

# **REPORT ON STATEWIDE COMPLIANCE**

**FOR THE QUARTER ENDED  
MARCH 31, 2020**



**OFFICE OF THE COMPTROLLER**

**DEPARTMENT OF ACCOUNTS**

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Commonwealth of Virginia  
P. O. Box 1971  
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## STATEMENT OF PURPOSE

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

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

This *Quarterly Report* includes information for the quarter ended March 31, 2020, and comparative FY 2019 data.

David A. Von Moll, CPA, CGFM  
Comptroller



Virginia Department of Accounts  

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## SPECIAL REPORT

### 2019 Year-End Payroll Processing

At the end of calendar year 2019, DOA working with 204 state agencies and institutions, verified and printed 116,841 W-2s. This was a slight decrease from the number of W-2s printed in 2018.

	CY 2019	CY 2017
W-2s Printed	116,841	118,433
W-2Cs Printed	50*	46*
Agencies Making Adjustments	82	57
Employee Records Requiring Year-End Adjustments	361	167

\*# of W-2C's printed as of the date of this report.

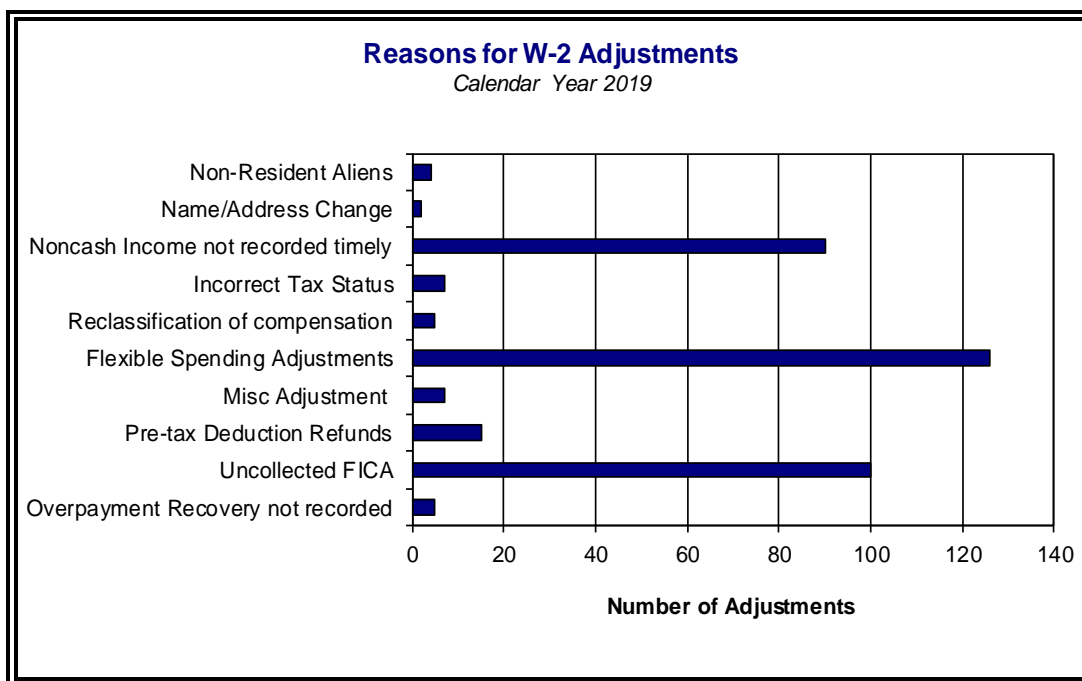
Many agencies improved the timeliness of payroll updates during the year which made it possible to begin W2 processing sooner.

As a result, required processing deadlines continue to be met without difficulty.

Submissions of certified year-end reports continue to follow the same trend as last year.

Eighty-two agencies adjusted 361 employee records. Thirty-five percent of all adjustments were required to increase taxable wages for undocumented flex account claims. Another twenty-eight percent of the corrections were attributable to adjustments for uncollected FICA. Twenty-five percent were the result of adjustments for non-cash income that were not recorded timely.

W-2s are printed at the Department of Treasury using self-mailers. Upon return from Treasury, agencies are notified that the W-2s are ready for pickup. CIPPS W-2s were available in Payline by January 28th for all agencies. All paper copies were picked up by January 30th for subsequent delivery to employees.



## COMPLIANCE

### **Auditor of Public Accounts Reports - Executive Branch and Independent Agencies**

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

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

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

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

### ***Audit Reports – Quarter Ended March 31, 2020***

The APA issued 13 reports covering 20 State Agencies for the Executive Branch and 1 report for the Independent Agencies. The last column indicates whether the CAW has been received as of the date of this publication for each agency with audit findings. Note that in some cases, the CAW may not have been received because it is not yet due.

	New Findings	Repeat Findings	Total Findings	CAW Received
<b>Administration</b>				
Department of Human Resource Management	0	2	2	YES
<b>Agriculture and Forestry</b>				
None				
<b>Commerce and Trade</b>				
Virginia Employment Commission	1	0	1	YES
<b>Education</b>				
Department of Education including Direct Aid to Public Education	3	1	4	YES
Virginia Commonwealth University	1	1	2	YES
Virginia Polytechnic Institute and State University	1	0	1	YES

	New Findings	Repeat Findings	Total Findings	CAW Received
<b>Executive Offices</b>				
None				
<b>Finance</b>				
Department of Accounts <sup>(1)</sup>	3	0	3	YES
Department of Planning and Budget <sup>(1)</sup>	1	0	1	YES
Department of Taxation <sup>(1)</sup>	1	3	4	YES
Department of the Treasury <sup>(1)</sup>	4	1	5	YES
<b>Health and Human Resources</b>				
Department for Aging and Rehabilitative Services <sup>(2)</sup>	5	0	5	YES
Department for the Blind and Vision Impaired <sup>(2)</sup>	2	0	2	YES
Department of Behavioral Health and Developmental Services <sup>(3)</sup>	18	8	26	YES
Department of Health <sup>(3)</sup>	6	5	11	YES
Department of Medical Assistance Services <sup>(3)</sup>	2	4	6	YES
Department of Social Services <sup>(3)</sup>	6	12	18	YES
<b>Independent Agencies</b>				
Virginia Retirement System	0	0	0	N/A
<b>Natural Resources</b>				
None				
<b>Public Safety and Homeland Security</b>				
Department of Corrections	3	2	5	YES
Department of Fire Programs	30	0	30	NO
Department of State Police	13	0	13	YES
<b>Technology</b>				
None				
<b>Transportation</b>				
Department of Transportation <sup>(4)</sup>	5	0	5	YES
Department of Motor Vehicles <sup>(4)</sup>	4	1	5	YES
<b>Veterans and Defense Affairs</b>				
None				

<sup>(1)</sup> The APA issued one report titled, “Agencies of the Secretary of Finance for the year ended June 30, 2019.”

