will review and update step-by-step written procedures and provide re-training to those who are in roles that complete the verification of employment. Additionally, DSS will develop an internal review process of all I-9s submitted and develop written procedures to ensure that copies of acceptable forms of documentation are included with the I-9 form.

Status Summary: Completed (On Schedule)

Finding 19-17: Continue to Improve Reconciliation Process of the Commonwealth's Retirement Benefits System. **This is a Repeat Finding.**

Status: DSS is hiring a new Benefit Supervisor with primary responsibility to review and reconcile retirement contributions. Also, DSS will audit contributions for 2018 and 2019 to confirm that the contributions were correct. The impacted employees have been identified.

Status Summary: Completed (On Schedule)

Finding 19-18: Improve Internal Controls over Commonwealth's Human Resource System

Status: The HR Benefits Administration team reviews the Exception Report after each payroll cycle. Exceptions are researched with other HR teams and resolved by correcting PMIS. The Exception Report and supporting documentation is then filed away for Audit Purposes.

Status Summary: Completed (On Schedule)

Department for the Blind and Vision Impaired (DBVI)

Audit Year: 2019

Finding 19-01: Improve Processes to Comply with the Conflicts of Interest Act

Status: The Chief Deputy Commissioner has sent out request for information and assigned staff within HR to manage the function.

Status Summary: In Progress (On Schedule)

Finding 19-02: Improve Documentation to Show Compliance

Status: The DDS and CFO have meet to develop communication plan to clarify documentation requirements.

Status Summary: In Progress (On Schedule)

Audit Year: 2018

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

Status: The management teams shared the deliverables provided by DARS to DBVI and DBVI has provided feedback to those deliverables. Parties involved in the execution of those deliverables from each agency will meet to discuss through the services. These meetings are delayed due to the COVID 19 and DARS and DBVI anticipates delays in completing the MOU, subsequently DARS and DBVI plan to complete MOU by end of SFY 2021.

Status Summary: In Progress (Delayed)

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

Status: Revised estimated completion dates. The DBVI and DARS fiscal management team have discussed the overall strategy but has not developed teams to complete this procedure. DARS and DBVI anticipates delays due to COVID19.

Status Summary: In Progress (Delayed)

Finding 18-04: Improve Controls over System Access

Status: Revised the estimated completion date. The users have been setup with proper roles in the ISAA system and assigned to employees. DBVI is currently developing the policies and procedures to maintain access and annual review steps.

Status Summary: In Progress (Delayed)

Finding 18-05: Develop and Implement Information Security Policies and Procedures

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

Status Summary: In Progress (Delayed)

Finding 18-06: Upgrade Manufacturing System

Status: The management teams are engaged with VITA supply chain on finding a software solution. The DARS and DBVI teams have completed system requirements for RFP development. However, DOC/VEC has declined participating in the RFP due to budget demands and DBVI is continuing RFP development.

Status Summary: In Progress (On Schedule)

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

Status: The management teams are engaged with VITA supply chain on finding a software solution. The DARS and DBVI teams have completed system requirements for RFP development. However, DOC/VEC has declined participating in the RFP due to budget demands and DBVI is continuing RFP development.

Status Summary: In Progress (On Schedule)

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

Status: Revised estimated completion dates. The management teams are evaluating impacts of moving to the state contract for credit card services. Based on preliminary analysis DBVI will have to solicit SOC with the implementation of new system.

Status Summary: In Progress (Delayed)

Finding 18-09: Improve Information Technology Governance

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

Status Summary: In Progress (Delayed)

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

Audit Year: 2018

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

Status: The management teams shared the deliverables provided by DARS to DBVI and DBVI has provided feedback to those deliverables. Parties involved in the execution of those deliverables from each agency will meet to discuss through the services. These meetings are delayed due to the COVID 19 and DARS and DBVI anticipates delays in completing the MOU, subsequently DARS and DBVI plan to complete MOU by end of SFY 2021.

Status Summary: In Progress (Delayed)

Virginia Board for People with Disabilities (VBPD)

Audit Year: 2018

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

Status: The management teams shared the deliverables provided by DARS to DBVI and DBVI has provided feedback to those deliverables. Parties involved in the execution of those deliverables from each agency will meet to discuss through the services. These meetings are delayed due to the COVID 19 and DARS and DBVI anticipates delays in completing the MOU, subsequently DARS and DBVI plan to complete MOU by end of SFY 2021.

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 policies have been drafted and are under review by SCC legal counsel. The SCC is in the process of recruiting for an Information Security Officer (ISO) with the departure of the former ISO in early February. Also, the current pandemic crisis has impacted timelines.
Status Summary: In Progress (Delayed)

Public Safety and Homeland Security

Department of Corrections (DOC)

Audit Year: 2019

Finding 19-01: Improve Documentation and Timelines of Retirement Benefits System Reconciliations. **This is a Partial Repeat Finding.**
Status: The HR Benefit Analyst is starting to conduct a quarterly audit of randomly selected snapshots. Additionally, the Department continues to use written procedure for initial training for new HR team members and as a continuous training tool for existing HR employees.
Status Summary: Completed (On Schedule)

Finding 19-02: Perform Annual Access Review of Information Systems. **This is a Repeat Finding.**
Status: The HR Benefits Analyst continues to send a monthly reminder to HR Staff in the field to notify HQ HR of changes in their HR staffing so that additions/deletions/changes to accesses are made in a timely manner. DOC's Information Technology staff have created a Human Resources System Access form and a TAL/DOCXL permissions process plan has been placed in the HR shared folder for statewide HR access. Additionally, the documents have been distributed to HR Staff.
Status Summary: Completed (On Schedule)

Finding 19-03: Document Payroll Certification Policies and Procedures
Status: The DOC's Payroll Unit created a multi-paged desk procedures delivering step-by-step instructions detailing how Payroll Staff should perform the certification process. The last page of the document was created to serve as a signature sheet identifying the employee that tested / certified the process, as well as the person who reviewed / supervised the process. In addition, the Chief Financial Officer signed the document to signify approval by DOC Management.
Status Summary: Completed (On Schedule)

Finding 19-04: Improve Documentation over Payroll Reconciliations
Status: The Financial Services Unit has conducted training to field staff and also randomly targeted facilities to ensure reconciliation forms were completed correctly.
Status Summary: Completed (On Schedule)

Finding 19-05: Properly Complete the Employee Eligibility Form
Status: The Office of Human Resources continues to conduct audits of randomly selected I-9s to ensure compliance with the action plan. Audits have been performed periodically, due to COVID-19 operational changes.
Status Summary: Completed (On Schedule)

Department of Fire Programs (DFP)

Audit Year: 2019

Finding 19-01: Comply with Department of Accounts Standards for ARMICS Testing

Status: Agency provided working documents for testing that was completed and included staff; testing process and dates. The Agency will establish a written procedure that will outline the certification process. It should be noted that DFP follows the Agency's ARMICS documentation and has historically used the ARMICS documentation as the desktop procedure to avoid duplication of documentation efforts.

Status Summary: Completed (On Schedule)

Finding 19-02: Formalize Financial Policies and Procedures

Status: In an effort to streamline processes, DFP had used the CAPP and ARMICS as DFP official policies for financial processes. The Agency will develop its own policies and procedures and have them approved.

Status Summary: Completed (On Schedule)

Finding 19-03: Formalize Policies and Procedures for Monthly Reconciliations

Status: At the time of the audit, policies and procedures were not finalized. Policies and procedures for the reconciliation process are being finalized and will be implemented immediately. It should be noted that the Agency has historically used its ARMICS documentation as its desktop procedures to prevent duplication of procedures.

Status Summary: Completed (On Schedule)

Finding 19-04: Comply with Contract Administration Requirements

Status: DFP will begin assigning contract administrators per the APSPM Chapter 10. DFP does not support the statement that the Agency "does not want employees overly inundated with forms and requirements; and, therefore, instructed the Purchasing Manager not to send out the contract administrator assignment." It should be noted that the Agency is proactive in all contract management and although an administrator was not captured in writing, each project is actively managed by various staff members.

Status Summary: Completed (On Schedule)

Finding 19-05: Ensure Proper Administration of the Commonwealth's Purchasing System

Status: Access to the system has been removed within 72 hours of an employee's departure. Agency will also assign back-up Security Officer to ensure better depth.

Status Summary: Completed (On Schedule)

Finding 19-06: Formalize Policies and Procedures for the Commonwealth's Purchasing System

Status: The Agency follows existing policies and procedures and is updating the policies and procedures on a continual basis.

Status Summary: Completed (On Schedule)

Finding 19-07: Perform Proper Administration of Contracts

Status: VITA was the selection authority for the Image Trend contract and the contract follows the VITA project management process. Purchasing was not notified that new Image Trend contract was signed (renegotiated contract) and has since assigned a DFP Contract Administrator.

Status Summary: Completed (On Schedule)

Finding 19-08: Retain Documentation of SPCC Transaction Limit Increases

Status: The PA for DFP SPCC program (the purchasing manager) attaches a hard copy of the email request to increase/change/modify all SPCC limits. The DOA forms used to increase the limit request is also retained along with the screen shot to show the change. These are all kept in a folder titled "SPCC FYXX." Per the APA, DFP will ensure this process is documented. The APA report states that this was completed for the period APA looked at. The citation noted in the report is for a previous period that is not included in this audit and seems irrelevant as a noted comment.

Status Summary: Completed (On Schedule)

Finding 19-09: Ensure Timely Preparation of Small Purchase Charge Card Reconciliation

Status: All SPCC reconciliations are submitted within the required state time frame and include signatures and dates. In the event one is submitted without a date/signature, the packet was returned for correction. The Agency has moved to an on-line reconciliation process for FY20, which provides electronic date/signature. The APA is citing this as a finding because four (4) packets did not have a date beside the supervisor's signature. The packets were all submitted in a timely fashion and completed per the State requirements.

Status Summary: Completed (On Schedule)

Finding 19-10: Properly Maintain Wage Employee Records

Status: DHRM is responsible for wage employees in an administrative capacity. DFP is responsible for wage employees in the instructor capacity. DFP is reviewing its responsible files with DHRM to ensure file consistency.

