

REPORT ON STATEWIDE COMPLIANCE

**FOR THE QUARTER ENDED
JUNE 30, 2021**



OFFICE OF THE COMPTROLLER

DEPARTMENT OF ACCOUNTS

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TABLE OF CONTENTS

REPORT ON STATEWIDE COMPLIANCE

Quarter Ended June 30, 2021

	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 Questionnaires.....	6
Summary of Prior Audit Findings	7
Status of Prior Audit Findings	9
Compliance Monitoring	36
ARMICS Compliance.....	36
Prompt Pay Compliance	39
Certification of Agency Reconciliation to Cardinal Reports.....	42
Response to Inquiries.....	43
E-Commerce	44
<i>Travel Check Charges</i>	44
<i>Small Purchase Charge Card (SPCC) Payment Compliance</i>	45
<i>Travel Charge Card</i>	47
Payroll Controls	49
<i>CIPPS/PMIS Payroll Audit</i>	49
<i>CIPPS/PMIS Exceptions</i>	52
<i>Payroll Certification</i>	53
<i>Health Care Reconciliations</i>	55
Accounts Receivable.....	56
Comptroller's Debt Setoff.....	61

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, 2021, and comparative FY 2020 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, 2021

The APA issued 3 reports covering 3 State Agencies for the Executive Branch and no reports for the Independent Agencies. The last column indicates whether the CAW has been received as of the date of this publication for each agency with audit findings. Note that in some cases, the CAW may not have been received because it is not yet due.

	New Findings	Repeat Findings	Total Findings	CAW Received
Administration				
None				
Agriculture and Forestry				
None				
Commerce and Trade				
None				
Education				
Christopher Newport University	0	1	1	YES
George Mason University	3	1	4	YES
Radford University	1	0	1	YES

	New Findings	Repeat Findings	Total Findings	CAW Received
Executive Offices				
None				
Finance				
None				
Health and Human Resources				
None				
Independent Agencies				
None				
Natural Resources				
None				
Public Safety and Homeland Security				
None				
Technology				
None				
Transportation				
None				
Veterans and Defense Affairs				
None				



Audit Findings - Quarter Ended June 30, 2021

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

Education

Christopher Newport University

1. Continue to Improve Processes over System Access Removal for Terminated Employees.
This is a Partial Repeat Finding.

George Mason University

1. Report Accurate and Timely Enrollment Data to the National Student Loan Data System.
This is a Repeat Finding.
2. Implement Third-Party Service Provider Oversight Process
3. Implement Cybersecurity Requirements of the Gramm-Leach-Bliley Act
4. Improve Security Awareness Training

Radford University

1. Improve Operating System Security



Risk Alerts – Quarter Ended June 30, 2021

No APA Reports containing “Risk Alerts” were received.

Special Reports – Quarter Ended June 30, 2021

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

Final Comparative Report of Local Government Revenue and Expenditures for the fiscal year ended June 30, 2020

Other Audit Reports – Quarter Ended June 30, 2021

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

Commonwealth Health Research Board for the period July 1, 2018 through June 30, 2020

Department of Emergency Management – Coronavirus Relieve Fund for the year ended June 30, 2020

Longwood University Intercollegiate Athletics Programs for the year ended June 30, 2020

Longwood University Perkins Loan Program Liquidation as of April 1, 2021

Virginia Military Institute Intercollegiate Athletics Programs for the year ended June 30, 2020

Virginia Polytechnic Institute and State University Intercollegiate Athletics Programs for the year ended June 30, 2020

Internal Control Questionnaire Reviews - Quarter Ended June 30, 2021

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

Virginia Tourism Authority Internal Control Questionnaire Review Results as of May 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 General Services' Bureau of Real Estate Services	0	0	1	0
Virginia Information Technologies Agency	1	0	0	0
Commerce and Trade				
Virginia Employment Commission	2	2	2	0
Education				
Department of Education including Direct Aid to Public Education	0	1	0	0
Longwood University	6	0	0	0
Norfolk State University	1	2	2	0
Southern Virginia Higher Education Center	0	1	0	0
University of Mary Washington	0	0	0	1
University of Virginia	0	1	1	0
University of Virginia Medical	0	0	3	0
Virginia Commonwealth University	0	0	0	1
Virginia Community College System – Central Office	1	3	0	0
John Tyler Community College	0	1	0	1
Virginia Polytechnic Institute and State University	1	0	1	0
Virginia State University	4	1	3	0
Executive Offices				
Attorney General and Department of Law	2	0	0	0
Finance				
Department of Accounts	2	0	0	0
Department of Planning and Budget	1	0	2	0
Department of Taxation	1	4	1	0
Department of the Treasury	0	2	1	0

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Health and Human Resources				
Department of Aging and Rehabilitative Services	4	1	4	1
Department of Behavioral Health and Developmental Services	2	8	1	5
Department of Health	10	1	0	0
Department of Medical Assistance Services	5	4	1	1
Department of Social Services	5	8	3	1
Department for the Blind and Vision Impaired	4	1	1	3
Department for the Deaf and Hard-of-Hearing	0	0	0	1
Virginia Board for People with Disabilities	0	0	0	1
Independent Agencies				
State Corporation Commission	0	0	2	0
Natural Resources				
Department of Game and Inland Fisheries	0	0	0	2
Public Safety and Homeland Security				
Department of Corrections	0	1	0	0
Department of Criminal Justice Services	1	0	0	0
Department of Fire Programs	5	0	0	0
Department of State Police	0	10	0	1
Virginia Alcoholic Beverage Control Authority	0	1	1	2
Transportation				
Department of Motor Vehicles	0	2	0	0
Department of Transportation	2	1	0	0
Veterans and Defense Affairs				
Department of Military Affairs	2	0	0	0
TOTALS	57	55	29	21



Status of Prior Audit Findings

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

It is important to note that the status reported is self-reported by the agencies and will be subject to subsequent review and audit.

The first two digits of the finding number are the fiscal year audited in which the finding occurred. The next two digits represent the number of the finding that occurred in the year audited. Multiple finding numbers for one finding represent repeat findings.

Administration

Department of General Services' Bureau of Real Estate Services (DGS)

Audit Year: 2020

Finding 20-01: Improve Lease Policies and Procedures and Review of Lease Classifications

Status: Revise policies and procedures.

Status Summary: Completed (On Schedule)

Virginia Information Technologies Agency (VITA)

Audit Year: 2020

Finding 20-01: Ensure ITISP Suppliers Meet all Contractual Requirements

Status: VITA remains on track to complete the work to resolve this finding. VITA has completed working with the end user and server suppliers to clarify patching responsibilities. VITA is monitoring and managing patching performance and is working through technical issues and other ways to manage vulnerabilities where systems cannot be patched. VITA is working on the new logging tool implementation and anticipate completing that in Q3 of calendar year 2021. And platform security staff and leadership are working to confirm that the tools and processes are adequate to ensure compliance.

Status Summary: In Progress (On Schedule)

Commerce and Trade

Virginia Employment Commission (VEC)

Audit Year: 2020

Finding 20-01: Comply with Federal RESEA Requirements. **This is a Material Weakness.**

Status: The RESEA Program Manager has taken a multi-step approach to resume the operations of the RESEA Program.

- Return profiling model to production and update call-in letter.
- Run the profiling model in the evening batch against first pay file for BWE October 17, 2020 and continue weekly thereafter.
- Key notices beginning October 27, 2020 and continue weekly thereafter.
- Mail notices.
- Resume RESEA services November 9, 2020.
- Conduct staff refresher training.
- Ensure RESEA is fully functional with the staff-directed service option.

Full operation of the RESEA program resumed March 15, 2021. Corrective action for this finding is considered complete.

Status Summary: Completed (On Schedule)

Finding 20-02: Submit Required Reports Timely

Status: For the quarter ending March 31, 2021 all ETA reports submitted by the due date to DOL. This finding is considered complete.

Status Summary: Completed (On Schedule)

Finding 20-03: Improve Information Technology Governance

Status: VEC has begun the process of coordinating an IT Strategy Committee composed of senior management from relevant functional areas to plan for future needs. VEC's Commissioner and Chief Deputy Commissioner have been consulted. Members of the IT Strategy Committee will include: VEC's Commissioner, Chief Deputy Commissioner, UI Deputy Commissioner, Workforce Deputy Commissioner, Director of IT, Director of Finance, Director of HRMS and VEC's ISO. Additional subject matter experts will be added based on specific project needs.

Status Summary: In Progress (On Schedule)

Finding 20-04: Promptly Complete the Employment Eligibility Form

Status: The individuals completing the I-9's where the errors occurred have been identified. In the next quarter, managers in units where the errors occurred will be contacted to designate two individuals to complete I-9 training on the USCIS web site. Revised completion date is June 30, 2021.

Status Summary: In Progress (Delayed)

Finding 20-05: Comply with Statutory Deduction Requirements

Status: The Commission will allocate the necessary resources to adjust the Pandemic Unemployment Assistance (PUA) program to enable the required deductions. Efforts to enhance the PUA program to allow for the required deductions have been put on hold due to implementation of the American Recovery Plan and pending programming that is yet to be completed per USDOL requirements. Efforts to enhance the PUA program to allow for the required deductions will follow. The agency's inability to incorporate these deductions at the onset of the PUA program were communicated to the U.S. Department of Labor.

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 is focused on achieving the agency's mission of providing unemployment benefits. The revised estimated completion date is December 31, 2023.

Status Summary: In Progress (Delayed)

Education

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

Audit Year: 2019

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

Status: The Agency has access to the SIEM software but continues to wait for full configuration to occur. Additionally, our migration to cloud services for all sensitive systems requires this configuration to be repeated with new information as systems come online. The expectation is that logging will be available for each new system as is it brought online.

Status Summary: In Progress (Delayed)

Longwood University (LU)*

Audit Year: 2020

Finding 20-01: Continue to Improve Financial Reporting Processes. **This is a Material Weakness and a Repeat Finding.**

Status: No updated corrective action workplan received.

Status Summary: In Progress (On Schedule)

Finding 20-02: Continue to Strengthen Internal Controls over Capital Assets. **This is a Material Weakness and a Partial Repeat Finding.**

Status: No updated corrective action workplan received.

Status Summary: In Progress (On Schedule)

Finding 20-03: Continue to Improve Continuity of Operations Planning. **This is a Repeat Finding.**

Status: No updated corrective action workplan received.

Status Summary: In Progress (On Schedule)

Finding 20-04: Maintain Oversight of Third-Party Service Providers

Status: No updated corrective action workplan received.

Status Summary: In Progress (On Schedule)

Finding 20-05: Improve Database Security

Status: No updated corrective action workplan received.

Status Summary: In Progress (On Schedule)

Finding 20-06: Improve Reporting to the National Student Loan Data System. **This is a Repeat Finding.**

Status: No updated corrective action workplan received.

Status Summary: In Progress (On Schedule)

Norfolk State University (NSU)

Audit Year: 2020

Finding 20-01/17-01/16-01: Continue to Improve Information Security, Risk Management and Contingency Programs. **This is a Partial Repeat Finding.**

Status: As part of NSU's IT Security Program, a repeatable process has been created to identify, document, and assess new and existing applications. As noted by the Auditor, NSU has initiated a plan to carry out this process, which includes Risk Assessments (RAs) and System Security Plans (SSPs) for each identified sensitive system. The COVID-19 pandemic and a change in the on-campus attendance patterns of faculty and staff contributed to a slow-down in progress towards completion of risk assessments and system security plans, but NSU continues to make progress. Management acknowledges that there are internal control deficiencies and is working to address and accomplish the issues noted. Key deliverables, such as resource allocation, specific milestones, and timelines for deliverables are being put into place. NSU expects to have outstanding risk assessments and SSPs for sensitive systems complete by December 31, 2021. NSU is also actively working on updates to the Continuity of Operations and Disaster Recovery Plans.

Status Summary: In Progress (Delayed)

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

Finding 20-02/17-03/16-03/15-02: Continue to Upgrade or Decommission End-of-Life Technology. **This is a Partial Repeat Finding.**

Status: Norfolk State University has made significant progress in upgrading and decommissioning end-of-life technology campus-wide. The initial priority included NSU's sensitive systems, selected to mitigate risk and threats to these systems. These core systems have been upgraded and/or replaced. NSU will continue to upgrade and decommission end-of-life technology for the University's non-critical systems. The process is scheduled to be completed by July 2022.

Status Summary: In Progress (Delayed)

Finding 20-03: Comply with Prompt Payment Provisions

Status: Training remains ongoing for budget managers on the timeliness of receiving goods and services within the University's Colleague financial systems and providing Accounts Payable the appropriate authorization to pay.

Status Summary: In Progress (On Schedule)

Finding 20-04: Improve Employee Termination Procedures

Status: Human Resources continues to monitor the process. We continue to submit reports to OIT monthly on separations.

Status Summary: Completed (On Schedule)

Finding 20-05: Complete Purchase Card Reconciliations Timely

Status: Internal SPCC policy has been revised. The SPCC Purchase Charge Card policy #43-13 has been updated. Revamped the monthly review process.