<sup>(2)</sup> The APA issued one report titled “Departments of Aging and Rehabilitative Services and the Blind and Vision Impaired – Vocational Rehabilitation Disability Insurance/Supplemental Security Income Cluster Federal Programs for the year ended June 30, 2019.”

<sup>(3)</sup> The APA issued one report titled “Agencies of the Secretary of Health and Human Resources for the year ended June 30, 2019.”

<sup>(4)</sup> The APA issued one report titled, “Agencies of the Secretary of Transportation for the year ended June 30, 2019.”



## *Audit Findings - Quarter Ended March 31, 2020*

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

### **Administration**

#### *Department of Human Resource Management*

1. Improve Controls Over Financial Reporting. **This is a Material Weakness and a Repeat Finding.**
2. Improve Web Application Security Controls. **This is a Partial Repeat Finding.**

### **Commerce and Trade**

#### *Virginia Employment Commission*

1. Improve Database Security

### **Education**

#### *Department of Education/Direct Aid to Public Education*

1. Improve Vulnerability Remediation Efforts
2. Implement Process for Ongoing Monitoring of System Access
3. Continue Improving Database Security. **This is a Repeat Finding.**
4. Improve Web Application Security

#### *Virginia Commonwealth University*

1. Improve Reporting to National Student Loan Data System. **This is a Repeat Finding.**
2. Improve IT Asset Surplus Process

#### *Virginia Polytechnic Institute and State University*

1. Improve the Process to Identify Individuals in a Position of Trust

### **Finance**

#### *Department of Accounts*

1. Dedicate Resources to Timely Update of CAPP Manual Topics
2. Comply with Federal Regulations for Documentation of Employment Eligibility
3. Improve Web Application Security

#### *Department of Planning and Budget*

1. Improve the Budget System Database Governance and Security



### *Department of Taxation*

1. Continue to Improve Controls over Role Access. **This is a Repeat Finding.**
2. Continue to Improve Disaster Recovery Planning Documentation. **This is a Repeat Finding.**
3. Complete a Risk Assessment for Each Sensitive System
4. Mitigate Server Vulnerabilities. **This is a Repeat Finding.**

### *Department of the Treasury*

1. Continue to Improve Information System Access Controls. **This is a Repeat Finding.**
2. Improve Web Application Security
3. Improve Service Organization Control Report Review Policies and Procedures
4. Improve Process for Payment of Risk Management Invoices
5. Improve Policies and Procedures over Unclaimed Property Reconciliations

## **Health and Human Resources**

### *Department for Aging and Rehabilitative Services*

1. Improve the Case Management System Access Review Process
2. Improve Oversight of Third-Party Service Providers
3. Improve the Eligibility Determination Process for Vocational Rehabilitation
4. Improve Processes to Comply with the Conflict of Interest Act
5. Improve Documentation to Show Compliance

### *Department for the Blind and Vision Impaired*

1. Improve Processes to Comply with the Conflicts of Interest Act
2. Improve Documentation to Show Compliance

### *Department of Behavioral Health and Developmental Services*

1. Dedicate Resources to Support Information Security Program
2. Improve IT Contingency Management Program. **This is a Repeat Finding.**
3. Improve Disaster Recovery for Sensitive Systems
4. Develop Baseline Configuration for Information Systems. **This is a Repeat Finding.**
5. Improve Web Application Security. **This is a Partial Repeat Finding.**
6. Create Processes for Review and Assessment of Third-Party Service Provider's Controls
7. Implement Opioid Grant Subrecipient Monitoring
8. Provide Federal Award Requirements to Subrecipients
9. Improve Access Controls over the Internal Accounting and Patient Revenue System. **This is a Repeat Finding.**
10. Develop and Implement Compliant Application Access Management Procedures. **This is a Repeat Finding.**
11. Promptly Remove Commonwealth's Accounting and Financial Reporting System User Access
12. Improve Controls Over Financial Systems Reconciliations

13. Process Expense Reimbursements in the Commonwealth's Accounting and Financial Reporting System
14. Improve Controls over the Purchasing Process
15. Perform an Evaluation and Analysis of Potential Asset Retirement and Pollution Remediation Obligations
16. Comply with Employment Eligibility Requirements. **This is a Repeat Finding.**
17. Perform Reconciliation between the Commonwealth's Payroll and the Accounting and Financial Reporting Systems
18. Improve Controls over Payroll Certifications
19. Develop Access Profile Descriptions and Improve Monitoring Controls over the Internal Attendance and Leave System
20. Improve Review Process for Individual Facility Leave Liability Submissions
21. Retain Documentation of Property Collection and Removal of Terminated Employee Badge Access
22. Ensure Terminated Employees Are Properly Classified in the Payroll System
23. Improve Access Controls over the Commonwealth's Payroll System
24. Properly Approve and Monitor Administrative Employee Overtime
25. Perform and Document Commonwealth's Retirement Benefits System Reconciliations. **This is a Repeat Finding.**
26. Improve Controls over Access to the Commonwealth's Retirement Benefits System. **This is a Repeat Finding.**

#### *Department of Health*

1. Improve Web Application Security. **This is a Partial Repeat Finding.**
2. Improve Contingency Management Program. **This is a Repeat Finding.**
3. Improve the Disaster Recovery Plan
4. Improve Timely Removal of Critical System Access. **This is a Repeat Finding.**
5. Perform System Access Reviews. **This is a Partial Repeat Finding.**
6. Perform Monthly Reconciliations of the Payroll and Retirement Systems
7. Strengthen the Employee Off-Boarding Process
8. Enhance the Overtime Reporting Process
9. Improve the Expense Allocation Process
10. Develop and Implement Policy for Monitoring Part-Time Employee Hours. **This is a Repeat Finding.**
11. Comply with the Conflicts of Interest Act

#### *Department of Medical Assistance Services*

1. Strengthen Controls over Year-End Accrual Reporting. **This is a Repeat Finding.**
2. Improve Financial Reporting for Accounts Receivable
3. Complete and Approve the System Security Plan
4. Remove Separated Employee Access in a Timely Manner. **This is a Repeat Finding.**
5. Continue Improving the Overpayment Collection Process. **This is a Repeat Finding.**
6. Ensure Employees Complete Required Conflict of Interest Training. **This is a Partial Repeat Finding.**