Status Summary: Completed (On Schedule)

Finding 19-11: Comply with Procedures for Reconciling Retirement Benefits System Information

Status: At the time of the audit, policies and procedures were not finalized. Policies and procedures for the payroll reconciliation process are being finalized and will be implemented immediately.

Status Summary: In Progress (On Schedule)

Finding 19-12: Comply with Requirements for Executive Leave

Status: The Agency's "At-Will" employees receive prior approval to all leave. The policy DHRM does not state the request must be in writing, but that approval is received. The Agency's "At-Will" employees submit their leave tracking records to the HR dept. The leave database certifies the usage of leave and its approval. The submittal is done via email - which satisfies the policy requirement for "in writing." The Agency is following the DHRM policy. The APA is making the determination of how they would like the policy followed and DFP does not concur with their preference interpretation.

Status Summary: Completed (On Schedule)

Finding 19-13: Improve Controls over Employee Termination Process

Status: APA did not request to see access forms for terminated employees nor was there a request for the agency off boarding checklist. The agency developed and regularly use an off boarding checklist for employees that separate from the agency.

Status Summary: Completed (On Schedule)

Finding 19-14: Document Procedures for Completion and Monitoring of Employment Eligibility Forms

Status: The Agency complies with all requirements for I9 forms. Please note that DFP completes the I9 forms for wage employees that serve in an instructor capacity. All other employees have their I9 forms completed by DHRM. The APA audit tested the Agency's I9 forms and they did find some mistakes, but that does not equate to the statement that DFP failed to comply with the federal regulations.

Status Summary: Completed (On Schedule)

Finding 19-15: Improve Monitoring of Access to the Commonwealth's Attendance and Leave System

Status: The Agency has an employee separation checklist that is used to ensure access is removed and DFP items are returned once an employee separates from DFP. DFP recognizes that there was a delay with one employee separating from DFP, but this is addressed via the separation checklist.

Status Summary: Completed (On Schedule)

Finding 19-16: Improve Access Approval Process for the Commonwealth's Attendance and Leave System

Status: DFP completes all access forms and submits to the appropriate authority. DFP believes all employees have been granted the appropriate level of access.

Status Summary: Completed (On Schedule)

Finding 19-17: Formalize Policies and Procedures for the Payroll Certification Process

Status: The Agency has historically utilized ARMICS as DFP documentation process. Per the APA audits, DFP has been instructed to develop additional desktop procedures that are separate from the ARMICS documentation.

Status Summary: Completed (On Schedule)

Finding 19-18: Monitor Wage Employee Hours

Status: Per the APA audit, "DFP found no employees who exceeded the limit; however, in the subsequent lookback period DFP is aware of at least one employee who exceeded the limit." VDFP is also able to produce documentation to show where DFP monitors wage employee hours and send email notification to the supervisory chain. Per the APA, VDFP is encouraged to document this process and DFP will document accordingly. DFP does not concur with this finding, as the APA utilized a subsequent lookback period that is not part of this audit scope.

Status Summary: Completed (On Schedule)

Finding 19-19: Improve IT Governance

Status: The Agency is planning to review and revise the IT DRP, BIA and COOP as part of DFP comprehensive contingency planning policy update process. The request for an additional IT position to serve as the ISO is being requested.

Status Summary: In Progress (On Schedule)

Finding 19-20: Develop and Implement Information Security Policies and Procedures

Status: While the Agency lacks a singular comprehensive IT policy, there are policies that govern each individual system. Therefore, the Agency is requesting an additional IT position via the 2020 VGA session. This position will serve as an ISO and work to ensure DFP has comprehensive policies and procedures that govern IT. (Please note, the Agency does not currently have the bandwidth to perform DFP day-to-day IT functions and the ISO functions and the need for an additional position to serve as the ISO is imperative.)

Status Summary: In Progress (On Schedule)

Finding 19-21: Improve Database Security

Status: The agency concurs with reservation. The Agency recognizes that the usage of excel and access as tracking databases for classified data is an unfavorable business practice(s), and as such, DFP has negotiated the Image Trend and Cornerstone contracts to replace these antiquated tracking processes. Once the new databases are implemented, the usage of these antiquated practices will be eliminated.

Status Summary: In Progress (On Schedule)

Finding 19-22: Improve IT Risk Management and Contingency Planning Processes

Status: The Agency is planning to review and revise the IT DRP, BIA and COOP as part of DFP comprehensive contingency planning policy update process. The request for an additional IT position to serve as the ISO is being requested to aid the Agency is complaining with these finding requirements.

Status Summary: In Progress (On Schedule)

Finding 19-23: Improve Oversight over Service Providers

Status: The Agency has used a 3rd party security auditor to audit the specific systems that the 3rd party service provider hosts. However, the 3rd party service provider itself still requires auditing. The Agency will develop a formal process to audit its third-party service provider per the EC 502 audit standards.

Status Summary: Completed (On Schedule)

Finding 19-24: Improve Security Awareness Training

Status: The Agency will be developing a formalized security awareness training policy and procedure.

Status Summary: Completed (On Schedule)

Finding 19-25: Improve Logging and Monitoring

Status: The Agency maintains logs for its various systems, but there is not a mechanism to auto-notify the appropriate staff of unauthorized access or a formalized process for routine checking. The Agency is working to correct these two items.

Status Summary: In Progress (On Schedule)

Finding 19-26: Ensure Proper Tracking of Laws and Regulations

Status: The Agency's Government Affairs Manager tracks all state and federal legislation that impacts VDFP and the fire services. During each VGA session, the Government Affairs Manager tracks legislation via an internal tracking database (excel spread sheet). This tracking matrix is shared with Command Staff, the Virginia Fire Services Board and DFP stakeholders. In fact, DFP holds a Friday conference call with DFP stakeholders to review all legislative activity during session. Upon the conclusion of the VGA, the Agency provides a briefing to the VFSB (June meeting) for upcoming legislative changes and to DFP staff at its November all hands meeting. The Agency appreciates the recommendations from APA on developing a cumulative tracking database and will develop one accordingly. However, VDFP does not concur with the APA finding that DFP needs to develop a legislative tracking process, as this is already in place.

Status Summary: Completed (On Schedule)

Finding 19-27: Formalize Process to Ensure Compliance with Statement of Economic Interest Filing

Status: Per the APA audit, "Fire Programs is proactive in their determination of who should file, monitors these employees to ensure timely filing, and are rigid in their communication with employees to complete the filing on time." However, APA noted that DFP has an informal process for determine who should file and do not have documented procedures of who should file. DFP utilizes each employee's EWP to determine if the scope of their position requires them to COI file. The list of employees that require a COI filing is kept in the filing database and reviewed annually during the annual evaluation and EWP review period. DFP will reach out to other state agencies to determine their process(es).

Status Summary: Completed (On Schedule)

Finding 19-28: Comply with Conflict of Interest Training Requirements

Status: The agency arranged for all employees to receive in person Conflict of Interest training.

Status Summary: Completed (On Schedule)

Finding 19-29: Improve Internal Controls over Fuel Reconciliation

Status: The Agency does not concur with this finding for Agency owned vehicles - as a vehicle usage log and all receipts are submitted monthly. The Agency concurs with the finding for the Agency's leased vehicles - as the staff driving these vehicles was provided instructors by a former command staff member to stop submitting receipts (this occurred without the knowledge of the OOTED or the ATO). Effective immediately, the leased vehicle fuel receipt program will comply with all requirements.

Status Summary: Completed (On Schedule)

Finding 19-30: Formalize Policies and Procedures for Tracking Aid to Localities

Status: DFP does not concur with this finding. DFP reviews all expenses for ATL to ensure policy compliance and has worked to develop an audit program based on the 2018 APA audit report. DFP feels DFP has complied with all requests of APA on this point.

Status Summary: Completed (On Schedule)

Department of State Police (VSP)

Audit Year: 2019

Finding 19-01: Document Internal Policies and Procedures

Status: P&F effort continues but was interrupted by sudden retirements/resignations of key staff members as well as restricted work environments due to the COVID-19 pandemic. P&F management is committed to ensuring this effort continues until conclusion scheduled for later this calendar year.

Status Summary: In Progress (Delayed)

Finding 19-02: Evaluate and Document Revenue Processes

Status: The documentation of an updated desk procedure regarding deposits (Revenue processes) was completed in May 2020. However, the actual business process was implemented in December 2019. Deposits are made within the next business day after receipt of payments. Any unidentified payment is coded to a Suspense account to get processed in DFP internal accounting system to comply with the state policy as stated in CAPP 20205. P&F continues to reach out to other divisions to collaborate their revenue business processes (deposits and posting of deposit transactions). A more enhance revenue process is expected once the eBilling system is implemented, target date in late 2020.

Status Summary: In Progress (Delayed)

Finding 19-03: Evaluate Fees and Revenues to Ensure Proper Account Coding

Status: The agency plans to eliminate the use of Expenditures coding for payments received starting July 1, 2020. A new Revenue code will be used for all services that the agency provides with the Project codes as identifier for Revenue sources.

Status Summary: In Progress (On Schedule)

Finding 19-04: Implement Segregation of Duties over Deposit Processes

Status: Implementation of internal control regarding segregation of dues was put in place in November 2019. The Petty Cash Accountant prepares and completes the paperwork for the deposit certificate transactions; another accountant enters the deposit transactions in DFP internal accounting system. Those two staff are to switch the roles from time to time to ensure that they keep the business process skill. The Internal Accountant approves the deposit certificates entered in the system. The Billing Accountant reconciles the monthly log (source document) with Cardinal report.

Status Summary: Completed (On Schedule)

Finding 19-05: Process and Record Deposits Timely

Status: Since November 2019, payments received are deposited to the agency's bank account within two (2) business days after receipt of payment and entered the deposit certificates in the system within three (3) business days after payments are received. If there is no backup documentation available, the deposit certificates are coded using the Suspense Account 255470 and closely monitored to ensure that a reclassification journal entry is processed timely.