The monthly review process has been revamped and the submitted documentation is housed in an electronic format (Bank of America Works) which provides:

- a. Online audit capabilities to the Program Administrator.
- b. Accessibility and visibility to the cardholder, supervisor, Program Administrator, and Accounts Payable.
- c. Required access to external agencies (i.e. - Department of Accounts).
- d. Expanded Accounts Payable access to the charge card program to provide real-time access to monthly reconciliations and automate allocation of charges.

3. Provides the cardholders be reviewed every 3 month cycle.

All charge card transactions have been reviewed up through October 2020 with reporting of findings and follow-up. The audit cycle is continuous.

4. Revised internal submission process.

The internal submission process has been revised:

- a. New policy has updated language regarding submission and is now aligned with DOA CAPP Manual policy 20355.
- b. Accounts Payable has been provided real-time access to cardholders' electronic reconciliation
5. Implemented electronic reconciliation through Bank of America that provides real time access.

Effective September 16, 2020, implementation of Bank of America Works was completed. This included:

- Providing the Program Administrators' training and real-time access to cardholder activity.
- Roll out access and retraining of cardholders and supervisors.
- Issuance of the new cards required for use with electronic system.

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: SVHEC is continuing to update our inventory listings. This will be an ongoing process. Agency is preparing for physical inventory.

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 engaged an outside IT audit firm to audit IT infrastructure and related controls. Audit work began in fiscal year 2020 and is now complete.

Status Summary: Completed (Delayed)

University of Virginia (UVA/AD)

Audit Year: 2020

Finding 20-01/19-02: Improve Controls over User Access to the Payroll and Human Resource System. **This is a Partial Repeat Finding.**

Status: Significant progress has been made to address access and segregation of duties findings. e.g. terminated employees are automatically assigned view access role (to pay slips, W-2s, etc.) upon termination and all other access is removed, system configuration capabilities have been removed from initiator roles, etc. APA is currently reviewing progress made and evaluating if additional measures have to be taken.

Status Summary: In Progress (Delayed)

Finding 20-03: Improve Processes over Employment Eligibility Verification

Status: The University will implement additional business process controls as it pertains to stated weakness in controls and compliance, but would like to ensure that both risk and materiality are considered upon business process implementation. Root cause analysis of the data points presented in this management comment indicate opportunities around hiring notifications, student worker documentation, document requirement notification, as well as reporting for compensating controls around onboarding and notification requirements. As a result, the University has already created reporting that allows UVA HR to begin communicating with all new employees on their hire date in the Human Resources and Payroll System eliminating several compliance concerns. The new report/process was put into place in August 2020 for the Fall Student Hiring season. To date, the University has been able to meet compliance standards around documentation of the I-9 and any e-verify processes due to COVID-19 exemptions set by DHS. New efforts regarding training are also underway. Business Process has been modified to create reports and notifications when I-9 documents are not in place at the appropriate timeframe. Hiring Managers and HR Business Process Owners now receive notifications and are instructed to follow up and ensure timely completion. Management is continuing to monitor effectiveness. The APA has tested and reviewed newly developed controls and related documentation to improve the process and confirmed they are working as intended (pending manager review). Corrective Action deemed completed.

Status Summary: Completed (On Schedule)

University of Virginia Medical (UVAH)

Audit Year: 2020

Finding 20-04: Improve Database Security

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Finding 20-05: Improve Controls Over the creation of Medicaid Cost Settlement Report Estimates
Status: Corrective action has been completed.
Status Summary: Completed (On Schedule)

Finding 20-07: Improve Cash Reconciliation and Review Process
Status: Corrective action has been completed.
Status Summary: Completed (On Schedule)

Virginia Commonwealth University (VCU/AD)
Audit Year: 2020

Finding 20-01: Improve Timeliness of the Commonwealth's Retirement Benefits System Reconciliation Process
Status: The process changes were made in early February in time for the January transfers and reconciliations. Changed personnel responsibilities for better alignment of duties and adjusted internal deadlines to meet system process cutoffs.
Status Summary: Completed (Delayed)

Virginia Community College System – Central Office (VCCS-CO)
Audit Year: 2020

Finding 20-00: Monitor Statewide WIOA Grant Program According to Policy
Status: VCCS will complete a monitoring review through a risk assessment and review of records of sub recipients and issue the final monitoring review report by September 30, 2021
Status Summary: In Progress (On Schedule)

Finding 20-01: Ensure Consistency in the Handling and Financial Reporting of Dual Enrolment Tuition
Status: Procedures will be established by December 31, 2021, and full implementation will be complete by July 1, 2022.
Status Summary: In Progress (Delayed)

Finding 20-05: Develop Procedures for Reviewing and Reacting to System and Organization Controls Reports
Status: SOC procedures have been communicated to the VP's of Finance at the last two VP meetings. Moving forward, colleges will be required to submit their SOC reports to System Office for review.
Status Summary: In Progress (Delayed)

Finding 20-06: Improve Operating System Security
Status: On target for completion on or before October 31, 2021.
Status Summary: In Progress (Delayed)

John Tyler Community College (JTCC)
Audit Year: 2020

Finding 20-01: Perform Capital Asset Inventory, Record Capital Assets Timely, and Reconcile Inventory Counts
Status: The target date for completion has been extended until September 30, 2021.
Status Summary: In Progress (Delayed)

Finding 20-02: Perform Adequate Bank Reconciliations and Report Bank Balances Accurately
Status: Corrective action has been completed.
Status Summary: Completed (Delayed)

Virginia Polytechnic Institute and State University (VPISU/ID)

Audit Year: 2020

Finding 20-01: Report Student Status Enrollment Changes Timely to National Student Loan Data System. **This is a Repeat Finding.**

Status: As the RPA process was further investigated it was determined that a more straightforward and less resource intensive process could be used to provide a definitive audit between the institution and NSLDS records. The Office of the University Registrar and Office of Audit, Risk, and Compliance met twice and determined that their Data Analytics team could develop a tool in-house to meet the goal of the corrective action plan. Staff in the registrar and audit, risk, and compliance have had additional meetings and has successfully altered the NSLDS report to meet the needs of the self-audit. Currently file submission timing is being reviewed to ensure the impact on point-in-time audit results are addressed. The team continues its work in an effort to have a self-audit that can be run against enrollment and degree reporting.

Status Summary: In Progress (On Schedule)

Finding 20-03: Improve Timeline of Grant Closeout

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Virginia State University (VSU)

Audit Year: 2020

Finding 20-01: Improve Documentation of Sole Source Procurement. **This is a Partial Repeat Finding.**

Status:

The Office of Procurement Services will implement the following actions to correct this audit finding:

1. Revise the internal emergency and sole source requirement checklist to include price reasonableness and conflict of interest documents.
2. Ensure the internal sole source requirement checklist is utilized by the Purchasing staff for all procurements that meet the criteria.
3. Provide mandatory procurement training to the University Executives, Department Heads and End Users defining what constitutes sole source procurements, as well as the requirements for sole source procurements
4. Review current term contract to identify possible goods and services to procure which could minimize the need for future sole source procurements.
5. Survey University departments and department heads to identify potential term contract needs which could reduce the need for sole source procurements.

Status Summary: In Progress (Delayed)

Finding 20-02/18-07: Improve Internal Controls Over Financial Reporting for Capital Assets. **This is a Partial Repeat Finding.**

Status: The University will implement the following actions to correct this finding:

1. Capital Outlay and the Controller's Office will communicate throughout the year as to the status of on-going projects, including the completion dates of any such projects.
2. Quarterly meeting scheduled to discuss both on-going and upcoming projects.

Status Summary: Completed (On Schedule)

Finding 20-03: Improve Process for Employment Eligibility. **This is a Repeat Finding.**

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

Status Summary: Completed (On Schedule)

Finding 20-04: Improve Processes over Payroll and Human Resources Reconciliations. **This is a Partial Repeat Finding.**

Status: The Payroll Accountant now performs the reconciliation monthly, documents that the report has been reviewed in instances where there are no discrepancies, and makes adjustments for all

exceptions identified during the reconciliation process. The Human Resources Office has developed a process to ensure the creditable compensation from the benefits system is reconciled to the human resource system.

Status Summary: Completed (On Schedule)

Finding 20-05/18-11: Establish a Process for Periodically Reviewing Stagnate Grants and Contributions. **This is a Repeat Finding.**

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. The University has brought on a consultant to assist in the clean-up of the grants and progress is being made on the repurpose or return of the funds in question.

Status Summary: In Progress (On Schedule)

Finding 20-06: Match Federal Grants with Qualifying State Expense. **This is a Material Weakness.**

Status: The University is holding bi-weekly meetings to discuss the NIFA grant and status. All under matched amounts from FY14-FY18 have now been repaid to NIFA and the University is working towards matching expenditures in the initial award year of the grants.

Status Summary: In Progress (On Schedule)

Finding 20-07: Retain Documentation to Support Transactions and Respond to Audit Inquiries

Status: The University has moved towards electronic documentation within eVA as well as BOA Works, which houses credit card transactions. OPS has also taken a much more active role in ensuring that both documentation and reconciliations are completed timely and accurately.

Status Summary: In Progress (On Schedule)

Finding 20-08: Establish and Maintain a Complete Contract Listing

Status: OPS has been maintaining the contract listing with all proper information included as directed by the APA. In addition, beginning on July 1, 2021, all contracts entered into eVA will be verified/added onto the contract listing throughout the year

Status Summary: In Progress (On Schedule)

Executive Offices

Attorney General and Department of Law (OAG)

Audit Year: 2020

Finding 20-02: Continue to Improve Firewall Management. **This is a Repeat Finding.**

Status: On track to have 40% complete by the first targeted milestone date of September 30, 2021. OAG completed 13% of the findings ahead of schedule.

Status Summary: In Progress (On Schedule)

Finding 20-03: Improve Virtual Private Network Security Controls

Status: OAG completed 60% according to the schedule. OAG will have to adjust the schedule for the remaining 40% based on new information. OAG will target an additional 24% to be completed by July 30, 2021. The remaining 16% will have to be pushed out to September 30, 2021 due to infrastructure changes OAG is completing now and additional infrastructure changes that will need to happen during August 2021.

Status Summary: In Progress (On Schedule)

Finance

Department of Accounts (DOA)

Audit Year: 2020

Finding 20-01: Continue to Dedicate Resources to Timely Update CAPP Manual Topics. **This is a Partial Repeat Finding.**

Status: DOA will dedicate resources to updating outdated payroll CAPP Topics as part of the HCM project, which is not scheduled to be completed until May 2022.

Status Summary: In Progress (On Schedule)

Finding 20-02: Ensure Timely Approval of ChartField Changes

Status: Develop procedures to streamline the process of assembling electronic ChartField Maintenance packets in order to reduce the assembly time, the time it takes to make updates to the documentation if needed, and review. Set a timeline for providing the ChartField Maintenance packet to the Reviewer and for the Reviewer to complete the review and return the signed packet. This will allow the Reviewer to receive the ChartField Maintenance packet for review, request and receive updates needed based on review, and to complete the review of the ChartField Maintenance packet in a timely manner.

Status Summary: In Progress (On Schedule)

Department of Planning and Budget (DPB)

Audit Year: 2020

Finding 20-01: Continue to Improve Database Governance and Security. **This is a Partial Repeat Finding.**

Status: The agency is working with its vendors to develop the additional policies that need to be put in place to address this finding.

Status Summary: In Progress (On Schedule)

Finding 20-02: Improve Audit Logging and Monitoring Controls

Status: The agency is working with its database vendor to put controls in place and is working with the VITA Shared Services Bureau to develop long-term solutions to address monitoring controls.

Status Summary: Completed (On Schedule)

Finding 20-03: Review and Update Baseline Configuration Standards

Status: The agency met with its database vendor to commence an annual review process in January 2021 and requested that VITA provide baseline standards for review. The standards were provided in February 2021 and are currently under review.

Status Summary: Completed (On Schedule)

Department of Taxation (TAX)

Audit Year: 2020

Finding 20-01: Continue to Improve Controls Over User Access. **This is a Repeat Finding.**

Status: Phase I (Jan-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.

Status Summary: In Progress (Delayed)

Finding 20-02/19-02/18-06: Continue to Improve Disaster Recovery Planning Documentation. **This is a Repeat Finding.**

Status:

Virginia 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)

Finding 20-03/19-03: Continue Completing a Risk Assessment for Each Sensitive System. **This is a Repeat Finding.**

Status: TAX will complete a risk assessment plan that will assess and report risks of sensitive systems as required by SEC501 by August 30, 2021.

Status Summary: In Progress (Delayed)

Finding 20-04: Improve Patching to Mitigate Vulnerabilities

Status: Virginia Tax Technology personnel will apply the missing patches and comply with the requirements noted in SEC 501 on a go-forward basis by September 30, 2021. Progress is being made establishing and implementing a process that will enable Virginia Tax to apply patches within the required 90 day window, but the process will not be complete until March 30, 2022.