### *Department of Social Services*

1. Improve Controls over SNAP Payments
2. Improve Controls over Income Verification for the TANF Program. **This is a Repeat Finding.**
3. Improve Controls over SNAP Federal Reporting. **This is a Repeat Finding.**
4. Improve Controls over TANF Federal Performance Reporting. **This is a Repeat Finding.**
5. Ensure Subrecipient Reviews Adhere to Monitoring Plan. **This is a Repeat Finding.**
6. Continue to Improve Controls over Subrecipient Monitoring. **This is a Repeat Finding.**
7. Ensure Family Services Subrecipient Reviews Adhere to Monitoring Plan
8. Continue Improving IT Risk Management Program. **This is a Repeat Finding.**
9. Continue Improving Database Security. **This is a Partial Repeat Finding.**
10. Develop Records Retention Requirements and Processes for Case Management System. **This is a Repeat Finding.**
11. Develop a Process to Maintain Oversight for Third-Party Providers
12. Improve Web Application Security
13. Improve IT Change and Configuration Management Process
14. Improve Access Controls to Critical Systems. **This is a Repeat Finding.**
15. Ensure Compliance with Conflict of Interests Act. **This is a Repeat Finding.**
16. Continue to Improve Internal Controls over Employment Eligibility Verification Process. **This is a Repeat Finding.**
17. Continue to Improve Reconciliation Process of the Commonwealth's Retirement Benefits System. **This is a Repeat Finding.**
18. Improve Internal Controls over Commonwealth's Human Resource System

## **Public Safety and Homeland Security**

### *Department of Corrections*

1. Improve Documentation and Timeliness of Retirement Benefits System Reconciliations. **This is a Partial Repeat Finding.**
2. Perform Annual Access Review of Information Systems. **This is a Repeat Finding.**
3. Document Payroll Certification Policies and Procedures
4. Improve Documentation over Payroll Reconciliations
5. Properly Complete the Employee Eligibility Form

### *Department of Fire Programs*

1. Comply with Department of Accounts Standards for ARMICS Testing
2. Formalize Financial Policies and Procedures
3. Formalize Policies and Procedures for Monthly Reconciliations
4. Comply with Contract Administration Requirements
5. Ensure Proper Administration of the Commonwealth's Purchasing System
6. Formalize Policies and Procedures for the Commonwealth's Purchasing System
7. Perform Proper Administration of Contracts
8. Retain Documentation of SPCC Transaction Limit Increases
9. Ensure Timely Preparation of Small Purchase Charge Card Reconciliation
10. Properly Maintain Wage Employee Records

11. Comply with Procedures for Reconciling Retirement Benefits System Information
12. Comply with Requirements for Executive Leave
13. Improve Controls over Employee Termination Process
14. Document Procedures for Completion and Monitoring of Employment Eligibility Forms
15. Improve Monitoring of Access to the Commonwealth's Attendance and Leave System
16. Improve Access Approval Process for the Commonwealth's Attendance and Leave System
17. Formalize Policies and Procedures for the Payroll Certification Process
18. Monitor Wage Employee Hours
19. Improve IT Governance
20. Develop and Implement Information Security Policies and Procedures
21. Improve Database Security
22. Improve IT Risk Management and Contingency Planning Processes
23. Improve Oversight over Service Providers
24. Improve Security Awareness Training
25. Improve Logging and Monitoring
26. Ensure Proper Tracking of Laws and Regulations
27. Formalize Process to Ensure Compliance with Statement of Economic Interest Filing
28. Comply with Conflict of Interest Training Requirements
29. Improve Internal Controls over Fuel Reconciliation
30. Formalize Policies and Procedures for Tracking Aid to Localities

#### ***Department of State Police***

1. Document Internal Policies and Procedures
2. Evaluate and Document Revenue Processes
3. Evaluate Fees and Revenues to Ensure Proper Account Coding
4. Implement Segregation of Duties over Deposit Processes
5. Process and Record Deposits Timely
6. Create and Implement Internal Controls over Reconciliations
7. Establish and Maintain a Term Contract Listing
8. Designate Contract Administrator and their Responsibilities in Writing
9. Document Contractor Payment Tracking and Performance Evaluations
10. Improve Internal Controls over Grant Expenditures
11. Improve Monthly Certification over Grant Expenditures
12. Ensure Compliance with Prompt Pay
13. Create Policies and Procedures for Statement of Economic Interest Filing and Training Requirements

### **Transportation**

#### ***Department of Transportation***

1. Improve Financial Reporting of Infrastructure Assets
2. Improve Financial Reporting Classification within Net Position
3. Ensure Performance Evaluations are Completed for Professional Service Contracts
4. Improve Controls for Ensuring Quality Improvement Recommendations are Implemented
5. Improve Database Security

*Department of Motor Vehicles*

1. Implement Separation of Duties over Accounts Receivable Resulting from Dealership Transactions
2. Practice Oversight of Service Providers Throughout the Lifecycle of a Project
3. Improve Internal Controls for Reviewing Exceptions in the Commonwealth's Retirement System
4. Implement Internal Controls to Terminate Benefits for Employees Convicted of a Felony
5. Continue Improving Controls for Processing Access Terminations and Changes. **This is a Repeat Finding.**



### ***Risk Alerts – Quarter Ended March 31, 2020***

The APA issued the following Risk Alerts:

Department of Behavioral Health and Developmental Services: Continue to Comply with the Department of Justice Settlement Agreement

Department of Education and Direct Aid to Public Education: Improve Vulnerability Remediation Efforts

Department of Taxation: Mitigate Server Vulnerabilities

The APA issued the following Comment to Management to the Department of Behavioral Health and Developmental Services:

Dedicate the Necessary Resources to Exercise Adequate Oversight

### ***Special Reports – Quarter Ended March 31, 2020***

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

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

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

Commonwealth of Virginia Single Audit Report for the year ended June 30, 2019

Report on Collections of Commonwealth Revenues by local Constitutional Officers for the year ended June 30, 2019

### ***Other Audit Reports – Quarter Ended March 31, 2020***

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

Department of Environmental Quality – Clean Water State Revolving Fund Cluster Federal Program for the year ended June 30, 2019

George Mason University Intercollegiate Athletics Programs for the year ended June 30, 2019

Internal Control Report on Local Government Investment Pool Program, Virginia College Building Authority, Virginia Public Building Authority, and Virginia Public School Authority for the year ended June 30, 2019

James Madison University Intercollegiate Athletics Programs for the year ended June 30, 2019

Norfolk State University Intercollegiate Athletics Programs for the year ended June 30, 2019

Office of Children's Services Audit of Subrecipient Monitoring – Social Services Block Grant for the year ended June 30, 2019

Old Dominion University Intercollegiate Athletics Programs for the year ended June 30, 2019