Status Summary: Completed (On Schedule)

Finding 19-06: Create and Implement Internal Controls over Reconciliations

Status: Property and Finance will ensure reconciliations are completed as required by the CAPP Manual. Furthermore, Property and Finance will create, implement, and maintain written reconciliation policies and procedures that are consistent with the requirements of CAPP Manual Topic 20905.

Status Summary: Completed (On Schedule)

Finding 19-07: Establish and Maintain a Term Contract Listing

Status: A master listing of term contracts is located on the procurement shared drive. The format of the spreadsheet has been revised to include additional information. The Buyer assigned to the contract updates the spreadsheet as needed. The procurement office researches utilizing the database tool within eVA. The future of eVA is unknown at this time as a solicitation was done for a potential replacement program.

Status Summary: Completed (On Schedule)

Finding 19-08: Designate Contract Administrator and their Responsibilities in Writing

Status: The Procurement Director will train procurement officers and update the Procurement Manual to include the requirement to issue contract administrator letters.

Status Summary: Completed (On Schedule)

Finding 19-09: Document Contractor Payment Tracking and Performance Evaluations

Status: Contract Officers have been trained to complete contractor performance evaluations prior to renewing a term contract. eVA requisitioners are to submit change requests in eVA for increases and confirm receiving reports are accurate for quantity and price. Agency contracts for services will include a copy of the purchase order and any contract change orders in the contract file. Purchase orders for Agency contracts for goods will be entered by Agency requisitioners and will be entered in eVA with the correct contract number. Annual usage reports will be generated from eVA by the Contract Officer and included in the contract file for each contract term. These policies are in the Procurement Manual regarding the completion of contractor performance evaluations and contract administration requirements.

Status Summary: Completed (On Schedule)

Finding 19-10: Improve Internal Controls over Grant Expenditures

Status: The Grant Manual was revised to address federal requirements and current processes and was distributed to all employees through Informational Bulletin #59, dated November 14, 2019.

Status Summary: Completed (On Schedule)

Finding 19-11: Improve Monthly Certification over Grant Expenditures

Status: The Grant Manual addresses the requirement that project directors provide their approval when purchase requisitions are entered into eVA. To document the project director's approval of the purchase as required by audits, if a designee enters the request, they must also upload a written authorization from the project director directing them to initiate the purchase.

Status Summary: Completed (On Schedule)

Finding 19-12: Ensure Compliance with Prompt Pay

Status: State Police will strengthen its processes to ensure compliance with the prompt pay provisions.

Status Summary: Completed (On Schedule)

Finding 19-13: Create Policies and Procedures for Statement of Economic Interest Filing and Training Requirements

Status: VSP has taken the following corrective actions concerning statement of economic interest filing and training requirements. The Department has revised and expanded the list of employees subject to Statement of Economic Interest requirements. On July 26, 2019 employees identified on the list were directed by memo to complete the training by August 30, 2019. In the future, employees subject to statement of economic interest requirements will be required to complete the training every January on an ongoing basis. Employees will also be required to file and complete training when assuming a position of trust. Policy has been submitted, pending approval, establishing procedures to ensure Department and employee compliance with the Virginia State and Local Government Conflict of Interests Act.

Status Summary: Completed (On Schedule)

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: Human Resources Mapper system: As of June 2020, all MAPPER functionality has been incorporated into the new HR OEBS system. HR's dependency on MAPPER has been mitigated. CARE, CPAS, and WARS Mapper systems: Progress has been slowed by the COVID-19 situation and necessary work to address the Legislative mandate for HB1250. VSP continues to work with the vendor on testing and bug fixes on the new CAD systems/Mobile CAD software. Once complete, reporting requirements will be finalized by BFO. First round of limited production roll out for validation is tentatively scheduled for August 2020. The COVID-19 situation continues to impact the schedule.

Status Summary: In Progress (Delayed)

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

Status: The list of sensitive systems continues to be updated as of June 2020. Several systems were removed from the list this month. The list of systems for the audit plan is being coordinated with VITA.

ISO has finalized the Archer inventory as delivered by the AITR. Sensitive systems have been updated and approved.

Status Summary: In Progress (Delayed)

Finding 17-03: Perform Information Technology Security Audits

Status: VITA has contracted with an independent firm which is expected to audit the majority of VSP's sensitive systems by June 2021.

Status Summary: In Progress (Delayed)

Finding 17-05: Improve Disaster Recovery Plan

Status: VSP will engage VITA's centralized ISO services to update the business impact analysis and risk assessments by June 30, 2021. Once this work is completed, the continuity plan and disaster recovery plan can be reviewed and updated. One caveat to the update, VSP is very close to starting its Transformation into the VITA shared services model. As VSP continues transformation, the environment will change dramatically. As a result, the continuity plan and disaster recovery plan will need to be assessed. Further addressing a detailed disaster recovery plan may be better suited post transformation.

Status Summary: In Progress (Delayed)

Finding 17-06: Improve Risk Assessments

Status: On track for completion June 2021.

Status Summary: In Progress (Delayed)

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

Status: P&F worked with Procurement and IT to determine the vendors providing services that impact the financial processing and reporting of VSP data that require a SOC I report. Only one vendor was identified as requiring to submit SOC I report. This was reviewed by P&F management. ISO has developed and submitted guidelines for requiring a SOC II.

Status Summary: In Progress (Delayed)

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

Status: VSP continue to work on updating P&F division desk procedures. As several key positions remain vacant, the current COVID-19 pandemic, and with the year-end close over the next three months, P&F management and staff will work on these procedures as time is available. VSP anticipate the detailed desk procedures to be completed by the end of calendar 2020.

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: A physical inventory of Fixed Assets was completed on April 14, 2020. Detailed desk procedures were finalized on January 6, 2020. Capitalized Fixed Assets were updated in FAACS in April 30, 2020.

Status Summary: Completed (Delayed)

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

Status: Per desk procedures, the Fixed Assets Accountant focuses to timely enter capitalized Fixed Assets in FAACS; submits Form 4's for Construction in Progress accounts for DOA's review and release. Coordination with other divisions remains a challenge, however, improvement in reporting is expected with an addition of a new Fixed Assets Accountant to the team who started in June 2020.

Status Summary: In Progress (Delayed)

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

Status: Physical inventory of Fixed Assets was completed on April 30, 2020.

Status Summary: Completed (Delayed)

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

Status: Vehicles are now assigned useful life of 8 years with 8% salvage value and equipment with zero salvage value and 10 years useful life.

Status Summary: Completed (Delayed)

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

Status: Vehicles are now assigned useful life of 8 years with 8% salvage value and equipment with zero salvage value and 10 years useful life.

Status Summary: Completed (Delayed)

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

Status: The Fixed Assets Accountant and Fixed Assets contract employee updated asset items in FAACS that were placed in surplus and then put into auction; those that were not accounted for during the physical inventory that were completed in April 2020.

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: Dunning letters are periodically mailed or emailed to customers with over 30 days past due invoices; entered in the Department of Taxation's IRMS those outstanding invoices nearing 60 days past due with available SSN or FEIN, whichever is applicable. Otherwise, Dunning letters are mailed again after initial letters mailed did not result to a customer response. Actively submitting delinquent accounts that are over 30 days and nearing 60 days past due to the Office of the Attorney General if invoice amount is \$3,000.00 and over. Reached out to the Department of Motor Vehicles to avail the use of the agency's database to retrieve current mailing address, SSN, and FEIN for customers that need to get entered into IRMS or submitted to the OAG.

Status Summary: Completed (Delayed)

Finding 17-33: Improve Accounts Receivable Collection Process

Status: Diligence in follow up collection efforts thru email and mail are in place, customers are mailed dunning letters when invoices are 30 days past due accounts; are entered into IRMS those that are \$5.00 and more if nearing 60 days past due; accounts are submitted to the Office of the Attorney General if outstanding amount is \$3,000.00 and more. This policy is also included in the detailed desk procedure related to Accounts Receivable.

Status Summary: Completed (Delayed)

Finding 17-34: Improve Accounts Receivable Tracking Process

Status: Detailed desk procedure was completed in May 2020 that include collection efforts policy in place. Collaboration with the Supreme Court is put into place to ensure that accounts will be collected before the Supreme Court's mandate of 2 years lapse to make the outstanding invoices uncollectible. Better tracking process is also in place to ensure that the Accounts Receivable workbook is accurate. An Accountant is tasked to review the accuracy of invoices posted in the AR workbook and posting of payments are accurate as well. With the automated eBilling system in the works, expectation of a much improved Accounts Receivable business process will be in place. The project's estimate implementation of Phase 1 will be October 2020.

Status Summary: In Progress (Delayed)

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

Status: The Work Zone project is underway to improve Work Zone billing process. There is no timeline available for project completion target yet.

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: 2019

Finding 19-01/18-01*: Improve Logical Access Controls for Users with Privileged Access. **This is a Repeat Finding.**

Status: No updated corrective action workplan received.

Status Summary: In Progress (Delayed)

Finding 19-02*: Improve Database Security

Status: No updated corrective action workplan received.

Status Summary: In Progress (On Schedule)

Finding 19-03*: Improve Security Awareness Training Program

Status: No updated corrective action workplan received.

Status Summary: In Progress (On Schedule)

Transportation

Department of Motor Vehicles (DMV)

Audit Year: 2019

Finding 19-01: Implement Separation of Duties over Accounts Receivable Resulting from Dealership Transactions

Status: Staff from DMV Finance will work with Dealer Services to establish the right process controls for these receivables and payments. Identification will continue to be done by the Dealer Services Work Center, but collection will occur in the Accounts Receivable Department.

Status Summary: Completed (On Schedule)

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

Finding 19-02: Practice Oversight of Service Providers Throughout the Lifecycle of a Project

Status: DMV will include a higher degree of oversight from the moment the vendor has the ability to present risk to the agency and work with the Commonwealth CISO on possible changes that DMV could make to Commonwealth Security Standards to establish more concrete requirements on what needs to be reviewed as part of vendor oversight.