Status Summary: In Progress (Delayed)

Finding 20-05: Ensure Employees Complete Required Conflict of Interest Training

Status: The training was completed on November 20, 2020.

Status Summary: Completed (On Schedule)

Audit Year: 2019

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

Status: No updated corrective action workplan received.

Status Summary: In Progress (Delayed)

Department of the Treasury (TD)

Audit Year: 2020

Finding 20-01: Continue to Improve Policies and Procedures over Unclaimed Property Reconciliations. **This is a Repeat Finding.**

Status: The Unclaimed Property Division (UCP) will continue improve its reconciliation procedures and ensure compliance with internal procedures. These improved procedures will follow guidance provided in the CAPP manual.

Status Summary: Completed (On Schedule)

Finding 20-02: Continue to Improve Process for Payments of Risk Management Invoices. **This is a Repeat Finding.**

Status: Treasury will continue to improve the payment process for Risk Management Invoices by automating the process and increasing management oversight. Risk Management, Operations, and IT are finalizing the development of a new workflow process in system.

Status Summary: In Progress (Delayed)

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

Audit Year: 2019

Finding 19-02: Improve Web Application Security

Status: Treasury's Exception Request has expired requiring an Extension to be submitted. Treasury is waiting for the Extension Request to be approved.

Status Summary: In Progress (Delayed)

Health and Human Resources

Department of Aging and Rehabilitative Services (DARS)

Audit Year: 2020

Finding 20-01/18-01: Update Disability Services Agencies Memorandum of Understanding. This is a Repeat Finding.

Status: The management teams have completed discussion on deliverables, cost of services, developed MOU agreement and appendices for each service area of Fiscal, Human Resources, Information Technology, and Information Security Services.

Status Summary: Completed (Delayed)

Finding 20-02: Improve Received Check Depositing and Reconciliation Processes. This is a Partial Repeat Finding.

Status: The General Accounting Manager in concert with the Director of Shared Operations worked with staff to implement the remote deposit capture for checks received at the Charlottesville warehouse. They also developed procedures for check deposit and recordation.

Status Summary: Completed (On Schedule)

Finding 20-03: Improve Information Technology Governance. This is a Repeat Finding.

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. DBVI has established a Technology Innovation Planning and Review Team that meets monthly to discuss these outstanding information technology and security issues as well as other items. The first team meeting is October 28, 2021.

Status Summary: In Progress (Delayed)

Finding 20-04: Develop and Implement Information Security Policies and Procedures. This is a Repeat Finding.

Status: The policies and procedures for Information Security program are still be worked on and understood by the DARS and DBVI. DBVI has established a Technology Innovation Planning and Review Team that meets monthly to discuss these outstanding information technology and security issues as well as other items. The first team meeting is October 28, 2021.

Status Summary: In Progress (On Schedule)

Finding 20-05: Upgrade Manufacturing System. This is a Repeat Finding.

Status: The RFP has been released and bids are due in January 2021. The management teams are engaged with VITA supply chain on finding a software solution and we received VITA ECOS exception for manufacturing system until September 1, 2021. The RFP committee is evaluating the final bidder's proposal and conducting negotiations and finalizing the 3rd party project manager to support the VITA major project protocols. The projected contract execution date is in the first quarter of SFY 2022.

Status Summary: In Progress (On Schedule)

Finding 20-06: Improve Information Security for Point-of-Sale System. This is a Repeat Finding.

Status: The RFP has been released and bids are due in January 2021. The management teams are engaged with VITA supply chain on finding a software solution and we received VITA ECOS exception for manufacturing system until September 1, 2021. The RFP committee is evaluating the final bidder's proposal and conducting negotiations and finalizing the 3rd party project manager to support the VITA major project protocols. The projected contract execution date is in the first quarter of SFY 2022. RFP has been released and bids were due in January 2021. The management

teams are engaged with VITA supply chain on finding a software solution. Additionally, DARS has received VITA ECOS exception for manufacturing system until September 1, 2021.
Status Summary: In Progress (On Schedule)

Finding 20-07/19-02: Improve Oversight over Third Party Providers. **This is a Repeat Finding.**

Status: The policies and procedures for Information Security program are still be worked on and understood by the DARS and DBVI. DBVI has established a Technology Innovation Planning and Review Team that meets monthly to discuss these outstanding information technology and security issues as well as other items. The first team meeting is October 28, 2021

Status Summary: In Progress (On Schedule)

Finding 20-08: Improve Controls Over Capital Assets

Status: Capital Fixed Asset Policy is draft form. DARS General Accounting continues to utilize expense reporting to update FAACS. DARS General Accounting has provided capital fixed asset training as part of the FY2021 Inventory Process for all DSAs. DARS is currently operating within the DRAFT policy document. Each DSAs Master Fixed Asset Listing was completed and updated with the SFY2021 Physical Inventory Count. Additionally, DARS has trained each DSA on the required FAACS forms, and established a process with each DSA to ensure updates are communicated during the fiscal year.

Status Summary: Completed (On Schedule)

Finding 20-09: Improve Controls Over Wilson Workforce Capital Assets

Status: The DARS General Accounting and Financial Reporting Manager has met with applicable staff and teams within the DSA and has developed updated policies and procedures for Fixed Assets and Intangible Assets.

Status Summary: Completed (On Schedule)

Finding 20-10: Implement Software and Other Intangible Assets Policy

Status: Completed in 2021, and reviewing intangible asset purchases monthly and coordination/communication with IT. Additionally, Intangible asset policy and procedures were developed.

Status Summary: Completed (On Schedule)

Department of Behavioral Health and Developmental Services (DBHDS)

Audit Year: 2020

Finding 20-01: Ensure Consistent Application of Subrecipient Monitoring Controls. **This is a Material Weakness.**

Status: Subrecipient monitoring policies went into effect July 1, 2020. DBHDS meets quarterly to ensure that all subrecipients are monitored, and continue to improve the controls over time, particularly as pre-existing contracts are correctly classified as subrecipients vs. contractors.

Status Summary: In Progress (On Schedule)

Finding 20-02: Perform Independent Peer Reviews of Community Mental Health Programs

Status: A peer review process for MHBG has been initiated. In short, the process that was already used for SABG peer reviews has now been expanded for MHBG as well. The initial reviews will occur during state fiscal year 2022.

Status Summary: Completed (On Schedule)

Finding 20-03/19-09/19-11/19-23: Implement Standardized Off-Boarding Procedures. **This is a Repeat Finding.**

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. We were able to start our first HR audit in June 2021. This has been delayed due to COVID.

Status Summary: In Progress (Delayed)

Finding 20-04: Improve Controls Over Financial Systems Reconciliations. **This is a Repeat Finding.**

Status: DBHDS now holds quarterly CFO meetings covering critical internal control, financial reporting and information systems issues. We held such a meeting on February 20 and had planned to hold another in mid-May. Due to the COVID 19 pandemic, we were unable to hold the May meeting. Despite this, the audit finding has been resolved. We developed a formalized reconciliation check list for use each month to ensure that all required reconciliations were in place. Facilities and the Central Office are required to check off that each required reconciliation has been completed and that supporting documentation is available for review and audit.

Status Summary: Completed (Delayed)

Finding 20-05: 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. DBHDS has a Virginia Management Fellow assisting us in drafting a more consistent procedure; however, he has since left and staffing is an issue to get this completed. This oversight function has been assigned to an existing HR staff member to review and work with facilities to test the updated procedures. This will also be a part of DBHDS HR audits as they get underway.

Status Summary: In Progress (Delayed)

Finding 20-06: Improve Controls over Payroll Reconciliations

Status: DBHDS will continue its bimonthly facility CFO meetings. These meetings consist of internal control topics and include payroll controls assessment and analysis. Follow up audits of selected payroll operations will also take place.

Status Summary: In Progress (On Schedule)

Finding 20-07: Improve Controls over Payroll Certifications. **This is a Repeat Finding.**

Status: DBHDS has developed and distributed formalized check lists to be used at the conclusion of all payroll processing each payroll cycle. Facilities and the Central Office have been instructed to complete the check list and to have appropriate supporting documentation for all procedures noted.

Status Summary: In Progress (Delayed)

Finding 20-08: Properly Approve and Monitor Administrative Employee Overtime. **This is a Repeat Finding.**

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. Reinforced policy with field HR Managers. Continued training will occur with HR staff to ensure compliance with DHRM policy.

Status Summary: Completed (Delayed)

Finding 20-09/19-01: Continue Dedicating Resources to Support Information Security Program. **This is a Repeat Finding.**

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

Status Summary: In Progress (Delayed)

Finding 20-10/19-02/18-02/17-02: 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 we provide a new date for the overall COOP plan.

Status Summary: In Progress (Delayed)

Finding 20-11/19-04/18-04: 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 20-12/19-05/18-05: Continue Improving Web Application Security. **This is a Repeat Finding.**

Status: The DBHDS system administrator will be cross training other IT staff to support the system 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 system 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 20-13: Continue to 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.

Status Summary: In Progress (On Schedule)

Finding 20-14: 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. DHBDS CO HR met with the APA to discuss our findings. DBHDS will review all findings at the DBHDS HR Forum in April. Discussed on the June 18, 2020 HR Manager call. Continue to provide training opportunities through DHRM and E-verify.

Status Summary: Completed (Delayed)

Finding 20-15: Continue to Improve Opioid Grant Subrecipient Monitoring. **This is a Repeat Finding.**

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 (Delayed)

Finding 20-16: Provide Federal Award Requirements to Subrecipients. **This is a Repeat Finding.**

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

Status Summary: Completed (Delayed)

Department of Health (VDH)*

Audit Year: 2020

Finding 20-01: Strengthen Controls over Commitments Reporting. **This is a Material Weakness.**

Status: No updated corrective action workplan received.

Status Summary: In Progress (Delayed)

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

Finding 20-02: Improve Information Technology Change Management Process for a Sensitive System

Status: No updated corrective action workplan received.

Status Summary: In Progress (Delayed)

Finding 20-03: Strengthen Process over Employee Separations

Status: No updated corrective action workplan received.

Status Summary: In Progress (Delayed)

Finding 20-04/19-01/18-10: Continue Improving Web Application Security. **This is a Repeat Finding.**

Status: No updated corrective action workplan received.

Status Summary: In Progress (Delayed)

Finding 20-05: Continue Improving the Disaster Recovery Plan. **This is a Repeat Finding.**

Status: No updated corrective action workplan received.

Status Summary: In Progress (Delayed)

Finding 20-06/19-02: Continue Improving the Contingency Management Program. **This is a Repeat Finding.**

Status: No updated corrective action workplan received.

Status Summary: In Progress (Delayed)

Finding 20-07/19-04: Continue Strengthening the System Access Removal Process. **This is a Repeat Finding.**

Status: No updated corrective action workplan received.

Status Summary: In Progress (Delayed)

Finding 20-08: Continue Enhancing Reviews of System Access. **This is a Repeat Finding.**

Status: No updated corrective action workplan received.

Status Summary: In Progress (Delayed)

Finding 20-09: Continue Following Administrative Code Requirements for Above-50-Percent Vendors. **This is a Partial Repeat Finding.**

Status: No updated corrective action workplan received.

Status Summary: In Progress (Delayed)

Finding 20-10: Continue Addressing Compliance with the Conflicts of Interest Act. **This is a Repeat Finding.**

Status: No updated corrective action workplan received.

Status Summary: In Progress (Delayed)

Audit Year: 2019

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

Status: No updated corrective action workplan received.

Status Summary: In Progress (Delayed)

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

Department of Medical Assistance Services (DMAS)

Audit Year: 2020

Finding 20-01: Properly Record Financial Transactions. **This is a Material Weakness.**

Status: Corrective action has been completed.

Status Summary: Completed (Delayed)

Finding 20-02: Improve Information Security Program and Controls. **This is a Material Weakness.**

Status: OCS continues to identify the baseline VITA controls in the DMAS system. The IT control baseline is 50% complete. The control baseline will facilitate the identification of controls owned by VITA, owned by the Agency or owned by both (hybrid). The baseline will also be used to load a template for each System Security Plan (SSP) survey. The SSP survey in the system is 75% complete. OCS is leveraging the CIS Top Critical Control framework for the SSP questionnaires. OCS met with VITA to obtain agreement with the approach. Once the survey is complete and aligned with the baseline controls, OCS will beta test the survey. When the beta test is complete and OCS has made adjustments – the process will be used as the basis going forward for the SSP completion and by assignment to the appropriate system owners. The OCS has engaged a team to re-write the current IT related policies. That team is in the process of onboarding at DMAS and the project is expected to launch the week of June 28, 2021. These new policies will aid the scoping of work and control applicability going forward.

Status Summary: In Progress (On Schedule)

Finding 20-03: Strengthen Review of System and Organization Control reports for Third-Party Service Providers

Status: OCS has created a tracking spreadsheet to track the SOC reports received and reviewed. Once the SOC reports are recorded in the spreadsheet, new entries for the SOC review is initiated in the system. OCS has completed 2 SOC report reviews in the system and are in the process of testing several others. The Archer system is recording and tracking the analysis. The next phase or the Automation is to record and log the plan of action and milestones (POAMS) and enhancing monitoring and reporting functions.