Radford University Intercollegiate Athletics Programs for the year ended June 30, 2019

Review of Rappahannock River Basin Commission Financial Information, and the George Washington Regional Commission's audit report relating to fiscal year ended June 30, 2019

The College of William and Mary in Virginia Intercollegiate Athletics Programs for the year ended June 30, 2019

University of Virginia Intercollegiate Athletics Programs for the year ended June 30, 2019

Virginia Biotechnology Research Partnership Authority for the year ended June 30, 2019

Virginia Commonwealth University Intercollegiate Athletics Programs for the year ended June 30, 2019

Virginia Department of Agriculture and Consumer Services Audit of Donated Food – Child Nutrition Cluster for the year ended June 30, 2019

Virginia Military Institute Intercollegiate Athletics Programs for the year ended June 30, 2019

Virginia Polytechnic Institute and State University Intercollegiate Athletics Programs for the year ended June 30, 2019

***Internal Control Questionnaire Reviews - Quarter Ended March 31, 2020***

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

Department of General Services Internal Control Questionnaire Review Results as of  
June 2019





## Auditor of Public Accounts Reports - Executive Branch Agencies

### *Summary of Prior Audit Findings*

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

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

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
<b>Administration</b>				
Department of Human Resource Management	0	3	0	0
<b>Commerce and Trade</b>				
Virginia Employment Commission	1	0	0	0
<b>Education</b>				
Department of Education	0	3	0	0
Christopher Newport University	0	0	0	1
Norfolk State University	0	2	0	1
Radford University	0	1	0	0
Richard Bland College	1	0	0	0
Southern Virginia Higher Education Center	0	1	0	0
University of Mary Washington	0	1	0	0
University of Virginia – Academic	3	1	2	0
University of Virginia Medical Center	0	1	0	0
Virginia Community College System – Central Office	2	0	0	0
Germanna Community College	1	0	0	0
New River Community College	1	0	0	0
Northern Virginia Community College	0	0	0	1
Tidewater Community College	1	0	0	0
Virginia Military Institute	0	0	0	1
Virginia Museum of Fine Arts	0	0	0	2
Virginia School for the Deaf and the Blind	0	1	0	0
Virginia State University	2	0	1	0
<b>Finance</b>				
Department of the Taxation	0	1	0	0
<b>Health and Human Resources</b>				
Department of Aging and Rehabilitative Services	1	1	0	1
Department of Behavioral Health and Developmental Services	0	4	0	0

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Department of Health	0	3	0	0
Department of Medical Assistance Services	1	1	0	0
Department of Social Services	4	0	0	5
Department of the Blind and Vision Impaired	6	2	0	0
Department for the Deaf and Hard-of-Hearing	1	0	0	0
Virginia Board for People with Disabilities	1	0	0	0
<b>Independent Agencies</b>				
State Corporation Commission	1	0	0	0
Virginia Lottery	0	0	1	0
<b>Public Safety and Homeland Security</b>				
Department of State Police	0	18	0	1
Virginia Alcoholic Beverage Control Authority	2	1	0	0
<b>Transportation</b>				
Department of Motor Vehicles	0	1	0	0
<b>TOTALS</b>	29	46	4	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: 2018**

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

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

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

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

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

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

**Audit Year: 2017**

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

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

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

### Commerce and Trade

#### **Virginia Employment Commission (VEC)**

**Audit Year: 2016**

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

**Status:** VEC is working on a Separation of Duties (SoD) matrix for each mission essential system. VEC IT group is working on program that will provided Roles for an application/system. The estimated completion date is revised to December 31, 2020.

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

## Education

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

**Audit Year: 2018**

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

**Status:** The agency has consulted with VITA's Service Provider Atos to determine if the Security Information and Event Manager (SIEM) is capable of monitoring root/administrator actions within the database environment. Testing by Atos is on-going.

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

**Audit Year: 2015**

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

**Status:** The agency has consulted with VITA's Service Provider Atos to determine if the Security Information and Event Manager (SIEM) is capable of monitoring root/administrator actions within the database environment. Testing by Atos is on-going.

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

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

**Status:** The agency has consulted with VITA's Service Provider Atos to determine if the Security Information and Event Manager (SIEM) is capable of monitoring root/administrator actions within the database environment. Testing by Atos is on-going.

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

### Christopher Newport University (CNU)

**Audit Year: 2018**

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

**Status:** Banner Self-Service was migrated in the Production environment: mitigates the risk of the depreciated protocols, mitigates the risk of the insecure cipher suites. Oracle Instances were patched. System Software and Patching Standard has been approved by the Executive Steering Committee. Hardening guidelines for Servers and system applications have been developed in accordance with industry standards.

**Status Summary:** Completed (Delayed)

### Norfolk State University (NSU)

**Audit Year: 2018**

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

**Status:** Human Resources has been actively working to improve the system. Human Resources has created files for each employee hired FY 2019. NSU performed an audit and currently NSU has completed I-9 forms for every full-time employee that was hired in FY 2019. NSU has audited the wage employee I-9's, and completed this audit January 10, 2020.

**Status Summary:** Completed (Delayed)

**Audit Year: 2017**

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

**Status:** Office of Information Technology (OIT) is working with Virginia Information Technologies Agency (VITA) ISO Services, to ensure that security policy developments align with ITRM SEC501-11.1 (IT Security Standard). Information Security policy reviews and updates are still in progress. In accordance with Commonwealth of Virginia (COV) security standards, OIT has completed a university wide Business Impact Analysis (BIA) and submitted an IT Risk Assessment Plan for all sensitive systems in inventory. As previously noted, first phases of the risk assessment and risk management are still underway and the IT Continuity of Operations Plan (COOP) will be driven by

the results of the completed assessment. Estimated completion date for risk assessments is 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:** OIT has initiated a campus wide internal discussion on IT governance and centralized management of all IT assets in support of IT asset refresh planning. Expected results are centralized defined process and procedures; enforced baselines; and enhanced IT asset visibility. The following IT projects are under development in support of upgrades and decommissioning end-of-life technology: IT Asset Audit / Win 7 eradication, Server Infrastructure Refresh Plan, and Wireless Heat Map Assessment / infrastructure Upgrade. The plan is still in progress with a December 31, 2020 estimated completion.

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

#### **Radford University (RU)**

**Audit Year: 2018**

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

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

**Status Summary:** In Progress (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, we are also looking at the BANNER system set-up and functionality to ensure effective, efficient and accurate use of our ERP system. We have 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:** In Progress (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 continuing. Renovations are scheduled to be completed by April 30, 2020. Some assets had to be moved to temporary locations. SVHEC is continuing to update 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:** The University is in the process of drafting and coordinating the updates to the policies, standards, and guidelines regarding general security awareness training.