Status Summary: Completed (On Schedule)

Finding 19-03: Improve Internal Controls for Reviewing Exceptions in the Commonwealth's Retirement System

Status: DMV has since hired a new Compensation and Benefits Manager who is currently documenting a process for reviewing and reconciling discrepancies, establishing and training a main point of contact within DMV as well as a back-up, and developing a means to retain supporting documentation. DMV continues to partner with Virginia Retirement System in order to receive automated reconciliation reports in a timely, routine manner.

Status Summary: Completed (On Schedule)

Finding 19-04: Implement Internal Controls to Terminate Benefits for Employees Convicted of a Felony

Status: DMV has now put in place an internal process that will keep HR apprised of all pending court cases involving current and former employees that may result in the initiation of the VRS process. DMV management is confident that moving forward, the agency will initiate the benefits forfeiture process in a timely manner.

Status Summary: Completed (On Schedule)

Finding 19-05/18-01: Continue Improving Controls for Processing Access Terminations and Changes. **This is a Repeat Finding.**

Status: Made significant improvements on the technical controls but those are still not where they need to be and are being addressed through DMV current Corrective Action Plan with the Department of Accounts. DMV security staff is still working with VITA/SAIC on implementing the new Identity & Access Management platform but it has been delayed several times now. Once implemented this new platform will make it even easier to initiate the termination process. As another means to address the control has us evaluating a new process where the employee will be required to submit their own intent to leave the agency via another mechanism so that a projected expiration date can be placed on their account. This process will also include a feedback loop to the manager to ensure the SAR13 is completed. The Agency's internal (DMV) AD Domain has been on boarded to the VITA Identity & Access Management platform. This will allow us to manage those accounts from the same tool.

Status Summary: In Progress (Delayed)

Department of Transportation (VDOT)

Audit Year: 2019

Finding 19-01: Improve Financial Reporting of Infrastructure Assets

Status: Process improvements discussed with APA on June 15, 2020. Procedures updated and submitted for review July 8, 2020 and should be completed by July 31, 2020.

Status Summary: In Progress (On Schedule)

Finding 19-02: Improve Financial Reporting Classification within Net Position

Status: Procedures were updated and reviewed in April.

Status Summary: Completed (On Schedule)

Finding 19-03: Ensure Performance Evaluations are Completed for Professional Service Contracts

Status: Feasibility analysis is complete and IT is working on developing the automated report. Performance evaluations are in place for each division to complete January and June of each year.

Status Summary: Completed (On Schedule)

Finding 19-04: Improve Controls for Ensuring Quality Improvement Recommendations are Implemented

Status: All Reports that have pending follow-up activities that exceed 30 days have been elevated (and will continue to be elevated in the future) to the applicable District Construction Engineer and Assistant State Construction Engineer - this is currently happening monthly. These items will also be discussed at scheduled District Construction Engineer Community Practice Meetings to ensure follow-up activities are addressed. The department will also look into the feasibility of employing an automated solution to ensure quality improvement recommendations are implemented in the future. (Due to COVID - this will look to be completed by December 31, 2020)

Status Summary: In Progress (Delayed)

Finding 19-05: Improve Database Security

Status: The APA identified that a database security control for a sensitive system's database did not meet the security standard. VDOT had addressed that control by assigning an independent database administrator from the VDOT Central Office Information Technology Division to independently review the log files generated by the project team members. Based on the APA's feedback, VDOT has modified VDOT log file review process to change the independent reviewers to the Division Head and Designee who are the application business owners. The new process automatically generates audit log files daily and emails the files to the business owner and designee. ITD will conduct training on reviewing the audit logs and has developed a procedure that provides guidance on how to review and identify anomalies. Upon completion of the business owner review, the log files are stored on the VDOT file server and retained for 12 months.

Status Summary: Completed (On Schedule)



Compliance Monitoring

Agency Risk Management and Internal Control Standards (ARMICS) Compliance

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

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

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

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

1. Late submission of the annual certification statement (without an extension authorized by DOA) will result

in citation in the current year's 9/30 Comptroller's Quarterly Report (QR).

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

As of June 30, 2020, the following agencies were not in compliance with the ARMICS process based on the following:

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 states internal control assessments will be completed by September 30, 2020. Quarterly status update received.
Frontier Culture Museum of Virginia	Exhibit 4 Filed	Yes	Agency states internal control assessments will be completed by September 30, 2020. Quarterly status update received.

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 Health Professions	Substantial non-compliance with ARMICS process based on a QAR	Yes	Agency states that internal control assessments will be complete by September 30, 2020. Quarterly status update received.
Department of Human Resource Management	Substantial non-compliance with ARMICS process based on a QAR	Yes	Agency states that internal control assessments will be complete by November 30, 2020. Quarterly status update received.



Prompt Payment Compliance

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

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

Statewide Prompt Payment Performance Statistics

	Fiscal Year 2020 To-Date		Comparative Fiscal Year Ended June 30, 2019	
	Late	Total	Late	Total
Number of Payments	32,080	2,206,685	30,760	2,428,667
Dollars (in thousands)	\$283,742	\$8,345,650	\$ 265,603	\$7,616,441
Interest Paid on Late Payments		\$42,966		
Fiscal Year-to-Date Percentage of Payments in Compliance		98.6%		
Comparative Fiscal Year 2019 Percentage of Payments in Compliance		98.7%		



Prompt Payment Performance by Secretarial Area

Fiscal Year 2020

Secretarial Area	Payments in Compliance	Dollars in Compliance
Administration	98.4%	94.3%
Agriculture and Forestry	99.7%	99.2%
Commerce and Trade	98.6%	96.2%
Education*	98.9%	98.2%
Executive Offices	99.4%	97.3%
Finance	99.8%	98.6%
Health and Human Resources	97.8%	94.4%
Independent Agencies	99.4%	98.8%
Judicial	99.8%	99.9%
Legislative	99.5%	97.2%
Natural Resources	98.9%	93.0%
Public Safety and Homeland Security	96.2%	94.0%
Technology	100.0%	100.0%
Transportation*	99.3%	95.5%
Veterans and Defense Affairs	98.0%	96.4%
Statewide	98.5%	96.6%

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

For FY 2020, the following agencies that processed 200 or more vendor payments during the year were below the 95 percent prompt payment performance standard.

**Prompt Payment Compliance Rate
Agencies Below 95 Percent
Fiscal Year 2020**

Agency	Late Payments	Total Payments	Payments in Compliance
Education			
Eastern Shore Community College	69	608	88.7%
Gunston Hall	49	232	78.9%
Piedmont Community College	235	2,228	89.5%
The Science Museum of Virginia	346	2,505	86.2%
Thomas Nelson Community College	131	2,515	94.8%
Health and Human Resources			
Department of Health Professions	196	3,195	93.9%
Department of Behavioral Health and Developmental Services	203	3,813	94.7%
Department of Medical Assistance Services	277	2,804	90.1%
Eastern State Hospital	478	8,039	94.1%
Virginia Board for People with Disabilities	33	347	90.5%
Public Safety and Homeland Security			
Department of Criminal Justice Services	281	2,122	86.8%
Department of Emergency Management	162	2,194	92.6%
Virginia Alcoholic Beverage Control Authority	3,208	16,330	80.4%

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 February, March, April, May and June were due on 3/31/2020, 4/30/2020, 5/29/2020, 6/30/2020 and 7/16/2020, respectively.

Certifications Late or Outstanding

As of August 3, 2020

Agency	Feb	Mar	Apr	May	Jun
The Science Museum of Virginia	-	6/09/20	-	-	-
Eastern Shore Community College	-	-	-	-	7/31/20
Tidewater Community College	-	-	-	-	7/31/20
Department of Forensic Science	6/30/20*	6/30/20*	6/30/20	-	-

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

*Note: Department of Forensic Science was granted an extension until 04/30/2020 for the month of February and until 05/29/2020 for the month of March.

**The FY 2020 Year-End Closing Memorandum to the heads of all state agencies and institutions and all fiscal officers required that the final June Certification be received in the Comptroller's Office by 5:00 p.m. on July 16, 2020. E-mail and Fax copies were accepted on July 16th with the expectation that the original would be received by July 17, 2020.

E-Commerce

Travel Check Charges

In accordance with Chapter 1283, 2020 Reconvened Session § 4-5.04 f., the Comptroller charges agencies \$5 for travel reimbursement checks issued in lieu of Travel EDI. Agencies are charged for each travel reimbursement check issued to an employee after their second check of the fiscal year. Agencies are expected to take action to enroll applicable employees in the

EDI program and thus avoid the fees altogether. The following table lists agencies that have incurred travel check charges during the fourth quarter of FY 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 June 30, 2020	Fiscal Year 2020 To-date Charges
Agriculture and Forestry		
Department of Agriculture and Consumer Services	\$5.00	\$5.00
Commerce and Trade		
Virginia Employment Commission	\$10.00	\$10.00
Education		
Department of Education, Central Office Operations	\$5.00	\$25.00
Virginia Military Institute	\$35.00	\$155.00
Virginia State University	\$20.00	\$80.00
Virginia Museum of Fine Arts	\$0.00	\$30.00
Health and Human Resources		
Department for Aging and Rehabilitative Services	\$5.00	\$5.00
Department of Health	\$10.00	\$85.00
Judicial		
Magistrate System	\$5.00	\$50.00
Circuit Courts	\$10.00	\$515.00
General District Courts	\$15.00	\$625.00
Juvenile and Domestic Relations District Courts	\$0.00	\$100.00
Indigent Defense Commission	\$0.00	\$10.00
Natural Resources		
Department of Conservation and Recreation	\$45.00	\$195.00
Public Safety and Homeland Security		
Department of Emergency Management	\$0.00	\$35.00
Department of Criminal Justice Services	\$0.00	\$25.00
Fluvanna Correctional Center for Women	\$5.00	\$25.00
Department of Corrections - Division of Institutions	\$10.00	\$15.00
Virginia Alcoholic Beverage Control Authority	\$25.00	\$65.00
Transportation		
Department of Motor Vehicles	\$15.00	\$130.00
Veterans and Defense Affairs		
Department of Military Affairs	\$0.00	\$10.00

SPCC and ATC Payment Compliance

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

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

The following table lists agencies more than two days late in submitting their payments by each program type during fiscal year 2020.