Status Summary: In Progress (Delayed)

Finding 20-04: Review Eligibility Information as Required

Status: Due to General Assembly mandates and competing priorities, the proposed June implementation date of the first phase of 360 communication between VaCMS and MMIS has been pushed back to August 2021. DMAS, VDSS and Deloitte staff have completed requirements and design for the change and it is in the queue for an August release.

Status Summary: In Progress (On Schedule)

Finding 20-05: Improve Financial Management System Access Controls

Status: The request to transfer the Systems Administrator from the GL Manager to the Special Assistant to the Fiscal Director was initially submitted on the incorrect form. The request for this transfer has been submitted on the appropriate form and is currently (June 21, 2021) moving through the approval process.

Status Summary: In Progress (On Schedule)

Finding 20-06: Ensure Compliance with National Correct coding Initiative Requirements

Status: The department has included the provisions related to confidentiality and disclosure as outlined in the National Correct Coding Initiative in the current modification to the Conduent contract. This modification is scheduled to be completed by June 30, 2021.

Status Summary: In Progress (On Schedule)

Finding 20-07: Strengthen Controls over Year End Accrual Reporting. **This is a Repeat Finding.**

Status: DOA recently posted the 2021 Agency Directive and Supplemental Requirements (Accruals) for state agencies. Fiscal prepared a year-end schedule (with due dates) that identifies all annual reporting requirements and the associated Division / Unit assigned to each requirement. The schedule was communicated to the year-end accrual reporting team on June 17, 2021. Fiscal and Budget have assigned technical reviewers for year-end accrual work papers to ensure excel

formulas are consistent and uniform throughout each procedural step where multiple calculations are built on preceding steps. Management has filled the critical positions that were vacant in the Finance and Technology divisions to ensure staffing levels are appropriate to allow for more extensive reviews of year-end reporting prior to submission. Agency management including Fiscal, Budget, and Provider Reimbursement divisions are actively meeting with the financial and operational personnel that make up the year-end accrual reporting team and future meetings are being schedule into July, Aug, and Sept to ensure the remaining action items are addressed prior to accrual deadlines. The action items (meeting agendas) are noted below:

- Update the year-end accrual methodology for Medicaid Payables to identify and isolate the Department of Behavioral Health and Disability Services (DBHDS) supplemental payments within the add pays accrual work papers to facilitate DOA's reporting requirements specifically tied to DBHDS. The year-end accrual methodology for Add Pays and Recoveries are being updated to provide a more detailed narrative identifying the steps taken to calculate these accrual estimates.
- Supervisory (and/or technical) reviews will be documented on the corresponding accrual work papers in addition to final year-end attachments and accrual submissions. The Budget Division will also document their review of accrual data prior to submitting to the Fiscal Division. The Fiscal Division will continue to document an executive level review of year-end accrual reporting prior to submission of year-end reporting to the Department of Accounts.

Status Summary: In Progress (On Schedule)

Finding 20-08/19-03: Complete and Approve the System Security Plan. **This is a Repeat Finding.**

Status: OCS is automating the System Security Plan, or SSP using a new survey process developed within the RSA system. The SSP survey design in Archer is 75% complete. The SSP's from internal DMAS systems will leverage a survey process. External SSP's are entered manually or uploaded via a manual development routine. In addition, the supporting artifacts, if any, will be stored, logged and attached to each System Security Plan Year supporting an audit trail and historical reference.

Status Summary: In Progress (Delayed)

Finding 20-09/19-04: Remove Separated Employee Access in a Timely Manner. **This is a Repeat Finding.**

Status: OCS has met with HR and has escalated the issue to Executive Management. OCS is not notified of deletions in the current process due to the manager failing to follow the off boarding process, which notifies OCS of the employee separation. OCS is reliant on the manager of a direct report reporting the change in the HR off boarding process, which also notifies OCS in a timely manner of an employee separation. HR Management continues to communicate to managers within the Agency the requirement of timely communications to HCD of separations. As a compensating control, OCS has requested the HR PMIS Report. HR has committed to sending a monthly report to OCS, which will list active DMAS employees. OCS is working to determine if the reports can be matched with the PMIS reports to detect users who have left the agency and in which OCS was not notified.

Status Summary: In Progress (Delayed)

Finding 20-10: Continue Improving the Overpayment Collection Process. **This is a Repeat Finding.**

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Audit Year: 2017

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

Status: OCS is continuing to work with the ICAM project team to design the requirements and the migration tasks to the new single sign on (SSO) solution for VaMMIS. ICAM will have the MMIS roles stored as a user profile element. As such, the request initiates outside of ICAM and the existing users will migrate over as is. OCS will work with IM to review and catalog the clusters that

manage permissions in the system and will take a risk-based approach where the high-risk profiles are identified and reviewed by the business. OCS will coordinate with IM and work through the VaMMIS engagement Manager to request a project management resource to generate reports to submit to OCS and IM to for review to document current profiles (clusters) and access (screens).
Status Summary: In Progress (Delayed)

Department of Social Services (DSS)

Audit Year: 2020

Finding 20-01: Continue to Improve Controls over SNAP Payments. **This is a Material Weakness and a Repeat Finding.**

Status: Since the audit, Finance has worked with Information Technology to correct the error noted and to properly account for all transaction types. Additionally, a Supervisor will review each reconciliation and its support to ensure it is accurate.

Status Summary: Completed (Delayed)

Finding 20-02: Define and Communicate Subrecipient Monitoring Responsibilities

Status: The Agency Monitoring Plan has been drafted and a pilot program has been implemented to test the processes and reporting efforts.

Status Summary: In Progress (Delayed)

Finding 20-03/19-08/18-11: Continue Improving IT Risk Management Program. **This is a Repeat Finding.**

Status: ISRM is working with new Risk Manager to complete outstanding Risk Assessments, SSPs, and Data Classification. Additional sensitive systems have been identified and additional time will be needed for 100% completion.

Status Summary: In Progress (On Schedule)

Finding 20-04*: Review Eligibility Information as Required

Status: No updated corrective action workplan received.

Status Summary: In Progress (Delayed)

Finding 20-05*: Continue to Improve Reconciliation Process of the Commonwealth's Retirement Benefits System. **This is a Repeat Finding.**

Status: No updated corrective action workplan received.

Status Summary: In Progress (Delayed)

Finding 20-06*: Review Exceptions Between Commonwealth's Human Resource System and Payroll System. **This is a Repeat Finding.**

Status: No updated corrective action workplan received.

Status Summary: In Progress (Delayed)

Finding 20-07/19-02/18-01: Improve Controls over Income Verification for the TANF Program. **This is a Repeat Finding.**

Status: Fingerprinting requirements have been established for accessing and using the IRS-sourced Federal Tax Information. The Code of Virginia has not yet been modified to allow localities the ability to implement this requirement.

Status Summary: In Progress (On Schedule)

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

Finding 20-08/19-03: Continue to Improve Controls over SNAP Federal Reporting. **This is a Repeat Finding.**

Status: The overall effort is completed and is currently being monitored.

Status Summary: Completed (On Schedule)

Finding 20-09/19-04: Continue to Improve Controls over TANF Federal Performance Reporting. **This is a Repeat Finding.**

Status: The overall effort is completed and is currently being monitored.

Status Summary: Completed (On Schedule)

Finding 20-10: Ensure Appropriate Oversight over Divisions' Monitoring Activities. **This is a Repeat Finding.**

Status: The original selected vendor to implement the Subrecipient Monitoring System (SRMS) was deselected. A new IT project has been initiated to include not only the SRMS, but to also include Grants Management, Vendor Management, and Contract Management, Invoice Processing and Tracking, as well as Dashboard functionality. Subrecipient Monitoring policies and procedures are in DRAFT format, however the pilot oversight process is underway and being led by the Subrecipient

Monitoring Coordinator. Summary divisional reports are being gathered and summarized to provide reports to Executive Management. Divisional reports are currently being gathered, assessed, and analyzed for completeness and accuracy. A summary report of deviations to be reported to Executive Management is underway.

Status Summary: In Progress (Delayed)

Finding 20-11: Review Audits for Non-Locality Subrecipient and Communicate Results Timely. **This is a Repeat Finding.**

Status: Desk reviews are underway, but not fully completed. The process is in pilot regarding the review and reporting regarding the results of the reviews.

Status Summary: In Progress (Delayed)

Finding 20-12/19-09/18-09: Continue Improving Database Security. **This is a Partial Repeat Finding.**

Status: ITS DBAs and system administrator have loaded remaining FAAS and VACMS logs to the audit logging and monitoring system. Subrecipient policies are in DRAFT format. Reviews are being conducted for each Division. The

Status Summary: Completed (On Schedule)

Finding 20-13/19-10/18-10: Continue Developing Record Retention Requirements and Processes for Electronic Records. **This is a Repeat Finding.**

Status: Business/IT has scheduled changed for 2022 VACMS cycle due to QTS Data Center move events in 2021.

Status Summary: In Progress (Delayed)

Finding 20-14/19-12: Continue Improving Web Application Security. **This is a Repeat Finding.**

Status: ITS has implemented patches to update configurations recommended by APA during FY2021. ITS is reviewing current configuration to make sure recommended settings are implemented.

Status Summary: In Progress (On Schedule)

Finding 20-15/19-13: Continue Improving IT Change and Configuration Management Process. **This is a Repeat Finding.**

Status: New change and configuration manager requiring procedures to be followed and documented correctly in Manage Engine tracking tool. APA will assess sample of changes during FY2022 audit.

Status Summary: In Progress (On Schedule)

Finding 20-16: Continue to Improve Access Controls to Critical Systems. **This is a Repeat Finding.**

Status: ISRM is working with OD/HR and finance to ensure employees are reviewed and removed from critical systems in a timely manner. APA will be sampling critical access during the FY22 audit to determine remediation.

Status Summary: In Progress (On Schedule)

Finding 20-17*: Comply with Federal Regulations for Documentation of Employment Eligibility. **This is a Repeat Finding.**

Status: No updated corrective action workplan received.

Status Summary: In Progress (Delayed)

Department for the Blind and Vision Impaired (DBVI)

Audit Year: 2020

Finding 20-01/18-01: Update Disability Services Agencies Memorandum of Understanding. **This is a Repeat Finding.**

Status: The management teams have completed discussion on deliverables, cost of services, developed MOU agreement and appendices for each service area of Fiscal, Human Resources, Information Technology, and Information Security Services.

Status Summary: Completed (Delayed)

Finding 20-02: Improve Received Check Depositing and Reconciliation Process. **This is a Partial Repeat Finding.**

Status: The General Accounting Manager in concert with the Director of Shared Operations worked with staff to implement the remote deposit capture for checks received at the Charlottesville warehouse. They also developed procedures for check deposit and recordation.

Status Summary: Completed (On Schedule)

Finding 20-03/18-09: Improve Information Technology Governance. **This is a Repeat Finding.**

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. DBVI has established a Technology Innovation Planning and Review Team that meets monthly to discuss these outstanding information technology and security issues as well as other items. The first team meeting is October 28, 2021.

Status Summary: In Progress (Delayed)

Finding 20-04/18-05: Develop and Implement Information Security Policies and Procedures. **This is a Repeat Finding.**

Status: The policies and procedures for Information Security program are still be worked on and understood by the DARS and DBVI. DBVI has established a Technology Innovation Planning and Review Team that meets monthly to discuss these outstanding information technology and security issues as well as other items. The first team meeting is October 28, 2021

Status Summary: In Progress (On Schedule)

Finding 20-05/18-06: Upgrade Manufacturing System. **This is a Repeat Finding.**

Status: The RFP has been released and bids are due in January 2021. The management teams are engaged with VITA supply chain on finding a software solution and we received VITA ECOS exception for manufacturing system until September 1, 2021. The RFP committee is evaluating the final bidder's proposal and conducting negotiations and finalizing the 3rd party project manager to support the VITA major project protocols. The projected contract execution date is in the first quarter of SFY 2022.

Status Summary: In Progress (On Schedule)

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

Finding 20-06/18-07: Improve Information Security for Point-of-Sale System. **This is a Repeat Finding.**

Status: The RFP has been released and bids are due in January 2021. The management teams are engaged with VITA supply chain on finding a software solution and we received VITA ECOS exception for manufacturing system until September 1, 2021. The RFP committee is evaluating the final bidder's proposal and conducting negotiations and finalizing the 3rd party project manager to support the VITA major project protocols. The projected contract execution date is in the first quarter of SFY 2022.

Status Summary: In Progress (On Schedule)

Finding 20-07/18-08: Improve Oversight over Third Party Providers. **This is a Repeat Finding.**

Status: The policies and procedures for Information Security program are still be worked on and understood by the DARS and DBVI. DBVI has established a Technology Innovation Planning and Review Team that meets monthly to discuss these outstanding information technology and security issues as well as other items. The first team meeting is October 28, 2021.