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

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

**Status:** As noted, the University has proactively engaged an external consultant for a post-implementation review of segregation of duties associated with our HCM implementation. UVA Finance, ITS, HR, and Internal Audit have begun to evaluate and address the recommendations received in the report and will continue to do so through FY2020. UVA Finance will take the lead in addressing segregation of duties conflicts and creating an ongoing process in accordance with FIN-021 and ISO 27002, for evaluating, granting, and monitoring future access to the system, as well as resolving conflicts.

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

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

**Status:** The University implemented a new Human Resources and Payroll System during the fiscal year and the integration with the Commonwealth's Retirement Benefits System was one of the most complex integration in its tenant. Accordingly, a significant amount of resources and testing was required to ensure a clean, production quality dataset prior to reconciliation. The University has hired a full-time dedicated resource to handle reconciliations and work is underway to catch up past due reconciliations.

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

**Finding 19-04:** Improve Process for Terminating Access to the Commonwealth's Retirement Benefits System

**Status:** The University is developing an internal protocol with managers of the respective teams across Human Resources and Payroll to ensure the security administrator is notified in writing of a termination of anyone with current access to the system. Furthermore, the University will check the access list regularly and compare against active termination records to ensure that access is terminated timely.

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

**Finding 19-05:** Develop Policies and Procedures to Ensure Compliance with Conflict of Interest Act Requirements

**Status:** The University of Virginia will make the following corrective actions: by January 10, 2020, notify employees to complete SOEI training, by January 10, 2020, notify employees to file their SOEI, by March 31, 2020, implement a process that would require SOEI training for SOEI identified positions, and implement a process for continuous monitoring of completion, by March 31, 2020, implement a process through which new employees will file the SOEI and complete training as they are hired.

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

**Finding 19-06:** Improve Timesheet Approval Process

**Status:** The University will review the timesheet approval process and take the necessary steps to create adequate timesheet controls.

**Status Summary:** In Progress (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:** The Medical Center continues to implement the processes in order to demonstrate appropriate segregation of duties within the Patient Billing system, therefore strengthening internal controls within the Medical Center, while minimizing risk.

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

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

**Audit Year:** 2018

**Finding 18-03:** 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:** Risks assessments are complete for the majority of sensitive systems with the remaining risk assessments on target for completion on or before June 30, 2020.

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

**Germanna Community College (GCC)**

**Audit Year:** 2018

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

**Status:** On target for completion on or before June 30, 2020.

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

**New River Community College (NRCC)**

**Audit Year:** 2018

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

**Status:** On target for completion on or before June 30, 2020.

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

**Northern Virginia Community College (NVCC)**

**Audit Year:** 2018

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

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

**Status Summary:** Completed (Delayed)

**Tidewater Community College (TCC)**

**Audit Year:** 2018

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

**Status:** On target for completion on or before June 30, 2020.

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

**Virginia Military Institute (VMI)**

**Audit Year: 2018**

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

**Status:** Continued comfort attained with respect to surplus asset tracking via successfully implemented electronic Disposition of Equipment form and comprehensive, detailed physical (re)inventory Post-wide.

**Status Summary:** Completed (Delayed)

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

**Audit Year 2018**

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

**Status:** The Accounting and Procurement management teams completed entry of the unrecorded assets into FAACS.

**Status Summary:** Completed (Delayed)

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

**Status:** The Capital Outlay, Fiscal Services and Procurement teams have completed a revised policy and procedure for Construction-In-Progress.

**Status Summary:** Completed (Delayed)

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

**Audit Year: 2017**

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

**Status:** Work on the Disaster Recovery/COOP plan is complete. VSDB is still working on the IT Security Training. Due to COVID-19, due dates have been pushed out further.

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

**Virginia State University (VSU)**

**Audit Year: 2018**

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

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

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

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

**Status:** Both the Payroll office and HR office have implemented procedures to ensure timely reconciliations as well as proper documentation of these reconciliations.

**Status Summary:** Completed (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. No additional information is available at this time.

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



## Finance

### Department of Taxation (TAX)

Audit Year: 2018

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

**Status:** Tax is working to update the Contingency Plan (CP) and Disaster Recovery Plan (DRP) to reflect Business Impact Analysis (BIA) business requirements. Due to delayed responses from VITA regarding the Disaster Recovery contract offerings to include definition of Recovery Time Objectives (RTO), the project completion date will be impacted.

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

## Health and Human Resources

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

Audit Year: 2018

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

**Status:** The management teams 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 anticipate delays in completing the MOU.

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

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

**Status:** The DBVI and DARS fiscal management team have discussed the overall strategy but has not developed teams to complete this procedure. DARS and DBVI anticipate delays due to COVID19

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

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

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

**Status Summary:** Completed (Delayed)

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

Audit Year: 2018

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

**Status:** DBHDS Security as the owner of the COOP plan will start the review of the existing COOP/DR plans now that a new ISO has started on February 25, 2020. A project approach for review and updating the COOP (including BIA'S and risk assessment) plans will be established and worked to completion.

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

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

**Status:** DBHDS has captured service base configurations up to this point but DBHDS will need to work with SAIC to ensure they are being kept up-to-date. DBHDS will reach out to APA to discuss approach to resolve the finding.

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

**Finding 18-05: Improve Application Security**

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

**Status:** Will review VRS user roles and requirements for access. Will train on requirement to disable access within 24 hours of separation. DBHDS met with the APA to discuss these findings. DBHDS will provide a training presentation at the HR Forum in April.

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

**Department of Health (VDH)**

**Audit Year: 2018**

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

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

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

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

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

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

**Finding 18-10: Improve Web Application Security**

**Status:** VDH is currently working to procure a sole source contract to cloud host an application and enhance and maintain the application. The new contract is expected to be signed by March 31, 2020. The vendor has worked with VITA and obtained ECOS approval. VDH and the vendor sanitized the header information for the web application September 23, 2019. OIM developed a change management procedure and process to include system impact analysis and supporting documentation on all Health's IT systems. DOI is coordinating with OIM to incorporate in the application. The baseline configuration was reviewed and updated on September 10, 2019 and will be reviewed on an annual basis or as changes to architecture occur. VDH is now receiving backup emails from VITA.

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

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

**Audit Year: 2018**

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

**Status:** There has been high turnover in the AR manager role for several years. A full-time AR manager is slated to begin on April 25, 2020, with over 14 years of experience working in AR from staff accountant to the management level. The AR unit is fully staffed for the first time in years. Cross-training of staff has started, ensuring stability and flexibility across the team going forward.