Agency Purchase Card Program:

Airline Travel Card Program:

Commerce and Trade

Department of Labor and Industry

1

Jul

Education

Patrick Henry Community College

1

Aug

Health and Human Resources

Department of Health Professions

1

Apr

Public Safety and Homeland Security

Department of Criminal Justice Services

1

Sep



Travel Charge Card

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

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

The contract provides for the following actions on delinquent accounts:

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

The following table identifies the number of delinquent card accounts with Bank of America by agency during fiscal year 2020, and the total amounts that became past due during the fiscal year.

Travel Charge Card Program

Fiscal Year 2020

<u>Agency</u>	<u>Total Delinquent Accounts</u>	<u>Amounts 60 Days Past Due</u>	<u>Amounts 90-120 Days Past Due</u>	<u>Amounts >150 Days Past Due</u>
Commerce and Trade				
Virginia Employment Commission	2	2,195	0	0
Education				
George Mason University	6	2,405	0	0
Longwood University	5	2,578	242	440
New River Community College	1	116	0	0
Norfolk State University	6	3,176	374	0
Old Dominion University	2	1,460	0	0
Virginia Museum of Fine Arts	1	0	100	0
Virginia Polytechnic Institute and State University	7	2,038	1,020	0
Virginia State University	14	4,765	794	491
Executive Offices				
Attorney General and Department of Law	1	198	0	0
Health and Human Resources				
Department of Health	8	1,974	0	107
Department of Medical Assistance Services	2	746	879	0
Department of Social Services	2	0	1,259	0
Public Safety and Homeland Security				
Department of Juvenile Justice	1	0	209	0
Independent Agencies				
State Corporation Commission	1	309	3,197	1,299



Payroll Controls

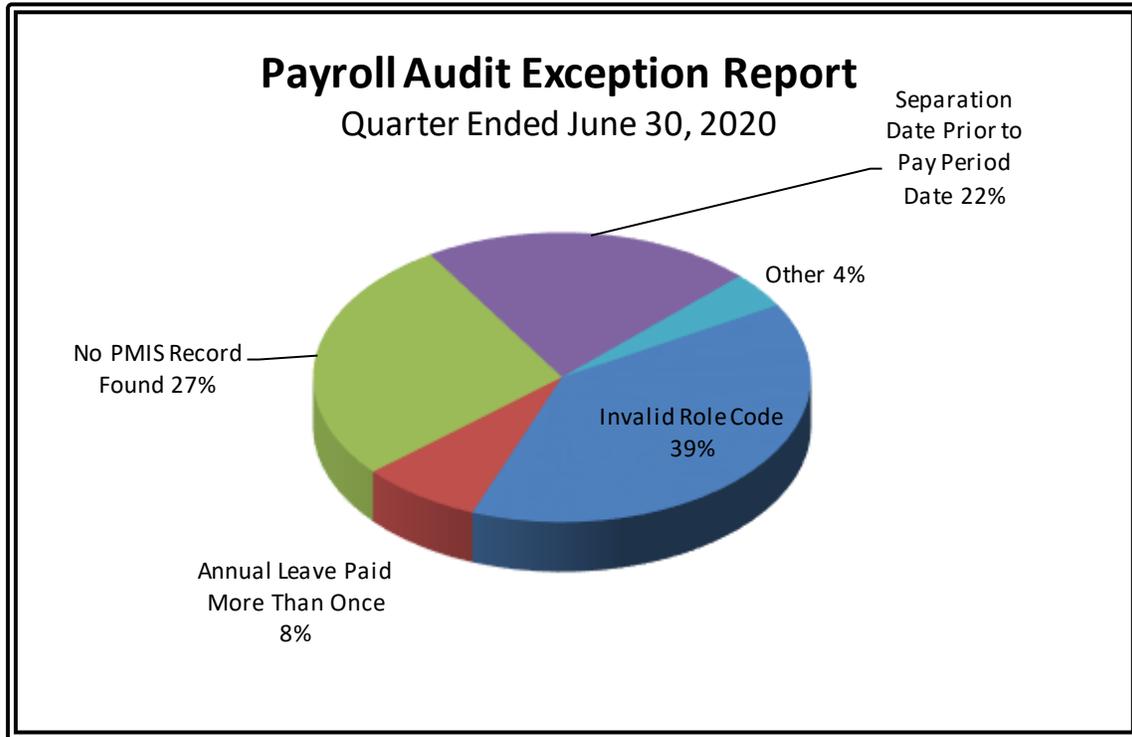
CIPPS/PMIS Payroll Audit

During the quarter, DOA's automated comparison of payroll (CIPPS) and personnel (PMIS) records examined 332,447 salaried pay transactions and 118,165 wage pay transactions. The comparison is performed following each payday and is designed to identify discrepancies between authorized salary/wage amounts in PMIS and amounts paid in CIPPS. There were 2,998 new exceptions noted statewide during the quarter, with an overall exception rate of 0.02%.

The statewide salaried payroll exception rate was 0.01% and the wage payroll exception rate was 0.02%. During this quarter, 1 employee

paycheck was reduced to recover \$ 535.59 in overpayments.

While the largest cause of exceptions are employees whose separation date is prior to the pay period begin date, the second largest cause of exceptions are due to processing payroll for employees whose positions have expired. 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.



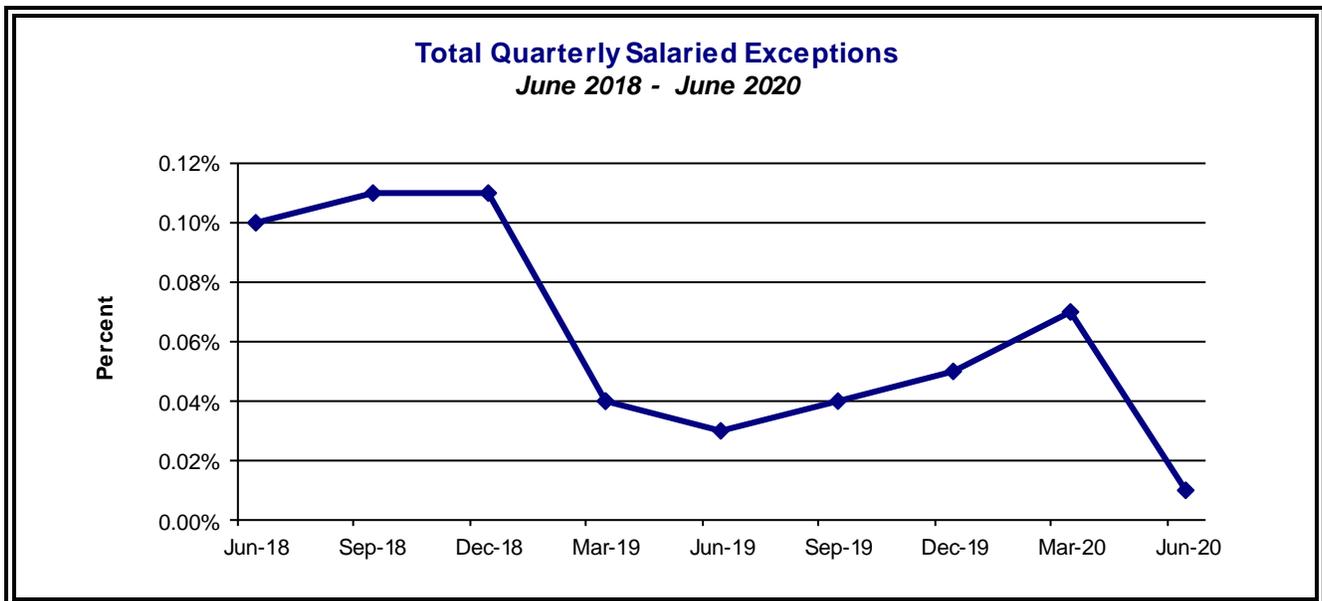
Exception percentages are calculated by dividing the number of exceptions by the number of salaried or wage employees. Agencies are reported below if the percentage of payroll exceptions to salaried or wage

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 ending June 30, 2020.

Payroll Exception Audit
Agency Payroll Exceptions as a Percent of Salaried Payments
Quarter Ended June 30, 2020

Agency	# of Salaried Exceptions	Exceptions as a % of Salaried Payments
Catawba Hospital	2	0.15%
Central State Hospital	3	0.06%
Commonwealth Center for Children and Adolescents	1	0.13%
Department of Veterans Services	1	0.09%
Eastern State Hospital	2	0.06%
Piedmont Geriatric Hospital	1	0.06%
Sitter Barfoot Veterans Care Center	5	0.35%
Southeastern Virginia Training Center	2	0.13%
Southwestern Virginia Training Center	3	9.68%
Virginia Department of Transportation - Northern Virginia District	2	0.05%
Virginia Center for Behavioral Rehabilitation	6	0.22%
Western State Hospital	3	0.09%
Salaried Payroll Exceptions for the Quarter		0.01%