Status Summary: In Progress (On Schedule)

Audit Year: 2018

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

Status: The DARS Fiscal Division and DBVI, VIB Shared Operations has met to discuss current policies and procedures related to reconciling the point of sale system and manufacturing system revenue on a cash basis to Cardinal system monthly. The General Accounting Department has begun to utilize check logs and reporting from the system to build this monthly reconciliation. The General Accounting Department has utilized daily processing reports from Cardinal and daily payment reports from the system to investigate the daily variances and understand processing times and inconsistencies. The General Accounting Department is working to reconcile credit card transactions between the system and Cardinal, as these transactions are not processed consistently between the two systems. This reconciliation is expected to be finalized in early 2021. As of November 2020, any variances between Cardinal and the system, outside of credit card transactions, are noted and communicated to DBVI for discussion to determine correction within the appropriate system. DARS Fiscal is working to formalize the reconciliation procedures, as soon as the reconciliation is finalized and credit card transactions are better understood between the two systems. The DBVI and DARS fiscal management team are working through an outstanding concern of reconciling items related credit card transactions recordation in the manufacturing systems for reconciliation. The anticipated project completion is before calendar year end.

Status Summary: Completed (Delayed)

Finding 18-04: Improve Controls over System Access

Status: We have developed procedures for the security for the system and Counterpoint to maintain access and annual review steps.

Status Summary: Completed (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 have completed discussion on deliverables, cost of services, developed MOU agreement and appendices for each service area of Fiscal, Human Resources, Information Technology, and Information Security Services.

Status Summary: Completed (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 have completed discussion on deliverables, cost of services, developed MOU agreement and appendices for each service area of Fiscal, Human Resources, Information Technology, and Information Security Services.

Status Summary: Completed (Delayed)

Independent Agencies

State Corporation Commission (SCC)

Audit Year: 2020

Finding 20-02: Improve Database Security

Status: Action has been taken to address the control issues. The corrective action for this finding is complete.

Status Summary: Completed (On Schedule)

Finding 20-03: Improve Server Operating System Security

Status: Action has been taken to address the control issue. The corrective action for this finding is complete.

Status Summary: Completed (On Schedule)

Natural Resources

Department of Game and Inland Fisheries (DGIF)

Audit Year: 2020

Finding 20-02: Improve Procedures Over Monthly Commonwealth Retirement Benefits System Reconciliations and Documentation Maintenance. **This is a Repeat Finding.**

Status: More efficient uniform processes are being implemented to ensure that myVRS Navigator Reconciliations have back-up procedures in place for snapshot approval to account for both primary and back up responsibilities. These uniform processes will better position DGIF when circumstances arise that prevent the primarily-assigned reviewer from approving and to ensure that all reconciliation documentation is kept in a organized, secure location within the Human Resources Division. The Assistant Human Resource Director is working with the Payroll Manager, in the Planning and Finance Division, to develop “self –audit” procedures that meet both divisions’ compliance requirements. Since the last CAW, Human Resources staff are in the final stages of finalizing these new processes and procedures. All procedures and processes have now been implemented.

Status Summary: Completed (Delayed)

Finding 20-03: Improve Employment Eligibility Process. **This is a Repeat Finding.**

Status: Previously, our Human Resources Division has developed and implemented a 2020 E-verify Self-audit Process. Prior to the most recent APA audit, the Human Resources Division had already started working on the 2020 E-verify Self-audit Process due to I-9 concerns pointed out in the 2019 APA Audit. In the previous audit, I-9’s for FY2018 (July 1, 2017-June 30, 2018) were reviewed in March 2019. Since our last CAW, the Human Resources Division created and implemented an I-9 training for supervisors who complete the form for wage new hires. The COVLC training module titled Completing Form I-9 for New Wage Staff was rolled out to supervisors on September 23, 2020. Supervisors were informed that they must complete the training before they are allowed to fill out a Form I-9. Per his Employee Work Profile, the Human Resources Generalist, has been assigned the task of completing an audit of all I-9s on a quarterly basis. The HR Generalist last completed audit was on November 5, 2020, for the third quarter (July 1, 2020 - September 30, 2020). Once the HR Generalist has completed the audit, the HR Director reviews any errors identified and address them directly with the individual who completed the form. This

way if a pattern emerges which shows repeated errors, Human Resources can temporarily revoke an individual's authority to complete Form I-9 while refresher and/or additional training is provided.
Status Summary: Completed (Delayed)

Public Safety and Homeland Security

Department of Corrections (DOC)

Audit Year: 2020

Finding 20-02: Strengthen Controls over Small Purchase Charge Cards

Status: P-Card audits for the field continue to be conducted on a monthly basis by the P-Card/Procurement Trainer, as well as the PA for Headquarters, with a follow up audit being scheduled for 3, 6 or 12 months, depending on severity of issues to ensure corrective actions are followed as needed. One-on-one training is a requirement for all new P-Card holders, and they are also provided a copy of CAPP 20355, Small Purchase Charge. The PA sends out periodic reminders to refresh P-Card holders of policies and procedures.

Status Summary: In Progress (Delayed)

Department of Criminal Justice Services (DCJS)

Audit Year: 2020

Finding 20-02: Improve Internal Controls over Financial Reporting. **This is a Repeat Finding.**

Status: The quarterly federal financial reports submitted to the Department of Justice, Office for Victims of Crime were reviewed for accuracy by the Grants Compliance Supervisor and resubmitted to OVC along with additional requested supporting documentation (Cardinal downloads) for review on December 28, 2018. OVC accepted the reconciled documents and the issue was resolved fully on June 25, 2019.

Status Summary: In Progress (On Schedule)

Department of Fire Programs (DFP)

Audit Year: 2019

Finding 19-19: Improve IT Governance

Status: 16 IT policies and procedures have been approved; an additional 17 policies and procedures are pending management approval. DFP has finalized its BIA and is continuing its efforts to develop and finalize the ISCP/COOP.

Status Summary: In Progress (On Schedule)

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

Status: The agency submitted another request in FY 21 to hire an ISO (not yet fulfilled). In the interim, DFP plans to rely on internal audit to help fill the roles and responsibilities for this area.

Status Summary: In Progress (On Schedule)

Finding 19-21: Improve Database Security

Status: The implementation of a new system is ongoing and expected to replace the Agency's other legacy system.

Status Summary: In Progress (On Schedule)

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

Status: DFP is in process of developing a risk assessment process. DFP has finalized its BIA and is continuing its efforts to develop and finalize the ISCP/COOP.

Status Summary: In Progress (On Schedule)

Finding 19-25: Improve Logging and Monitoring

Status: DFP is developing processes to request and review logs on a periodic and ongoing basis. For example, requesting system access logs and validating system access lists on a monthly basis is a process that IT is currently developing. This area is pending approval of IT policies and procedures by DFP management.

Status Summary: In Progress (On Schedule)

Department of State Police (VSP)

Audit Year: 2019

Finding 19-01: Document Internal Policies and Procedures

Status: P&F has continued to experience lack of resources, as key positions remain vacant. If P&F management can fill these vacancies in a reasonable amount of time, VSP expects the policies and procedures to be updated to by the end of the calendar year.

Status Summary: In Progress (Delayed)

Finding 19-02: Evaluate and Document Revenue Processes

Status: Desk procedures are complete and sufficient internal controls in the revenue process are in place. As the automated AR system is implemented in August 2021, VSP will update the relevant sections of the desk procedures.

This is complete.

Status Summary: Completed (Delayed)

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: BFO performance cycle ends in July, BFO will pull their stats from one system for evaluations and then officially stop data entry in another system as of July 31.

Status Summary: In Progress (Delayed)

Finding 17-03: Perform Information Technology Security Audits

Status: On track. Four reports will be published by month-end.

Status Summary: In Progress (Delayed)

Finding 17-06: Improve Risk Assessments

Status: CJIS risk assessments have progressed well but due to multiple other audit, the completion date has moved to August 31, 2021. Full risk plan will be complete by June 30, 2022.

Status Summary: In Progress (Delayed)

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

Status: SOC requirements guidelines have been published to stakeholders. SOCII reports have been reviewed since May 2021 by ISO as defined by the published guidelines. SOC I reports were requested as allowed by contract but continue to work with Procurement to appropriately require SOC reports when contracts are issued.

Status Summary: In Progress (Delayed)

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

Status: P&F continues to have several key vacancies that prevent the resources needed to address the issue of updating all policies and procedures. These positions are in recruitment. P&F management is working to allocate resources to this effort.

Status Summary: In Progress (Delayed)

Finding 17-15: Improve Disaster Recovery Plan

Status: Minimal progress has been made on this effort due to resource constraints. All available staff have been tending to DHG audits (3-5).

Status Summary: In Progress (Delayed)

Finding 17-34: Improve Accounts Receivable Tracking Process

Status: P&F updated records for past due accounts the OAG approved for discharge in the March 2021 Accounts Receivable Summary Report to DOA. The implementation of the eBilling system was delayed to 1 August 2021 due to unresolved integration issues with Cardinal.

Status Summary: In Progress (Delayed)

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

Status: While the Work Zone application was implemented in April, there are issues with the Work Zone reports having errors, which P&F is working with IT to resolve. As a result, some billing has been delayed.

Status Summary: In Progress (Delayed)

Finding 17-38: Document Retirement Benefits System Reconciliations

Status: HR continues to follow guidelines in CAPP 50410 and the Payroll Bulletin Volume 2013-02, with agency procedures finalized. As the Payroll Services Bureau submits the VRS reconciliation to the agency, P&F and HR will collaborate on clearing reconciling items.

Status Summary: In Progress (Delayed)

Virginia Alcoholic Beverage Control Authority (ABC)

Audit Year: 2020

Finding 20-01/19-02: Improve Database Security. **This is a Repeat Finding.**

Status: ABC's primary focus has been on migrating our servers out of the Commonwealth's Enterprise Solution Center (CESC). Now that the migration is successfully complete, ABC can prioritize ensuring database configurations, settings, and controls align with industry standards and best practices

Status Summary: Completed (Delayed)

Finding 20-02/19-03: Improve Security Awareness Training Program. **This is a Repeat Finding.**

Status: ABC did implement some role-based training, but not specific to designated security roles. In FY21, ABC will implement system owner training and will update internal policies to designate the specific roles that require additional training.

Status Summary: Completed (Delayed)

Finding 20-03: Improve Oversight of Third-Party Service Providers

Status: ABC's Information Security team has drafted the policy addressing third-party service providers, but it is still in the review stage. ABC has revised our completion date to August 31, 2021.

Status Summary: In Progress (Delayed)

Finding 20-04: Improve Internal Controls Over Terminated Employee Access Removal

Status: ABC is updating procedures to extend the time period managers have to complete an employee separation checklist. Additionally, ABC is making some modifications to ABC HR system, which will require managers to complete the checklist before they can take any action in the system, if the checklist is overdue.

Status Summary: Completed (On Schedule)

Transportation

Department of Motor Vehicles (DMV)

Audit Year: 2020

Finding 20-01: Develop a Schedule of Routine Accounting Adjustments

Status: DMV has create a "Routine General Ledger Journal Entries and Agency-to-Agency" Procedures Manual that is continuing to be updated through year-end. While DMV's initial thought was to have everything documented in this one manual by June 30, 2021, due to staffing turnovers, this manual will still be a work-in-progress at June 30, 2021.

Status Summary: In Progress (Delayed)

Finding 20-02/19-05/18-01: Continue Improving Controls for Processing Access Terminations and Changes. **This is a Partial Repeat Finding.**

Status:

1. 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.
2. Our security staff is still working with VITA/SAIC on implementing a new 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.
3. 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.
4. Our internal (DMV) AD Domain has been on boarded to the VITA platform. This will allow us to manage those accounts from the same tool.
5. We discovered that finance was managing access to an external system and not the Account Administration Office in SSG and is not meeting the requirements. This area needs to be addressed.
6. We've expanded the scope of the original systems to include newly identified external systems and systems.
7. Requested increase to IT MEL to facilitate moving Access Mgt. activities from ITS and other business units to ISRM (Security).
8. New ISO for I&AM hired on 25-May and the ASO staff were moved from SSG (IT) to ISRM (Security). Termination list was updated with additional touchpoints.

Status Summary: In Progress (Delayed)

Department of Transportation (VDOT)

Audit Year: 2020

Finding 20-01: Improve Financial Reporting of Infrastructure Assets. **This is a Material Weakness and a Repeat Finding.**

Status: Completion date of June 30, 2022 hasn't changed. VDOT is making significant progress with procedure updates and VDOT has moved several of its work papers into the application to streamline and automate VDOT's processes.

Status Summary: In Progress (On Schedule)

Finding 20-02: Improve Financial Reporting of Capital Assets Other than Roadway Infrastructure

Status: Training for ITD and Capital Outlay has been completed and work on the checklist is in progress.