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

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

**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:** Over the past quarter, there have been changes in the implementation of the new claims processing system and the old claims processing system will be in production indefinitely. OCS proposed a change request that would integrate MMIS into the Single Sign On system. This would give OCS the tools to analyze and implement role restrictions or at least identify high risk. Once the Change Request is approved, it will take at least 60 days to implement. IM will engage in a project to review and rework the clusters based on business needs the direct the vendor to implement.

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

**Department of Social Services (DSS)****Audit Year: 2018**

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

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

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

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

**Status:**

The Virginia Department of Social Services, Department of Information Systems and Department of Information Security and Risk Management are dedicating resources to implementing audit logging and monitoring over the databases. VDSS procured physical servers as well as a contract for 250GBs of real-time audit log capacity to implement audit logging and monitoring. A contractor has been hired to work with VDSS personnel to connect ORACLE and other server and application logs. The contractor will also help develop procedures, reports, and queries to monitor specific security events, use cases, and audit requirements. System audit logs are scheduled to be sent starting December 2019. VACMS Oracle Audit logs are currently being sent and loaded; Alan Rogers, VDSS 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 18-10:** Develop Records Retention Requirements and Processes for Case Management System Electronic Records

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

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

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

**Status:** Social Services does not have documentation supporting the IT System and Data Sensitivity Classifications for one system (2.5%) out of a total of 40 sensitive systems. The Security Standard, section 4, requires Social Services classify the IT system as sensitive if any type of data handled by the system is sensitive based on confidentiality, integrity, or availability.

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

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

**Status:** Corrective Action has been completed

**Status Summary:** Completed (Delayed)

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

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

**Status Summary:** Completed (Delayed)

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

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

**Status Summary:** Completed (Delayed)

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

**Status:** Corrective Action has been completed

**Status Summary:** Completed (Delayed)

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

**Status:** Corrective Action has been completed

**Status Summary:** Completed (Delayed)

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

**Audit Year: 2018**

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

**Status:** The management teams 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 anticipate delays in completing the MOU.

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

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

**Status:** The DBVI and DARS fiscal management team have discussed the overall strategy but has not developed teams to complete this procedure. DARS and DBVI anticipate delays due to COVID19

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

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

**Status:** The users have been setup with proper roles in the system and assigned to employees. DARS and DBVI are 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. No additional information to report at this time.

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

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

**Status:** The management teams are engaged with VITA supply chain and working in tandem with the DOC/VEC on finding a software solution. The DARS and DBVI teams have completed system requirements for 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 and working in tandem with the DOC/VEC on finding a software solution. The DARS and DBVI teams have completed system requirements for RFP development.

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

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

**Status:** The management teams are evaluating impacts of moving to the state contract for credit card services. No additional information to report at this time.

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

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

**Status:** The policies and procedures for Information Security program will be incorporated in the development of new MOU to include DBVI as a component of DARS Security program responsibilities. No additional information to report at this time.

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

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

**Audit Year: 2018**

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

**Status:** The management teams 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 anticipate delays in completing the MOU.

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

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

**Audit Year: 2018**

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

**Status:** The management teams 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 anticipate delays in completing the MOU.

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

**Independent Agencies**

**State Corporation Commission (SCC)**

**Audit Year: 2018**

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

**Status:** The 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 (On Schedule)

**Virginia Lottery (VAL)**

**Audit Year: 2019**

**Finding 19-01: Improve Server Operating System Security. This is a Repeat Finding.**

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

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

## Public Safety and Homeland Security

### Department of State Police (VSP)

Audit Year: 2017

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

**Status:** Programming changes on systems/software have been received and in function testing/bug fix stage. First round of change request for the new software submitted to vendor (adding fields, dropping some fields). Reporting requirements are being finalized by BFO. First round of limited production roll out for validation is scheduled for June. The COVID-19 situation is impacting the schedule. Human Resources Mapper system: HR's MAPPER decency for operations has been mitigated. Only lessor 2 features remain in MAPPER. VSP lost one month of project time due to rework of the requirements for the Career Progression module, this resulted in additional development and regression testing. On schedule to complete end of 5/2020.

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

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

**Status:** VITA Centralized Audit Services is responsible for preparing the updated audit plan. VITA Centralized Audit Services is investigating contracting to perform the services.

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

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

**Status:** Significant delays encountered by VITA in providing contract auditors to perform security audits. VSP will continue to coordinate with VITA. VITA Centralized Audit Services is planning to contract with DGS to have all the audits performed. VSP has not been made aware of the status of the contract.

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

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

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

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

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

**Status:** Risk assessments 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:** With unexpected changes in key management positions, Property & Finance will renew its efforts to follow up on the non-responsive vendors.

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

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

**Status:** Detailed desk procedures are ready for internal testing to ensure accuracy. Files (spreadsheets) are password protected and formulas are locked so that custodian has sole responsibility to make changes on the spreadsheet, others have "read only" access.

**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:** Detailed desk procedure is ready for testing. Physical inventory is almost complete. Agency policies regarding Fixed Assets is being developed and will be implemented once agency's Fixed Assets physical inventory is 100% complete.

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

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

**Status:** Potential Fixed Assets report is downloaded after month-end close and analyzed to capture any items that need to be capitalized and added to Construction in Progress. Submitted further data to DOA to support exception to CAPP

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

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

**Status:** Physical inventory of agency's Fixed Assets is 99% complete to date.

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

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

**Status:** Ongoing evaluation is in place to determine useful life of Fixed Assets as physical inventory is being completed. Policies and procedures will be updated after determination is made.

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

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

**Status:** Going forward Fixed Assets' reasonable useful life will be implemented rather than nomenclature codes. Policies and procedures will be updated after determination is made.

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

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

**Status:** On March 18, 2020 our fixed assets consultant had a phone conference with the Department of Accounts' contact points to discuss the valuation of our agency's Fixed Assets. With DOA's approval, Fixed Assets will be adjusted with realistic values and entered those adjustment in FAACS.

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

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

**Status:** VSP's SPCC policy and manual #5 was updated and published on the shared drive on October 1, 2019.

**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:** Agency implemented in January 2020 a process that delinquent accounts are entered in the internal system periodically, at least twice a week but will eventually do the process on a weekly basis. Also, the General Accounting Manager is working with the Office of the Attorney General to write-off accounts that are over 5 years past due and catch up with submission of past due accounts over 60 days for collection efforts.

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

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

**Status:** Accounts Receivable staff have been assigned to increase collection efforts of delinquent accounts. Dunning letters, entering past due accounts in the internal system, submission of past due accounts amounting \$3,000 and over to the OAG, and internal collection efforts are in place. Accounting Manager will ensure procedures are updated.