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

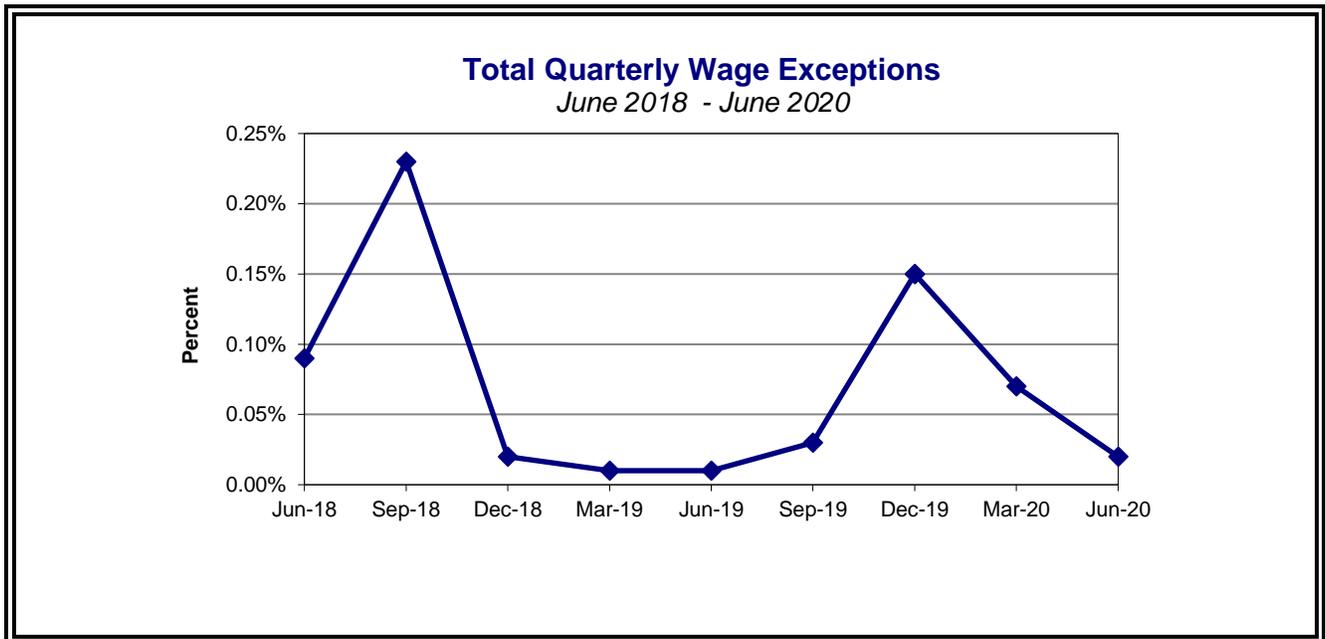


Agency Payroll Exceptions as a Percent of Wage Payments

Quarter Ended June 30, 2020

Agency	# of Wage Exceptions	Exceptions as a % of Wage Payments
Department of Health	14	0.86%
Department of Veterans Services	3	2.10%
Sitter and Barfoot Veterans Care Center	1	0.33%
Department of Transportation - Northern Virginia District	2	0.68%
Wage Payroll Exceptions for the Quarter		0.02%

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



CIPPS/PMIS Exceptions

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

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

<u>Agency</u>	<u>Unresolved Exceptions</u>
Catawba Hospital	1
Central State Hospital	3
Commonwealth Center for Children and Adolescents	1
Department of Health	14
Department of Transportation - Northern Virginia District	3
Department of Veterans Services	4
Eastern State Hospital	2
Piedmont Geriatric Hospital	1
Sitter and Barfoot Veterans Care Center	2
Southeastern Virginia Training Center	2
Southwestern Virginia Training Center	1
Virginia Center for Behavioral Rehabilitation	6
Western State Hospital	2



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				
Eastern Shore Community College		1		
Health and Human Resources				
Catawba Hospital	\$ 38,286			
Central Virginia Training Center		3		
Public Safety and Homeland Defense				
Fluvanna Correctional Center for Women	357,774			
State Farm Complex	981,000			
Transportation				
VDOT - Hampton Roads District	71,255			
Veterans and Defense Affairs				
Sitter and Barfoot Veterans Care Center		1		
Virginia Veteran's Care Center	23,847			

* Certifications entered for these agencies by Department of Accounts

Columns show the following:

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



Accounts Receivable

Executive Summary

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

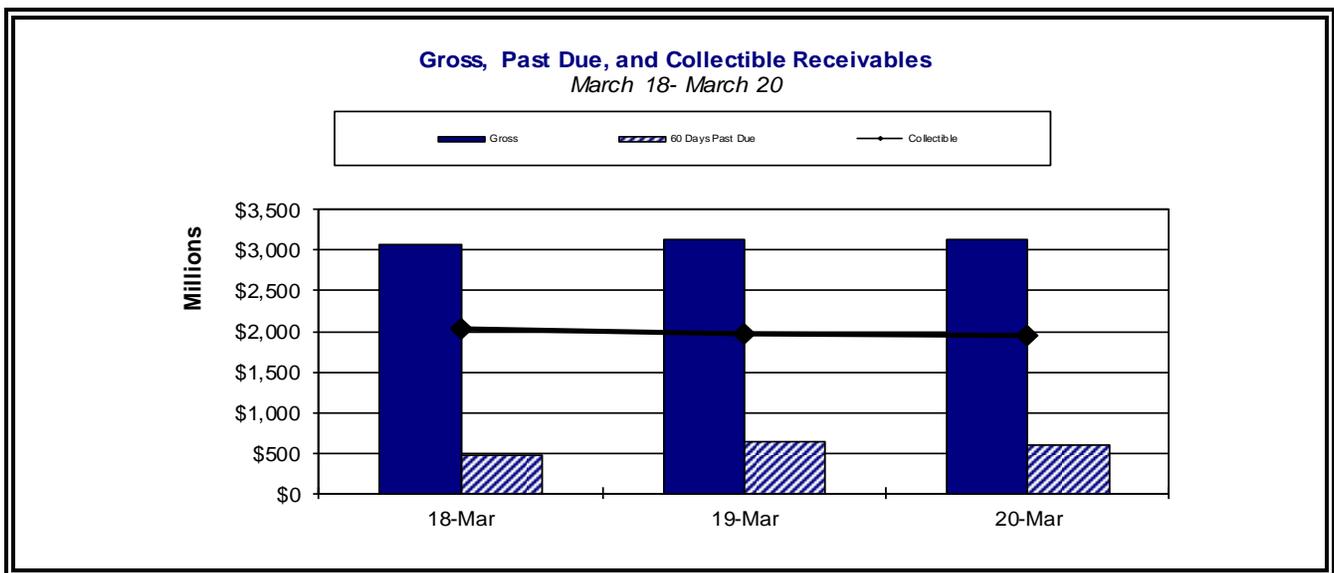
In an effort to present more meaningful information, DOA continues to exclude data from the tables (except for the final table on past due receivables) from the Department of Taxation, consisting largely of statutory assessments and non-filers assessments, and the circuit and district courts, which report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

Commonwealth agencies and institutions reported adjusted gross receivables of \$3.12

billion at March 31, 2020, with \$1.96 billion considered collectible. Receivables over 60 days past due as of March 31, 2019, totaled \$606.6 million. Of that amount, \$58.2 million was placed with private collection agencies, \$33.7 million was placed with the Division of Debt Collection and \$514.7 million was retained in-house for additional collection efforts.

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

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



As of March 31, 2020, agencies expected to collect \$1.96 billion (63 percent) of the \$3.12 billion adjusted gross receivables. About 1 percent is due to the General Fund, primarily for benefit recoveries and sales of permits. The

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

Collectible Receivables by Fund

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

As of March 31, 2020

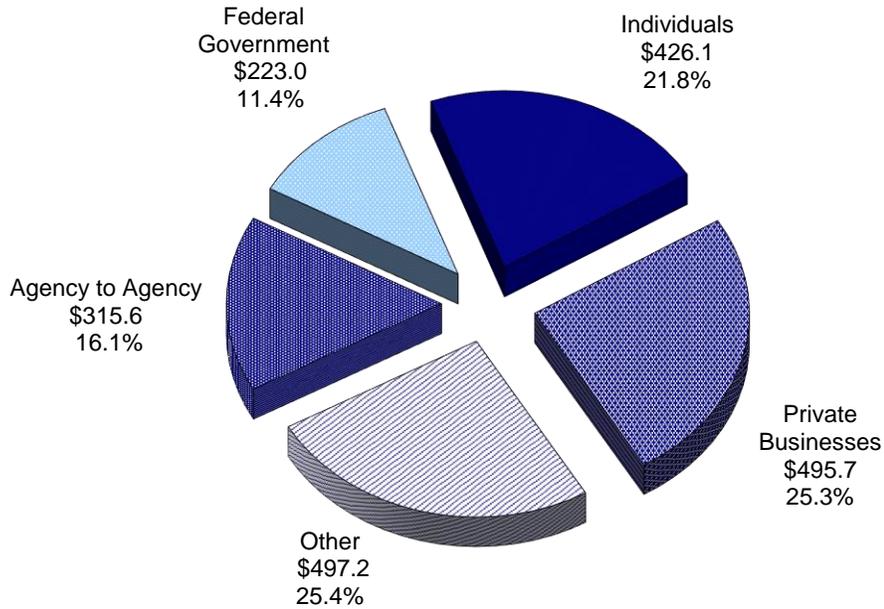
Fund	Source	Amount	Percent
General Fund 1%	Medicaid - Current Recoveries	\$ 14,466,494	55%
	Social Services	3,473,192	13%
	State Police Permits	5,034,096	18%
	Military Affairs	1,291,034	5%
	Labor and Industry Inspections	1,379,950	5%
	Other	708,974	3%
	Subtotal	24,935,792	99%
	Agency to Agency Receivables	1,565,082	6%
	Total General Fund Collectible	\$ 26,500,874	100%
	Nongeneral Funds 99%	Medicaid - Dedicated Penalty Fees	\$ 62,542,719
Medicaid - Federal Reimbursements		10,613,584	1%
Unemployment Taxes *		227,109,887	12%
Transportation		145,500,930	8%
Child Support Enforcement		266,918,561	14%
Federal Government		57,145,282	3%
DBHDS Patient Services		9,953,356	1%
Hospital		215,986,117	11%
Enterprise		98,188,011	5%
Higher Education		409,823,907	21%
Other		111,812,418	6%
Subtotal		1,615,594,772	84%
Agency to Agency Receivables		315,585,868	16%
Total Nongeneral Fund Collectible		\$ 1,931,180,640	100%
All Funds	Grand Total	\$ 1,957,681,514	100%

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

Summary of Receivables by Source

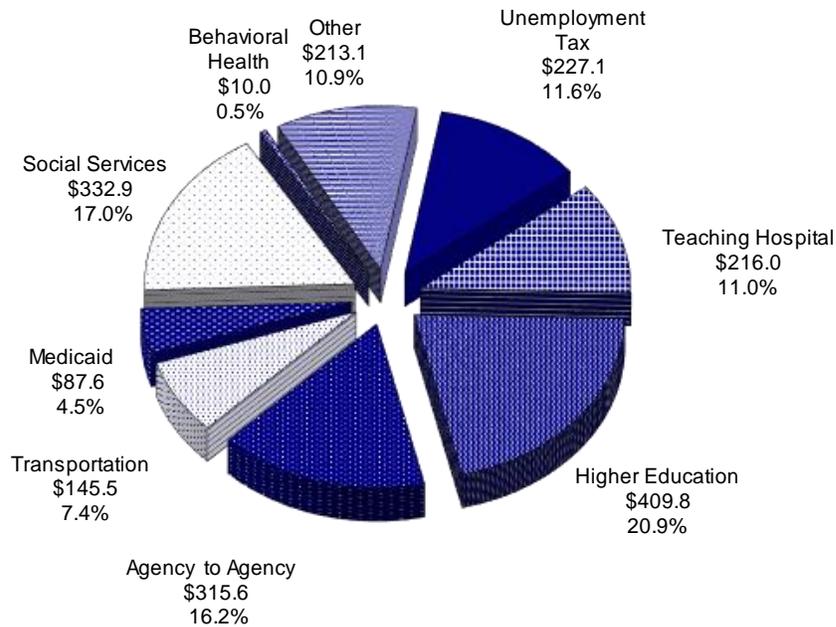
Sources of Collectible Receivables by Debtor (dollars in millions)

As of March 31, 2020



Sources of Collectible Receivables by Type (dollars in millions)

As of March 31, 2020



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

percent of the adjusted collectible accounts receivable balances.