Status Summary: In Progress (Delayed)

Finding 20-03: Follow-Up with Supervisors to Ensure the Separating Employee Checklist is Properly Completed

Status: VDOT is still on path to be able to incorporate this into VDOT's Phase II People Management Fundamentals modules (one or more) later this fall.

Status Summary: In Progress (On Schedule)

Veterans and Defense Affairs

Department of Military Affairs (DMA)* Audit Year: 2020

Finding 20-01: Strengthen Internal Controls over Federal Awards. **This is a Repeat Finding.**
Status: No updated corrective action workplan was received.
Status Summary: In Progress (Delayed)

Finding 20-02: Improve Controls over Financial Attachment Preparation
Status: No updated corrective action workplan was received.
Status Summary: In Progress (Delayed)

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



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, 2021, 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 2020 and submitted an Exhibit 4 or Non-Compliant Certification Statement:

Agency Name	Reason for Non-Compliance	Initial Corrective Action Plan Received	Status of Corrective Action
Department of Military Affairs	Non-Compliant/ Exhibit 4	Yes	Agency states internal control assessments will be completed by October 31, 2021. Quarterly status update received.
Department of Emergency Management	Exhibit 4 Filed	Yes	Agency states internal control assessments will be completed by September 30, 2021. Quarterly status update received.
Virginia Commission for the Arts	Non-Compliant/ Exhibit 4	Yes	Agency states internal control assessments will be completed by October 31, 2021. Quarterly status update received.
Virginia State University	Exhibit 4 Filed	Yes	Agency states internal control assessments will be completed by October 1, 2021. Quarterly status update received.
Department of Forensic Science	Non-Compliant/ Exhibit 4	Yes	Agency states internal control assessments will be completed by September 30, 2021. Quarterly status update received.
Department of Fire Programs	Non-Compliant/ Exhibit 4	Yes	Agency states internal control assessments will be completed by September 30, 2021. 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
Compensation Board	Substantial non-compliance with ARMICS process based on a QAR	Yes	Agency states that internal control assessments will be completed by September 30, 2021. Quarterly status update received.
Virginia Museum of Fine Arts	Substantial non-compliance with ARMICS process based on a QAR	Yes	Initial Corrective Action Plan has been received. Agency states that internal control assessments will be completed by September 30, 2021.



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 2021 To-Date		Comparative Fiscal Year Ended June 30, 2020	
	Late	Total	Late	Total
Number of Payments	24,967	1,852,826	32,080	2,206,685
Dollars (in thousands)	\$432,355	\$8,827,654	\$ 283,742	8,345,650
Interest Paid on Late Payments		\$1,089,640		
Fiscal Year-to-Date Percentage of Payments in Compliance		98.7%		
Comparative Fiscal Year 2020 Percentage of Payments in Compliance		98.6%		



Prompt Payment Performance by Secretarial Area

Fiscal Year 2021

Secretarial Area	Payments in Compliance	Dollars in Compliance
Administration	94.7%	91.9%
Agriculture and Forestry	99.0%	94.4%
Commerce and Trade	96.0%	95.1%
Education*	99.2%	98.0%
Executive Offices	98.5%	95.7%
Finance	99.6%	84.2%
Health and Human Resources	97.7%	90.9%
Independent Agencies	99.1%	99.2%
Judicial	99.9%	100.0%
Legislative	99.3%	97.4%
Natural Resources	97.9%	93.8%
Public Safety and Homeland Security	97.7%	94.2%
Technology	100.0%	100.0%
Transportation*	99.3%	96.7%
Veterans and Defense Affairs	97.1%	96.5%
Statewide	98.7%	95.1%

* 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 2021, 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 2021**

Agency	Late Payments	Total Payments	Payments in Compliance
Administration			
Administraton of Health Insurance	17	224	92.4%
Department of General Services	1,692	22,879	92.6%
Commerce and Trade			
Virginia Employment Commission	266	3,306	92.0%
Education			
New College Institute	29	454	93.6%
Virginia Commission for the Arts	29	264	89.0%
Health and Human Resources			
Central Virginia Traninig Center	54	450	88.0%
Department of Social Services	686	7,272	90.6%
Department of Behavioral Health and Developmental Services	195	2,958	93.4%
Department of Medical Assistance Services	175	2,514	93.0%
Eastern State Hospital	420	8,039	94.8%
Virginia Board for People with Disabilities	27	218	87.6%
Public Safety and Homeland Security			
Department of Criminal Justice Services	87	1,587	94.5%
Department of Emergency Management	226	3,290	93.1%
Department of Juvenile Justice	363	6,761	94.6%
Virginia Alcoholic Beverage Control Authority	1,562	21,328	92.7%

Compliance Monitoring

Certification of Agency Reconciliation to Cardinal Reports

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

DOA closely monitors Certification status, evaluates exceptions, and posts correcting entries in Cardinal. Certifications for February, March, April, May and June were due on 03/31/2021, 04/30/2021, 05/28/2021, 06/30/2021 and 07/16/2021, respectively.

Certifications Late or Outstanding

As of July 28, 2021

Agency	Feb	Mar	Apr	May	Jun
The Science Museum of Virginia	-	-	06/29/21	-	-
University of Virginia Medical Center	-	-	07/22/21	-	-
Department of Forensic Science	-	06/07/21	-	-	-
Mental Health Treatment Centers	05/27/21	-	-	-	-
Intellectual Disabilities Training Centers	05/27/21	-	-	-	-

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

*The FY 2021 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, 2021.

Response to Inquiries

DOA regularly communicates with agencies regarding petty cash and invoice analyses, financial reporting information, and the FAACS/LAS systems. In many instances, agencies respond in a timely manner.

However, in other instances, agencies do not respond timely or simply fail to respond. For the quarter ended June 30, 2021, all responses have been received within an acceptable timeframe, except as noted below.

The following entities failed to submit a Corrective Action Workplan (CAW), as required in CAPP Topic 10205, *Agency Response to APA Audit*:

- Department of Health – quarter-end June 30, 2021 CAW
- Department of Military Affairs – quarter-end June 30, 2021 CAW
- Longwood University – initial 30-day CAW

The following entities failed to submit required Coronavirus Relief Funds (CRF) reporting information. The June 30, 2021 CRF template was due to Department of Accounts (DOA) on July 5, 2021; however, no information was reported by:

- Department of Health
- Department of Military Affairs

E-Commerce

Travel Check Charges

In accordance with Chapter 552, 2021 Special Session I, Virginia Acts of Assembly § 4-5.04 f., the Comptroller charges agencies \$5 for travel reimbursement checks issued in lieu of Travel EDI. Agencies are charged for each travel reimbursement check issued to an employee after their second check of the fiscal year. Agencies are expected to take action to enroll applicable employees in the

EDI program and thus avoid the fees altogether. The following table lists agencies that have incurred travel check charges during the fourth quarter of FY 2021.

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, 2021	Fiscal Year 2021 To-date Charges
Administration		
Department of General Services	\$5.00	\$5.00
Commerce and Trade		
Virginia Employment Commission	\$0.00	\$25.00
Education		
The Science Museum of Virginia	\$10.00	\$15.00
Virginia Military Institute	\$35.00	\$45.00
Virginia Museum of Fine Arts	\$20.00	\$20.00
Health and Human Resources		
Department of Health	\$5.00	\$20.00
Judicial		
Magistrate System	\$0.00	\$15.00
General District Courts	\$5.00	\$45.00
Juvenile and Domestic Relations District Courts	\$0.00	\$5.00
Natural Resources		
Department of Conservation and Recreation	\$10.00	\$90.00
Public Safety and Homeland Security		
Buckingham Correctional Center	\$10.00	\$10.00
Department of Criminal Justice Services	\$0.00	\$20.00
Department of Fire Programs	\$10.00	\$30.00
Virginia Alcoholic Beverage Control Authority	\$5.00	\$10.00
Transportation		
Department of Motor Vehicles	\$60.00	\$150.00
Veterans and Defense Affairs		
Department of Military Affairs	\$10.00	\$10.00

SPCC and ATC Payment Compliance

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

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

The following table lists agencies more than two days late in submitting their payments by each program type during fiscal year 2021.

<u>Agency Purchase Card Program :</u>	<u># of Late Payments</u>	<u>Fiscal Month Paid Late</u>
Administration		
Department of General Services	1	Feb
Department of Human Resource Management	1	Jul
Commerce and Trade		
Department of Mines, Minerals and Energy	1	Dec
Tobacco Indemnification and Community Revitalization Commiss	1	Nov
Virginia Employment Commission	3	Oct, Nov, Dec
Virginia-Israel Advisory Board	1	Feb
Education		
Gunston Hall	4	Sep, Oct, Feb, May
New College Institute	1	Feb
		Dec, Jan, Feb, Mar, Apr,
Northern Virginia Community College	6	May
Paul D. Camp Community College	1	Aug
Piedmont Virginia Community College - Shared Services	1	Jun
Tidewater Community College	1	Aug
Virginia Community College System - Central Office	1	Sep
Virginia Community College System - Shared Services Center	1	Jun
Virginia Museum of Fine Arts	1	Jul
Wytheville Community College	1	Jun
Executive Offices		
Office of the State Inspector General	1	Jul
Finance		
Department of Accounts Transfer Payments	1	Sep
Department of Taxation	1	Jun
Health and Human Resources		
Central Virginia Training Center	1	Jul
Children's Services Act	3	Aug, Jan, Apr
Department of Medical Assistance Services	1	Aug
Department of Social Services	1	Feb
Judicial		
Virginia State Bar	1	Feb
Legislative		
Commission on the Virginia Alcohol Safety Action Program	1	Dec
Natural Resources		
Department of Conservation and Recreation	1	Nov
Department of Environmental Quality	1	Nov
Secretary of Natural Resources	1	Sep
Public Safety and Homeland Security		
Central Region Correctional Field Units	1	Nov
Deep Meadow Correctional Center	1	Nov
Department of Emergency Management	1	Jul
Department of Juvenile Justice	1	Nov
Department of State Police	1	Nov
Keen Mountain Correctional Center	1	Oct
Pocahontas State Correctional Center	1	Jan
River North Correctional Center	3	Jul, Sep, May
Secretary of Public Safety and Homeland Security	1	Sep
Transportation		
Virginia Port Authority	1	Apr
<u>Airline Travel Card Program :</u>		
Public Safety and Homeland Security		
Department of Juvenile Justice	1	Feb
Transportation		
Virginia Port Authority	1	Apr

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 2021, and the total amounts that became past due during the fiscal year.

Travel Charge Card Program

Fiscal Year 2021

<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 121-150 Days Past Due</u>
Education				
Norfolk State University	1	0	0	0
Virginia Polytechnic Institute and State University	2	340	139	0
Health and Human Resources				
Department of Health	2	486	0	364
Department of Medical Assistance Services	1	58	29	0
Public Safety and Homeland Security				
Department of Juvenile Justice	1	113	0	0
Department of Military Affairs	1	162	0	0
Transportation				
Department of Motor Vehicles	1	20	0	0



Payroll Controls

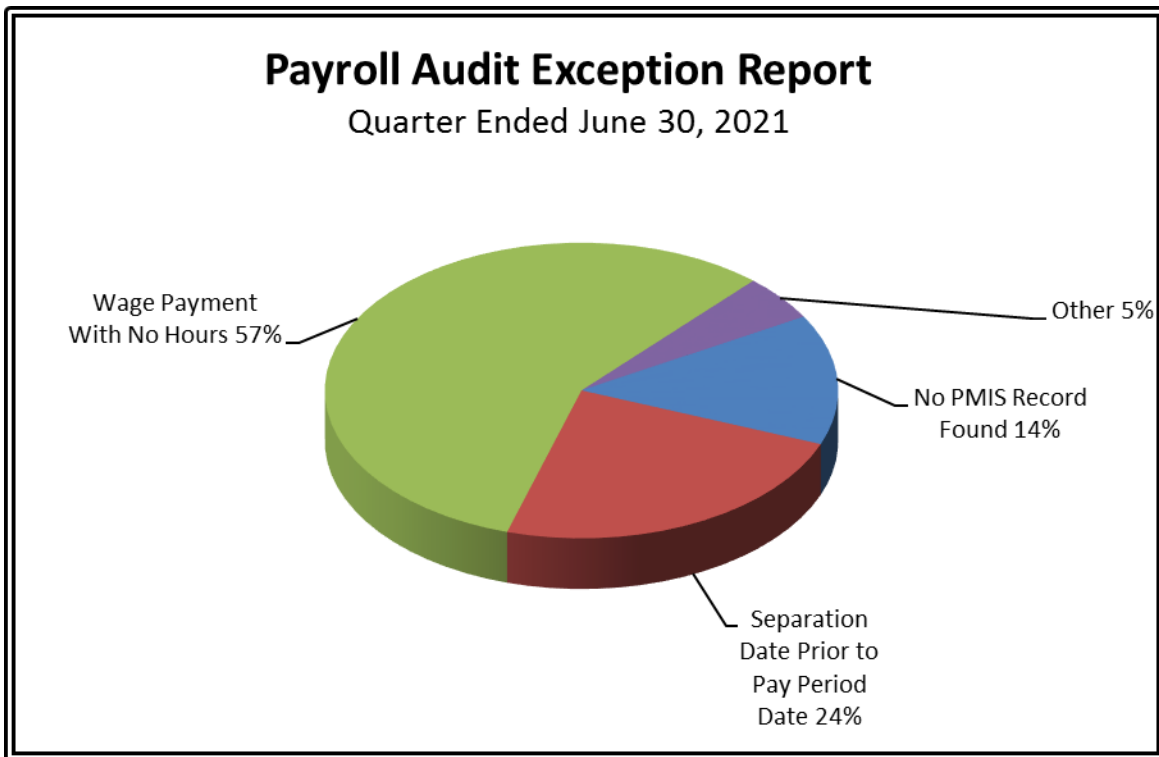
CIPPS/PMIS Payroll Audit

During the quarter, DOA's automated comparison of payroll (CIPPS) and personnel (PMIS) records examined 389,610 salaried pay transactions and 107,460 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 3,346 new exceptions noted statewide during the quarter, with an overall exception rate of 0.03%.