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

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

**Status:** The General Accounting Manager continues to work to ensure that collection efforts for the Supreme Court of VA will be done timely to avoid the lapse of 2 fiscal years that outstanding past due accounts are no longer collectible. Monthly AR spreadsheet is maintained to better track the flow of AR activities, as well as monthly deposit transactions reconciliation is implemented. Procedures will be updated appropriately.

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

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

**Status:** Agency is working on a contract with vendor to implement a Work Zone workflow for submission, approvals, and invoicing for this initiative.

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

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

**Status:** Still in process.

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

**Virginia Alcoholic Beverage Control Authority (ABC)**

**Audit Year: 2019**

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

**Status:** As of March 31, 2020, ABC info sec policies have been approved by the board, and ABC is in the process of implementing them. ABC continue to use a system for our budget and financial systems, but it has not been implemented globally at this point. ABC intends to overhaul account management processes by developing procedures to implement new policies, specifically focusing on privileged access.

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

**Finding 19-02:** Improve Database Security

**Status:** As of March 31, 2020, work is underway to implement the recommended changes and ABC has met with the APA ISS auditor to gain clarity on next steps to ensure future compliance.

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

**Finding 19-03:** Improve Security Awareness Training Program

**Status:** As of March 31, 2002, Internal Audit and Information Security (InfoSec), along with HR, have been developing a new curriculum for security awareness training for various ABC stakeholders and will be implementing the new training later this year.

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



## Transportation

### Department of Motor Vehicles (DMV)

**Audit Year: 2018**

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

**Status:** Made significant improvements on the technical controls but those are still not where they need to be and are being addressed through our 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.

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



## **Compliance Monitoring**

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

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

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

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

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

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

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

As of March 31, 2020, the following agencies were not in compliance with the ARMICS process based on their 2019 ARMICS submission:

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

<b>Agency Name</b>	<b>Reason for Non-Compliance</b>	<b>Initial Corrective Action Plan Received</b>	<b>Status of Corrective Action</b>
Department of Forensic Science	Exhibit 4 Filed	Yes	Agency states internal control assessments will be completed by September 30, 2020.
Frontier Culture Museum of Virginia	Exhibit 4 Filed	Yes	Agency states internal control assessments will be completed by June 30, 2020.

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

<b>Agency Name</b>	<b>Reason for Non-Compliance</b>	<b>Quarterly Corrective Action Plan Received</b>	<b>Status of Corrective Action</b>
Department of Health Professions	Substantial non-compliance with ARMICS process based on a QAR	Yes	Agency states that internal control assessments will be complete by 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.



## E-Commerce

### *Travel Check Charges*

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

EDI program and thus avoid the fees altogether. The following table lists agencies that have incurred travel check charges during the third 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 March 31, 2020	Fiscal Year 2020 To-date Charges
<b>Education</b>		
Department of Education, Central Office Operations	\$20.00	\$20.00
Virginia Military Institute	\$75.00	\$120.00
Virginia State University	\$25.00	\$60.00
Virginia Museum of Fine Arts	\$0.00	\$30.00
<b>Health and Human Resources</b>		
Department of Health	\$25.00	\$75.00
<b>Judicial</b>		
Magistrate System	\$20.00	\$45.00
Circuit Courts	\$130.00	\$505.00
General District Courts	\$230.00	\$610.00
Juvenile and Domestic Relations District Courts	\$20.00	\$100.00
Indigent Defense Commission	\$5.00	\$10.00
<b>Natural Resources</b>		
Department of Conservation and Recreation	\$35.00	\$150.00
<b>Public Safety and Homeland Security</b>		
Department of Emergency Management	\$35.00	\$35.00
Department of Criminal Justice Services	\$25.00	\$25.00
Fluvanna Correctional Center for Women	\$20.00	\$20.00
Department of Corrections - Division of Institutions	\$0.00	\$5.00
Virginia Alcoholic Beverage Control Authority	\$15.00	\$40.00
<b>Transportation</b>		
Department of Motor Vehicles	\$50.00	\$115.00
<b>Veterans and Defense Affairs</b>		
Department of Military Affairs	\$5.00	\$10.00

## Payroll Controls

### *CIPPS/PMIS Payroll Audit*

During the quarter, DOA's automated comparison of payroll (CIPPS) and personnel (PMIS) records examined 400,070 salaried pay transactions and 131,735 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 2,890 new exceptions noted statewide during the quarter, with an overall exception rate of 0.07%.

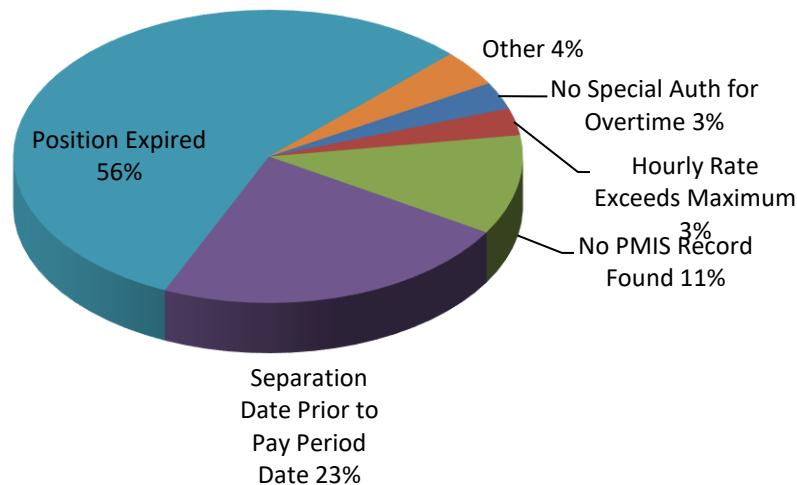
The statewide salaried payroll exception rate was 0.07% and the wage payroll exception rate was 0.05%. During this quarter, 2 employee

paychecks were reduced to recover \$960.28 in overpayments.

While the largest cause of exceptions are due to processing payroll for employees whose position had expired, the second largest cause of exceptions was because the separation date was prior to the pay period begin date. 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.