Accounts Receivable Summary
Not Including Circuit Courts, District Courts, or Department of Taxation
As of March 31, 2020

Agency	Gross	Allowance for Uncollectible Accounts	Collectible
Department of Social Services	\$ 796,973,739	\$ (464,121,673)	\$ 322,534,145
University of Virginia Medical Center	857,982,365	\$ (543,839,691)	\$ 314,142,674
Virginia Employment Commission	267,050,497	\$ (35,889,839)	\$ 231,160,658
Department of Transportation	152,077,378	\$ (5,300,190)	\$ 146,777,188
Virginia Polytechnic Institute and State University	133,673,272	\$ (1,643,884)	\$ 132,029,388
Virginia Information Technology Agency	92,150,275	\$ -	\$ 92,150,275
Department of Medical Assistance Services	121,698,329	\$ (34,075,532)	\$ 87,622,797
University of Virginia - Academic Division	83,956,611	\$ (2,150,063)	\$ 81,806,548
Virginia Lottery	81,744,091	\$ -	\$ 81,744,091
George Mason University	71,066,705	\$ (2,971,241)	\$ 68,095,464
Total	\$ 2,658,373,262	\$ (1,089,992,113)	\$ 1,568,381,149
All Other Agencies	464,519,619	(75,366,388)	389,153,231
Grand Total	\$ 3,122,892,881	\$ (1,165,358,501)	\$ 1,957,534,380

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

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

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

These additional collection tools recovered \$10 million during the quarter ended March 31, 2020. The Division of Debt Collection contributed \$2.1 million. Private collection agencies collected \$5.3 million, and the debt setoff programs (Tax, Comptroller's and Lottery) collected \$2.5 million.

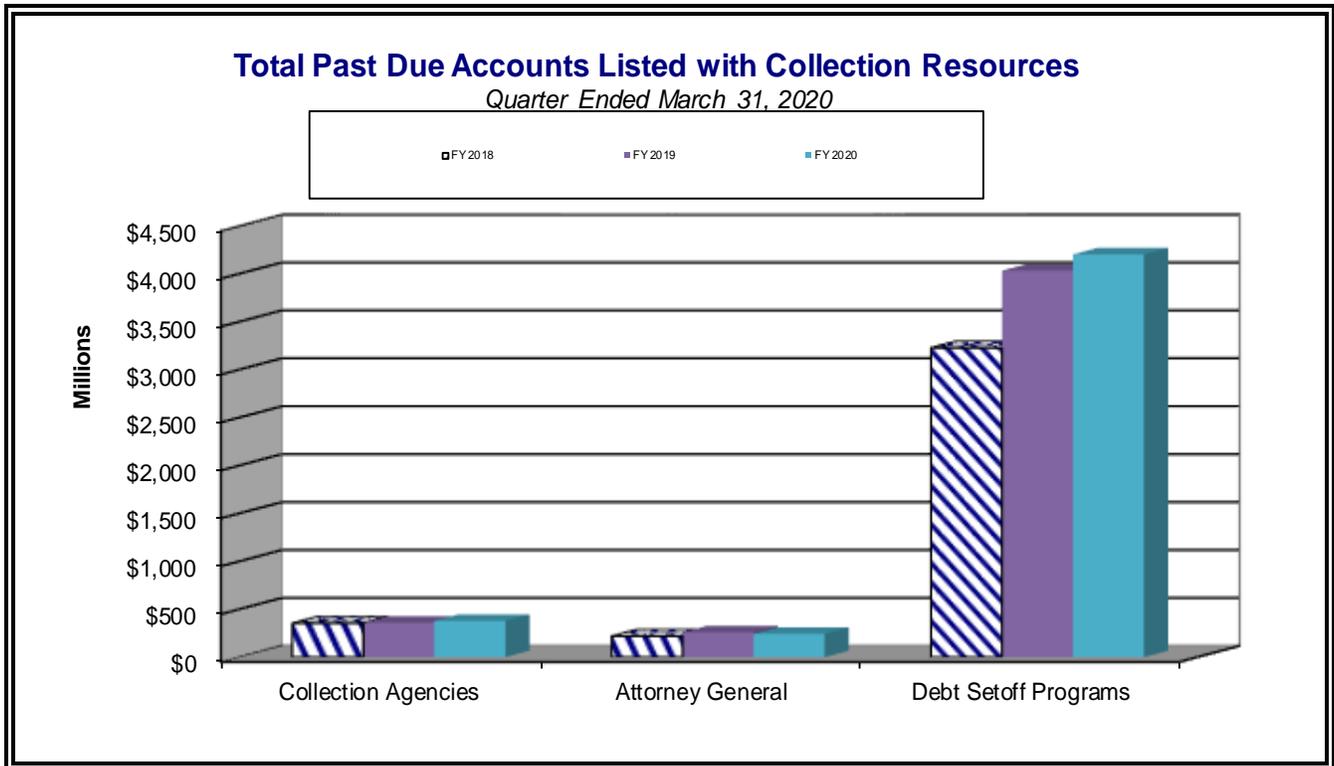
Private collection agencies returned \$37.2 million of accounts to agencies, and the Division of Debt Collection discharged \$463.1 thousand of accounts and returned \$1.9 million of accounts to agencies.

Collectible Receivables Over 60 Days Past Due

*Not Including Circuit Courts, District Courts or the Department of Taxation
As of March 31, 2020*

Agency	Total Over 60 Days	With Collection Agency	With Attorney General	Retained by State Agency
Department of Social Services	\$ 271,018,433	\$ 4,945	\$ 49,755	\$ 270,963,733
Virginia Employment Commission	59,772,498	20,980,787	13,231,892	25,559,819
Department of Transportation	49,193,407	1,127,589	12,914,438	35,151,380
University of Virginia Medical Center	27,812,610	22,122,853	30,818	5,658,939
Department of Medical Assistant Services	27,669,815	550,822	555,060	26,563,933
Department of Behavioral Health and Developmental Services	23,346,856	-	-	23,346,856
Virginia Polytechnic Institute and State University	17,814,003	660,028	91,970	17,062,005
George Mason University	16,608,689	3,301,528	73,405	13,233,756
Old Dominion University	12,103,088	3,749,298	-	8,353,790
University of Virginia	11,206,343	849,577	44,247	10,312,519
TOTAL	\$ 516,545,742	\$ 53,347,427	\$ 26,991,585	\$ 436,206,730
All Other Agencies	90,093,638	4,891,650	6,680,502	78,521,486
TOTAL OVER 60 DAYS	\$ 606,639,380	\$ 58,239,077	\$ 33,672,087	\$ 514,728,216
Uncollectible Amounts Placed for Collection, Including Accounts Written Off	4,217,676,353	320,869,249	209,895,332	3,686,911,772
TOTAL COLLECTION EFFORTS	\$ 4,824,315,733	\$ 379,108,326	\$ 243,567,419	\$ 4,201,639,988

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



Comptroller's Debt Setoff (CDS) Program

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

State to the debtor may be withheld, in full or in part, to satisfy the debt owed to the State. CDS collected a total of \$10.4 million in FY 2020. Please note the amount reported is before any refunds.

Receivable Trend Data

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

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

Percentage of Gross Receivables Over 60 Days Past Due

Agency	Percent 3/31/20	Comparative	
		Percent 3/31/19	Percent 3/31/18
Old Dominion University	61%	64%	27%
Department of Behavioral Health and Developmental Services	49%	48%	50%
Department of Social Services	34%	34%	34%
Department of Transportation	32%	13%	15%
George Mason University	23%	26%	23%
Department of Medical Assistance Services	23%	17%	31%
Virginia Employment Commission	22%	20%	16%
University of Virginia - Academic Division	13%	15%	13%
Virginia Polytechnic Institute and State University	13%	5%	6%
University of Virginia Medical Center	3%	14%	16%
Statewide Average - All Agencies	19%	20%	20%

Another way to measure agency debt collection effectiveness is to compare amounts collected to amounts billed. The table below presents trend percentages for the ten agencies with the highest collectible accounts receivable balances. In total, these ten agencies are responsible for 82 percent of the Commonwealth's collectible receivables balances, as adjusted to exclude the Department of Taxation and the circuit and district courts. Percentages over 100 percent indicate the collection of prior balances as well as current billings.

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

The statewide average of 75 percent indicates that for every dollar billed during the quarter ended March 31, 2020, the state collected seventy-five cents. This rate is the ten percent higher than last year and seven percent higher than two years ago.