The statewide salaried payroll exception rate was 0.02% and the wage payroll exception rate was 0.07%. During this quarter, no employee

paychecks were reduced to recover overpayments.

While the largest cause of exceptions are due to processing payroll for wage payments with no hours, 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.



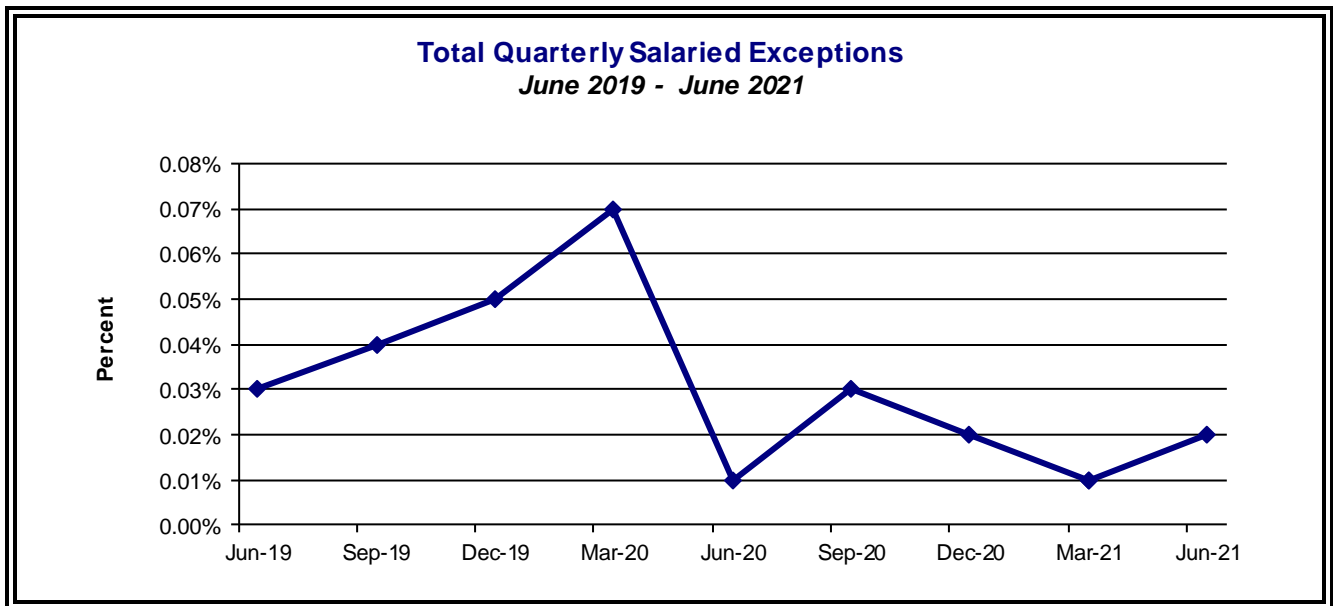
Exception percentages are calculated by dividing the number of exceptions by the number of salaried or wage employees. Agencies are reported below if the percentage of payroll exceptions to salaried or wage

payments exceeds three times the statewide average for the quarter. The following agencies exceeded the allowed threshold for wage or salaried payments during the quarter ending June 30, 2021.

Payroll Exception Audit
Agency Payroll Exceptions as a Percent of Salaried Payments
Quarter Ending June 30, 2021

Agency	# of Salaried Exceptions	Exceptions as a % of Salaried Payments
Central Virginia Training Center	1	2.00%
Commonwealth Center for Children and Adolescents	1	0.12%
Eastern State Hospital	7	0.18%
Southern Virginia Mental Health Institute	2	0.20%
Virginia Center for Behavioral Rehabilitation	3	0.10%
Virginia Department of Transportation - Culpeper District	3	0.10%
Virginia Department of Transportation - Lynchburg District	4	0.11%
Virginia Department of Transportation - Richmond District	15	0.31%
Western State Hospital	8	0.21%
Salaried Payroll Exceptions for the Quarter		0.02%

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



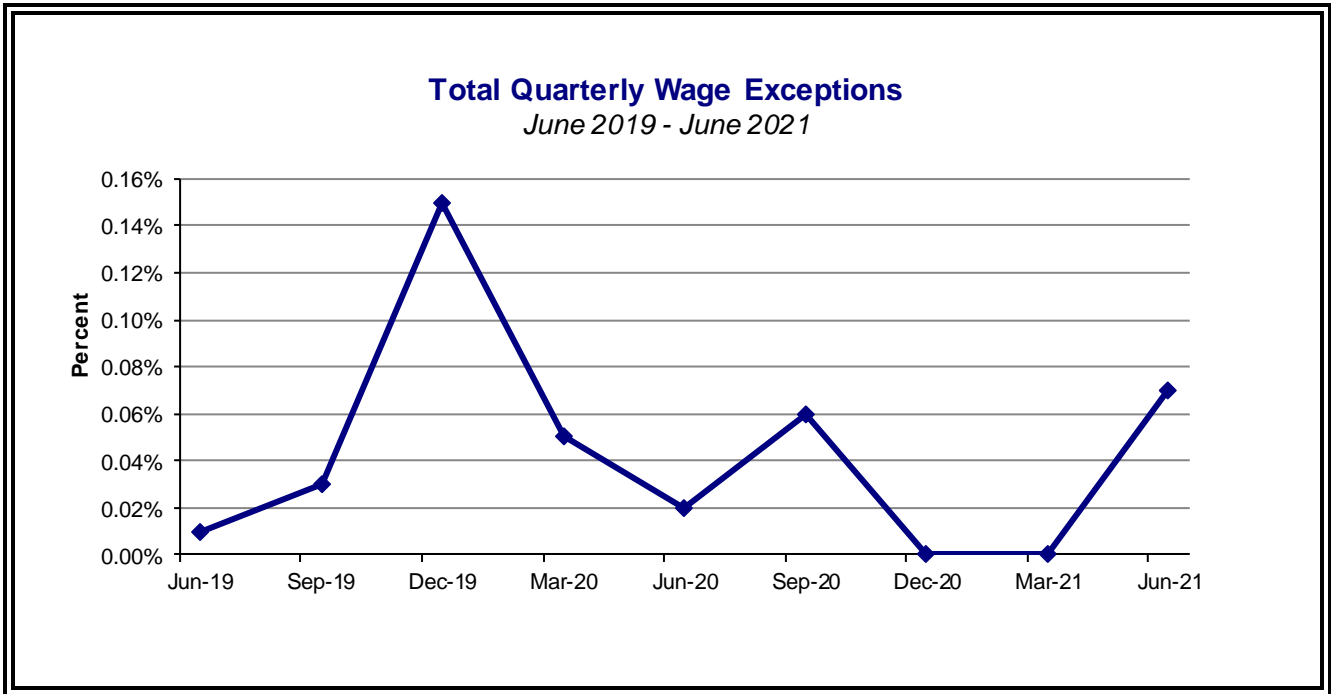
Agency Payroll Exceptions as a Percent of Wage Payments

Quarter Ending June 30, 2021

Agency	# of Wage Exceptions	Exceptions as a % of Wage Payments
Southern Virginia Mental Health Institute	1	1.32%
Western State Hospital	63	14.32%

Wage Payroll Exceptions for the Quarter	0.07%
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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>
Central Virginia Community College	8
Central Virginia Training Center	1
Commonwealth Center for Children and Adolescents	1
Eastern State Hospital	4
Norfolk State University	1
Southern Virginia Mental Health Institute	1
Southwest Virginia Community College	2
Southwest Virginia Training Center	8
Virginia Center for Behavioral Rehabilitation	1
Western State Hospital	33



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 **4:45 p.m.** daily to ensure sufficient time is available for central review by DOA staff to validate certification entries, a critical compensating control. This temporary change has been in effect since March 2020 due to the pandemic. 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)
Commerce and Trade				
Virginia Employment Commission		1		
Education				
Germanna Community College		1		
Rappahannock Community College	\$276,530			
Tidewater Community College System	43,635			
Virginia State University	53,547			
Health and Human Resources				
Central State Hospital	42,526			
Hiram Davis Medical Center	24,447			
Public Safety and Homeland Security				
Virginia Alcoholic Beverage Control Authority				1
Veterans and Defense Affairs				
Virginia Veterans Care Center		1		

Note: CIPPS hours were extended beginning in March 2020 due to the COVID-19 pandemic; therefore, agencies were not held to a 3:30 certification deadline during this quarter.

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.
- (*) Payroll Service Bureau Agency



Health Care Reconciliations

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

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

Health Care Reconciliations as of June 30, 2021

<u>Agency</u>	<u>Incomplete*</u>	<u>Errors*</u>	<u>Late</u>
Central Virginia Training Center			1
Department of Aviation			1
Department of Housing and Community Development			1
Department of Motor Vehicles			1
Department of State Police			1
Department of Veterans Affairs			1
Executive Offices - Selected Agencies			13
Joint Legislative Audit and Review Commission			1
Marine Resources Commission			1
Motor Vehicle Dealer Board			1
New College Institute			1
Veterans Services Foundation			1
Virginia Alcoholic Beverage Control Authority			2
Virginia Center for Behavioral Rehabilitation			1

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



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.

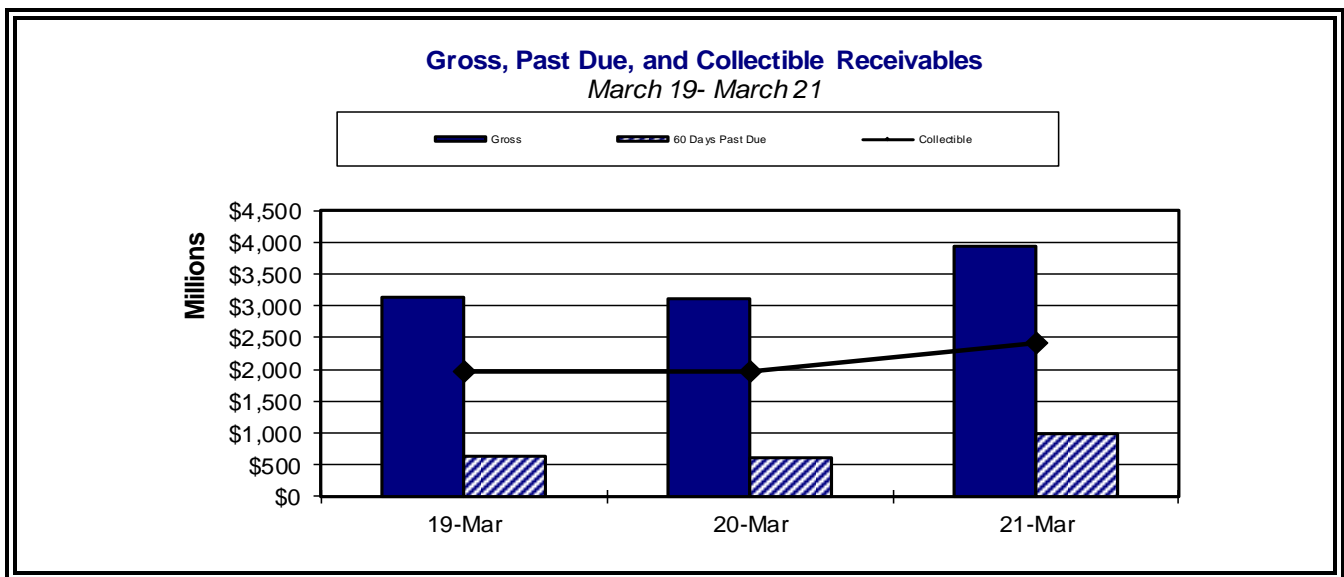
In an effort to present more meaningful information, DOA continues to exclude data from the tables (except for the final table on past due receivables) from the Department of Taxation, consisting largely of statutory assessments and non-filers assessments, and the circuit and district courts, which report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

Commonwealth agencies and institutions reported adjusted gross receivables of \$3.94

billion at March 31, 2021, with \$2.43 billion considered collectible. Receivables over 60 days past due as of March 31, 2021, totaled \$979.9 million. Of that amount, \$40.3 million was placed with private collection agencies, \$41.6 million was placed with the Division of Debt Collection and \$898 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, 2021, agencies expected to collect \$2.43 billion (62 percent) of the \$3.94 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 funds.