### **Payroll Audit Exception Report**

Quarter Ended March 31, 2020



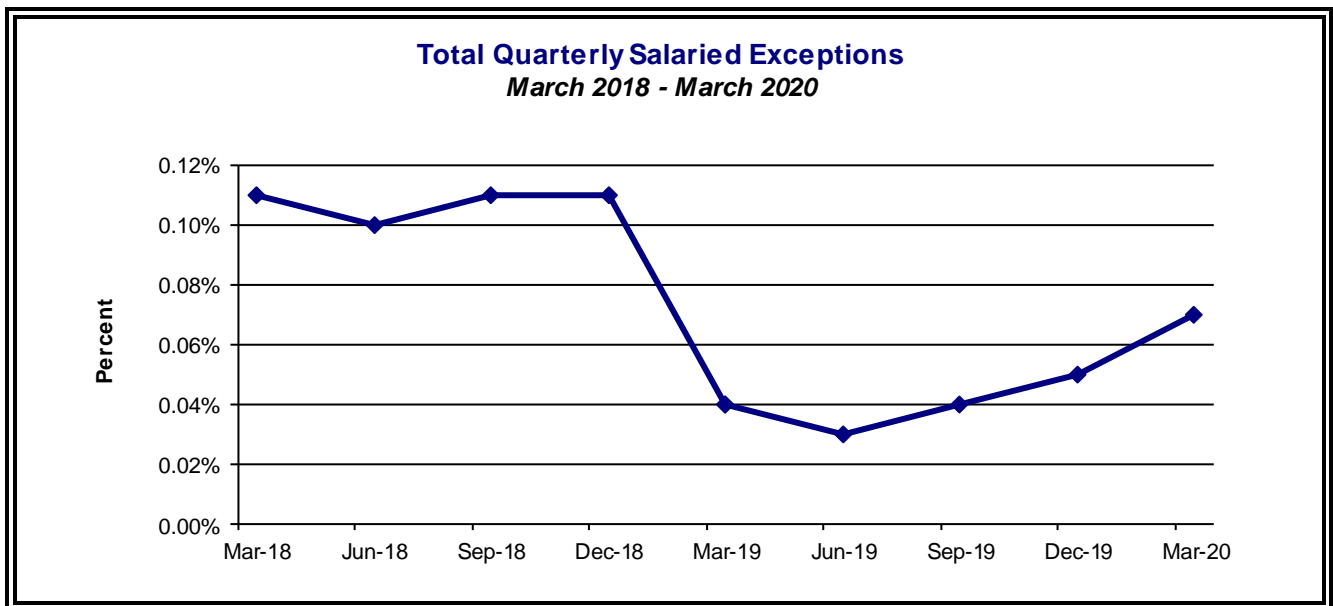
Exception percentages are calculated by dividing the number of exceptions by the number of salaried or wage employees. Agencies are reported below if the percentage of payroll exceptions to salaried or wage

payments exceeds three times the statewide average for the quarter. None of the agencies exceeded the allowed threshold for wage or salaried payments during the quarter ended March 31, 2020.

**Payroll Exception Audit**  
**Agency Payroll Exceptions as a Percent of Salaried Payments**  
*Quarter Ended March 31, 2020*

<b>Agency</b>	<b># of Salaried Exceptions</b>	<b>Exceptions as a % of Salaried Payments</b>
Catawba Hospital	43	2.73%
Central State Hospital	44	0.73%
Commonwealth Center for Children and Adolescents	8	0.87%
Virginia Center for Behavioral Rehabilitation	9	0.27%
Virginia Community College System Agencies	179	0.48%
<b>Salaried Payroll Exceptions for the Quarter</b>		<b>0.07%</b>

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

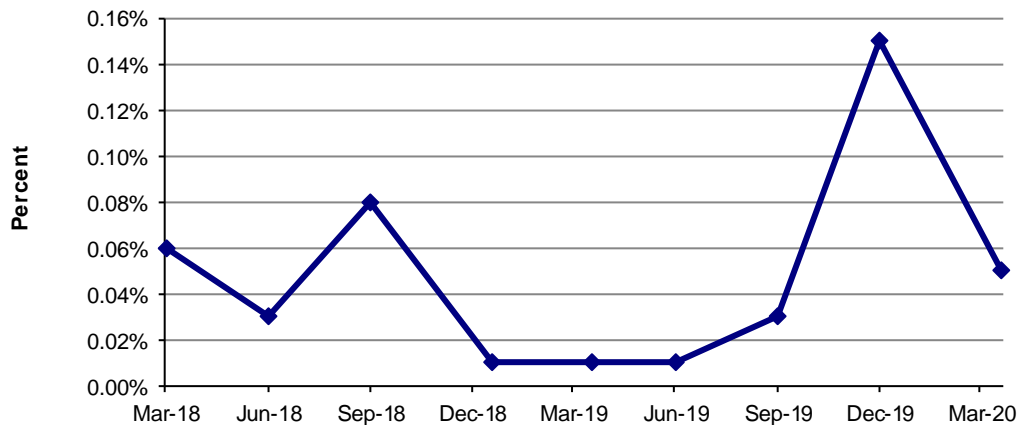
*Quarter Ended March 31, 2020*

<u>Agency</u>	<u># of Wage Exceptions</u>	<u>Exceptions as a % of Wage Payments</u>
Catawba Hospital	1	0.52%
Central State Hospital	4	0.57%
Norfolk State University	6	0.17%
Piedmont Geriatric Hospital	1	0.40%
Sitter and Barfoot Veterans Care Center	1	0.24%
Virginia Veterans Care Center	6	1.50%
Western State Hospital	1	0.17%

<b>Wage Payroll Exceptions for the Quarter</b>	<b>0.05%</b>
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### Total Quarterly Wage Exceptions

*March 2018 - March 2020*



### ***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.

<b><u>Agency</u></b>	<b><u>Unresolved Exceptions</u></b>
Children's Services Act	1
Germanna Community College	18
Mountain Empire Community College	1
Norfolk State University	1
Southwest Virginia Community College	19
Southwestern Virginia Mental Health Institute	1
Thomas Nelson Community College	9
Virginia Center for Behavioral Rehabilitation	4
Virginia Veterans Care Center	1
Department of Transportation - Central Office	1





## *Payroll Certification*

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

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

and are not consistent with sound internal control over payroll.

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

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

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

### Payroll Certification Compliance

Agency	Variance Amount (a)	Performed by DOA (b)	Submitted Late (c)	Corrected by DOA (d)
<b>Education</b>				
Eastern Shore Community College		1		
Germanna Community College		1		
Patrick Henry Community College			2	
Thomas Nelson Community College	\$ 215,656	2		
Virginia State University	1,916,966			
<b>Health and Human Resources</b>				
Central State Hospital				2
Department of Health	127,115			
Southw estern Virginia Mental Health Institute		1		
<b>Legislative</b>				
Senate of Virginia	100,000			
<b>Public Safety and Homeland Defense</b>				
Department of State Police	101,978			
<b>Transportaion</b>				
VDOT - Hampton Roads District	25,732			
<b>Veterans and Defense Affairs</b>				
Virginia Veterans Care Center	29,702			

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.