Collections as a Percentage of Billings

Agency	Percent 3/31/20	Comparative	
		Percent 3/31/19	Percent 3/31/18
University of Virginia - Academic Division	289%	262%	261%
Virginia Polytechnic Institute and State University	244%	225%	222%
Virginia Information Technologies Agency	107%	93%	130%
Virginia Lottery	104%	100%	99%
Department of Social Services	102%	98%	110%
Department of Transportation	97%	107%	117%
George Mason University	92%	94%	97%
Department of Medical Assistance Services	32%	113%	63%
Virginia Employment Commission	28%	28%	27%
University of Virginia Medical Center	26%	26%	26%
Statewide Average - All Agencies	106%	106%	102%

Commonwealth Receivables Analysis

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

Department of Medical Assistance Services (DMAS)

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

DMAS' collectible accounts receivable of \$87.6 million at March 31, 2020, is a \$88.5 million decrease over the \$176.1 million reported at March 31, 2019. Over the same period, total past due receivables of \$32 million have decreased by \$6.2 million from \$38.2 million.

University of Virginia Medical Center (UVAH)

UVAH provides primary and specialty health care for Central Virginia by operating a 612-bed hospital, a School of Medicine, and over 20 research centers. The majority of its receivables consist of Medicaid and Medicare reimbursements and payments from third party insurers.

UVAH collectible receivables of \$314.1 million at March 31, 2020, was a \$1.3 million increase from the \$312.8 million reported the previous year. Past due receivables decreased

\$240.5 million to \$66.8 million over the previous year.

Virginia Employment Commission (VEC)

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

VEC collectible receivables were \$231.2 million at March 31, 2020, a decrease of \$24.3 million from the previous year. Total past due receivables were \$62.2 million, a \$1.1 million increase over last year. VEC collects employer tax receivables in-house. The Attorney General's Office is involved in contested cases. Unemployment benefit overpayments to individuals are referred to private collections agencies after in-house efforts have produced no results and when debtors have left the state.

Virginia Information Technologies Agency (VITA)

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

VITA reported collectible receivables at March 31, 2020, of \$92.2 million, which is an increase of \$33.1 million reported in the previous year. Most of these receivables are

due from other state agencies. As of March 31, 2020, \$4.2 million was over 60 days past due, an increase of \$3.6 million from the previous year.

Virginia Lottery (VAL)

The Virginia Lottery is an independent agency responsible for operating the state's lottery gaming, including the sale and profits from scratch and draw game tickets. The Virginia Lottery actively participates in national and regional games including Mega Millions, Powerball, and Cash 4 Life. Retail merchants who sell the Virginia Lottery games are covered by surety bonds and deposit Lottery receipts into bank accounts approved by the State Treasurer.

At March 31, 2020, the Virginia Lottery reported net receivables of \$81.7 million, a \$3.4 million increase from the previous year. Billings decreased by \$28.2 million and collections decreased by \$19.6 million during the March 31, 2020 quarter when compared to the March 31, 2019 quarter. At March 31, 2020, the Virginia Lottery had \$0.3 million that was over 60 days past due. The total amount owed is covered by surety bonds.

Department of Education (DOE)

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

At March 31, 2020, DOE did not have any receivables due from the Federal government under Direct Aid to Public Education. This is consistent with the prior year.

Virginia Polytechnic Institute and State University (VPISU/ID)

VPISU/ID is one of the Commonwealth's largest universities and one of two land grant institutions in the state. At March 31, 2020, the University reported net collectible receivables of \$132 million, an increase of \$5 million over the prior year. At the same time, total past due receivables of \$24.5 million increased by \$13.6 million over the prior year.

The University uses a variety of collection methods to encourage payments. At March 31, 2020, VPISU/ID had \$17.8 million of accounts over 60 days past due. Of that amount, \$660,028 was placed with private collection agencies, and \$17.1 million was subject to additional in-house efforts.

Department of Behavioral Health and Developmental Services (DBHDS)

DBHDS operates 14 facilities around the State to treat patients. These facilities account for nearly all of the department's receivables, consisting primarily of fees due for patient care. DBHDS bills third party insurers and patient assistance programs such as Medicare and Medicaid whenever they are available. In other cases, the Department looks to responsible family members and tangible real and personal property for payment. When property is located, a lien is filed in the local courts so that when estates are liquidated, DBHDS can recover some of the costs involved in a patient's care.

At March 31, 2020, DBHDS reported collectible receivables of \$10 million, a \$6 million decrease over the previous year. \$35.5 million was past due, with \$23.3 million being over 60 days past due. Total past due receivables decreased by \$5.8 million over the year, and accounts over 60 days past due decreased by \$4.7 million. At March 31, 2020, the Department had a total of \$15.3 million of accounts placed with the Attorney General and \$0.8 million listed in Taxation's Debt Setoff Programs.

Department of Transportation (VDOT)

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

At March 31, 2020, VDOT reported \$146.8 million of collectible receivables, an increase of \$44.2 million from the prior year. VDOT also reported \$84.3 million total past due and \$49.2 million being over 60 days past due. Past due receivables increased by \$61.2 million over the year, while receivables over 60 days past due increased by \$34.7 million. VDOT reports that the large majority of the accounts over 60 days past due continue to be amounts owed by cities, counties and towns that are participating on long-term construction projects with the department and where the local fund shares are provided by local debt financing.

VDOT reported placing \$12.9 million of their accounts over 60 days past due with the

Attorney General's Division of Debt Collection.

Department of Social Services (DSS)

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

At March 31, 2020, DSS reported end gross receivables of \$797 million, an allowance for doubtful accounts of \$464.1 million and collectible receivables of \$322.9 million. Past due receivables totaled \$275.4 million, of which \$271 million was over 60 days past due.

Of these amounts, the Division of Child Support Enforcement (DCSE) was responsible for \$675.2 million (88 percent) of the gross receivables, \$433.8 million (93 percent) of the allowance for doubtful accounts and \$267 million (80 percent) of the collectible receivables.

From March 31, 2019 to March 31, 2020, end gross receivables increased by \$26.3 million and collectible receivables increased by \$0.4 million. Total past due receivables increased by \$10.2 million and receivables over 60 days past due increased by \$10 million.

Department of Rail and Public Transportation (DRPT)

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

At March 31, 2020, DRPT had gross and net receivables of \$7.4 million. The majority of this money is due via an interagency transfer from VDOT. DRPT reported no past due receivables at March 31, 2020.

Virginia Commonwealth University (VCU)

VCU, based in Richmond, offers 225 degree and certificate programs through VCU’s 13 schools and one college to over 31,000 students. VCU is designated as a research university with very high research activity by the Carnegie Foundation. A broad array of university-approved centers and institutes of excellence, involving faculty from multiple disciplines in public policy, biotechnology and health care discoveries, supports the University’s research mission.

At March 31, 2020, VCU had \$49.1 million of collectible receivables, a \$1.8 million increase from March 31, 2019. Total past due accounts were \$12.2 million, a \$0.5 million increase from March 31, 2019. Accounts over 60 days past due (\$10.5 million) decreased by \$238,280 from the prior year. Billings decreased at March 31, 2020 by \$7.0 million to \$73.4 million and collections decreased by \$1.9 million to \$292 million for the March 31, 2020 quarter, when compared to the March 31, 2019 quarter.

The following table is prepared to present the March 31, 2020, aging information in conformity with the provisions of the *Code of Virginia* § 2.2-603.E.(ii).

Commonwealth's total \$3.6 billion past due accounts receivable at March 31, 2020. Another 18 agencies accounted for 21 percent (\$745.4 million), leaving 77 other agencies to comprise the last one percent at \$43.3 million.

Taxation and the Circuit and District Courts accounted for 78 percent (\$2.8 billion) of the

Agencies with the Largest Volume of Past Due Receivables

As of March 31, 2020

Agency	Total Past Due	1 to 180 Days Past Due	181 to 365 Days Past Due	Over One Year
Department of Taxation	\$ 1,937,748,534	251,120,814	125,861,799	1,560,765,921
Localities' Circuit and District Courts	879,061,444	59,727,944	64,098,600	755,234,900
Total - Taxation Assessments and Court Fines and Fees	\$ 2,816,809,978	\$ 310,848,758	\$ 189,960,399	\$ 2,316,000,821

All Other Large Dollar Agencies:

Department of Social Services	275,363,130	13,327,705	13,427,758	248,607,667
Department of Transportation	84,275,842	45,352,808	2,136,258	36,786,776
University of Virginia Medical Center	66,843,131	55,805,621	7,198,777	3,838,733
Virginia Employment Commission	62,175,310	5,739,137	7,769,883	48,666,290
University of Virginia - Academic Division	38,683,374	34,509,203	2,188,792	1,985,379
Department of Behavioral Health and Developmental Services	35,479,270	29,729,949	28,513	5,720,808
Department of Medical Assistance Services	31,982,233	7,438,005	2,749,655	21,794,573
Virginia Polytechnic Institute and State University	24,498,227	23,022,669	896,703	578,855
Virginia Information Technologies Agency	23,900,861	23,520,897	272,805	107,159
George Mason University	21,274,174	17,549,612	2,691,549	1,033,013
Virginia Community College System	15,685,498	11,629,446	1,888,838	2,167,214
Old Dominion University	13,300,571	10,683,452	2,239,641	377,478
Department of State Police	12,813,822	4,408,968	3,657,544	4,747,310
Virginia Commonwealth University	12,150,421	5,361,603	517,516	6,271,302
Department of General Services	7,271,948	2,718,886	1,323,331	3,229,731
Norfolk State University	6,745,438	5,047,052	181,659	1,516,727
Department of Motor Vehicles	6,520,689	3,575,527	2,945,162	-
Virginia Workers' Compensation Commission	6,439,099	1,698,152	1,906,515	2,834,432

Total - Largest Dollar Volume Agencies	\$ 745,403,038	\$ 301,118,692	\$ 54,020,899	\$ 390,263,447
---	-----------------------	-----------------------	----------------------	-----------------------

All Other Agencies	43,312,779	22,006,826	6,027,240	15,278,713
--------------------	------------	------------	-----------	------------

Grand Total Past Due Receivables	\$ 3,605,525,795	\$ 633,974,276	\$ 250,008,538	\$ 2,721,542,981
---	-------------------------	-----------------------	-----------------------	-------------------------