Collectible Receivables by Fund

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

As of March 31, 2021

Fund	Source	Amount	Percent
General Fund 1%	Medicaid - Current Recoveries	\$ 10,019,330	44%
	Social Services	3,554,464	16%
	State Police Permits	3,171,803	14%
	Labor and Industry Inspections	1,926,729	8%
	Military Affairs	1,286,483	6%
	Other	2,101,003	9%
	Subtotal	22,059,812	96%
	Agency to Agency Receivables	828,316	4%
Total General Fund Collectible		\$ 22,888,128	100%
Nongeneral Funds 99%	Higher Education	\$ 530,842,862	22%
	Unemployment Taxes *	467,822,179	19%
	Child Support Enforcement	277,652,660	12%
	Hospital	270,816,198	11%
	Transportation	177,390,782	7%
	Enterprise	97,227,790	4%
	Medicaid - Dedicated Penalty Fees	42,037,502	2%
	Federal Government	30,878,227	1%
	Medicaid - Federal Reimbursements	13,232,833	1%
	DBHDS Patient Services	9,016,710	1%
	Other	89,746,398	3%
	Subtotal	2,006,664,141	83%
	Agency to Agency Receivables	397,032,984	17%
Total Nongeneral Fund Collectible		\$ 2,403,697,125	100%
All Funds	Grand Total	\$ 2,426,585,253	100%

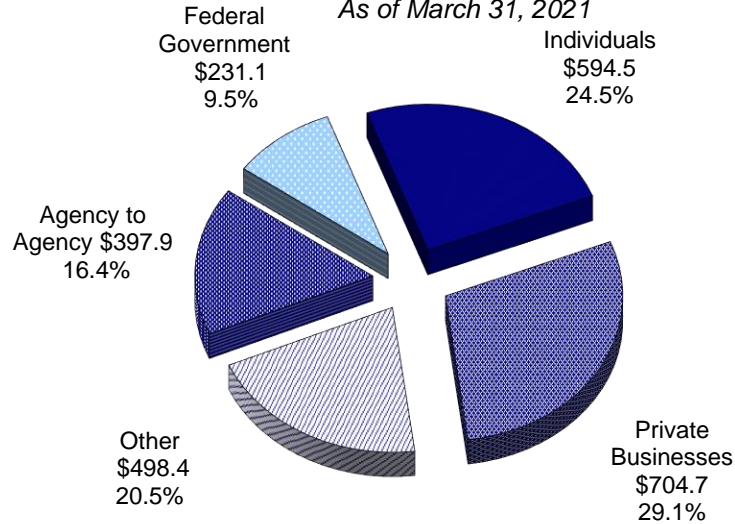
*Note: The Virginia Employment Commission provides Unemployment Taxes Information.

Summary of Receivables by Source

Sources of Collectible Receivables by Debtor

(dollars in millions)

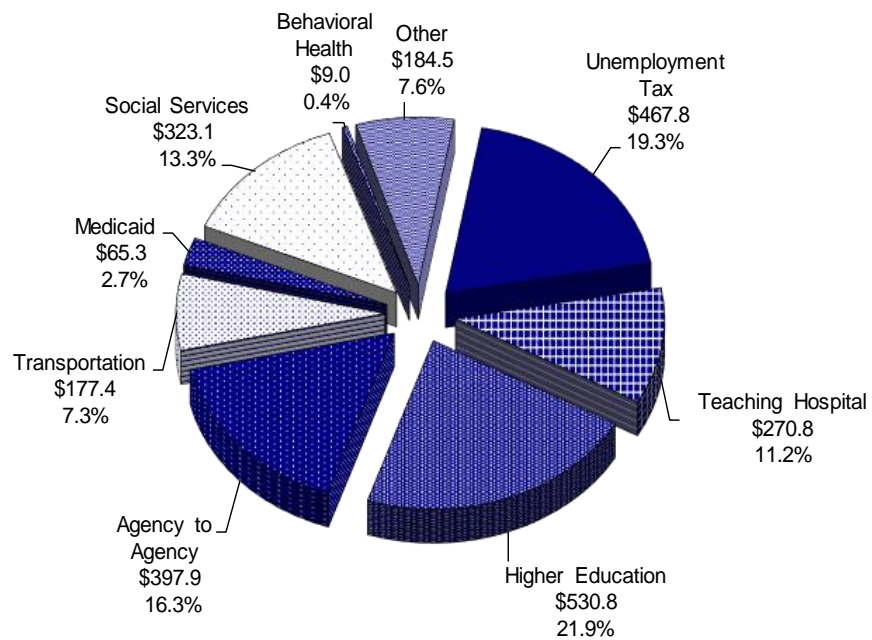
As of March 31, 2021



Sources of Collectible Receivables by Type

(dollars in millions)

As of March 31, 2021



Not counting Taxation and the Courts, ten agencies account for 85 percent of the Commonwealth's adjusted gross and 81

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, 2021

Agency	Gross	Allowance for Uncollectible Accounts	Collectible
VIRGINIA EMPLOYMENT COMMISSION	633,879,461	(158,170,796)	475,708,665
DEPARTMENT OF SOCIAL SERVICES	900,029,769	(483,064,744)	416,965,025
UNIVERSITY OF VIRGINIA MEDICAL CENTER	1,017,123,651	(692,161,879)	324,961,772
DEPARTMENT OF TRANSPORTATION	163,434,543	(6,252,199)	157,182,344
VPI & STATE UNIVERSITY	128,003,919	(1,780,431)	126,223,488
VIRGINIA COMMONWEALTH UNIVERSITY	121,963,849	(6,035,309)	115,928,540
UNIVERSITY OF VIRGINIA - ACADEMIC DIV	116,684,617	(2,383,894)	114,300,723
GEORGE MASON UNIVERSITY	97,849,482	(11,418,929)	86,430,553
VIRGINIA LOTTERY	83,696,015	-	83,696,015
VIRGINIA INFORMATION TECHNOLOGIES AGENCY	66,649,964	-	66,649,964
Total	\$ 3,329,315,270	\$ (1,361,268,181)	\$ 1,968,047,089
All Other Agencies	606,254,200	(147,716,036)	458,538,164
Grand Total	\$ 3,935,569,470	\$ (1,508,984,217)	\$ 2,426,585,253

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.

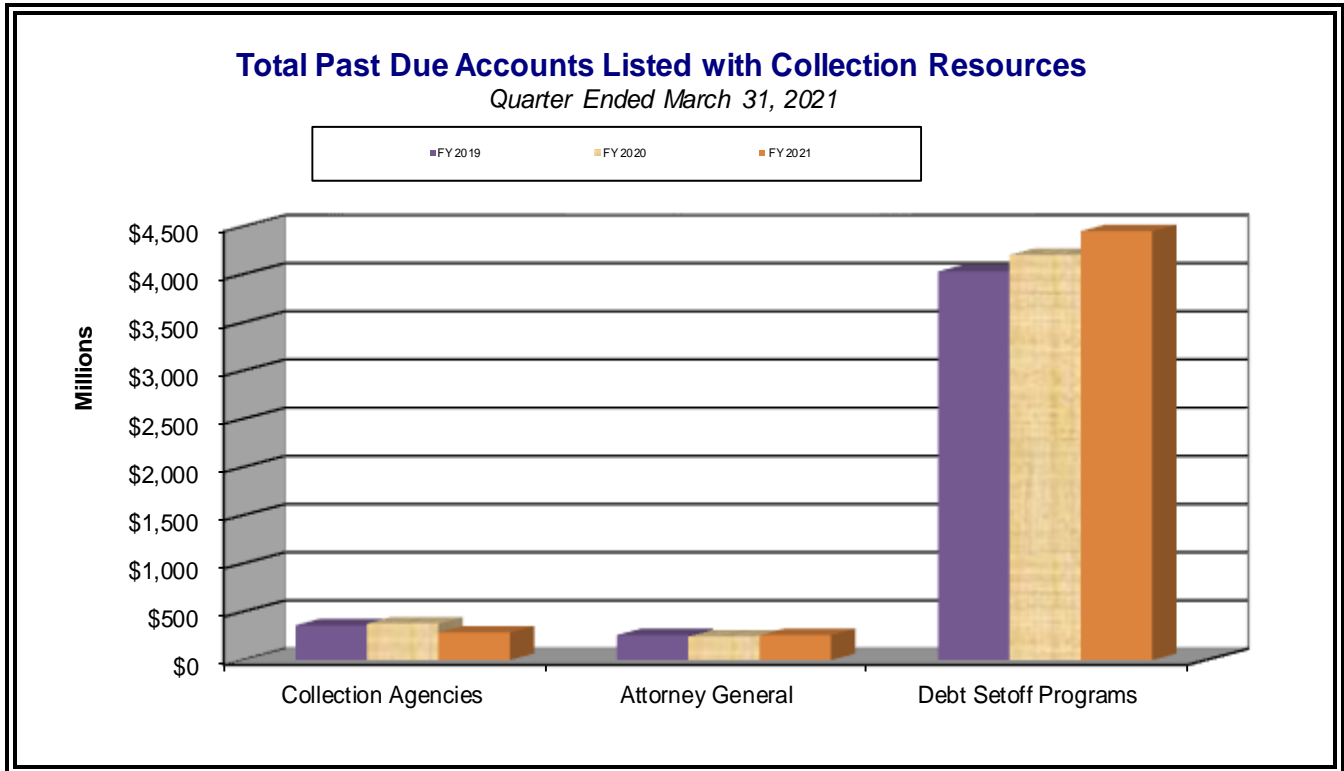
These additional collection tools recovered \$109.7 million during the quarter ended March 31, 2021. The Division of Debt Collection contributed \$2.0 million. Private collection agencies collected \$4.1 million, and the debt setoff programs (Tax, Comptroller's and Lottery) collected \$103.5 million.

Private collection agencies returned \$12.4 million of accounts to agencies, and the Division of Debt Collection discharged \$4.9 million of accounts and returned \$2.2 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, 2021

Agency	Total Over 60 Days	With Collection Agency	With Attorney General	Retained by State Agency
Department of Social Services	\$ 281,724,761	\$ 4,945	\$ 50,042	\$ 281,669,774
University of Virginia Medical Center	192,022,432	22,027,744	224,073	169,770,615
Department of Medical Assistant Services	138,592,612	508,505	506,643	137,577,464
Virginia Employment Commission	137,036,286	2,375,570	13,856,730	120,803,986
Virginia Department of Transportation	51,216,775	1,516,834	16,677,360	33,022,581
George Mason University	25,819,155	4,404,649	0	21,414,506
Department of Behavioral Health and Developmental Services	23,367,079	0	0	23,367,079
Virginia Community College System-Central Office	13,948,489	1,110,738	0	12,837,751
Old Dominion University	11,186,912	3,965,178	0	7,221,734
Virginia Polytechnic Institute and State University	11,088,177	834,859	288,063	9,965,255
TOTAL	\$ 886,002,678	\$ 36,749,022	\$ 31,602,911	\$ 817,650,745
All Other Agencies	93,966,764	3,588,981	10,003,442	80,374,341
TOTAL OVER 60 DAYS	\$ 979,969,442	\$ 40,338,003	\$ 41,606,353	\$ 898,025,086
Uncollectible Amounts Placed for Collection, Including Accounts Written Off	6,697,619,745	246,081,401	217,414,406	3,551,532,621
TOTAL COLLECTION EFFORTS	\$ 7,677,589,187	\$ 286,419,404	\$ 259,020,759	\$ 4,449,557,707

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 \$19.3 million in FY 2021. 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 3/31/21	Comparative	
		Percent 3/31/20	Percent 3/31/19
Department of Medical Assistance Services	95%	23%	17%
Department of Behavioral Health and Developmental Services	52%	49%	48%
Old Dominion University	36%	61%	64%
Department of Social Services	31%	34%	34%
Department of Transportation	31%	32%	13%
Virginia Community College System	31%	24%	20%
George Mason University	26%	23%	26%
Virginia Employment Commission	22%	22%	20%
University of Virginia Medical Center	19%	3%	14%
Virginia Polytechnic Institute and State University	9%	13%	5%
University of Virginia - Academic Division	8%	13%	15%
Statewide Average - All Agencies	25%	19%	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 81 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 70 percent indicates that for every dollar billed during the quarter ended March 31, 2021, the state collected seventy cents. This rate is the five percent lower than last year and five percent higher than two years ago.

Agency	Percent 3/31/21	Comparative	
		Percent 3/31/20	Percent 3/31/19
University of Virginia - Academic Division	270%	289%	262%
Virginia Polytechnic Institute and State University	205%	244%	225%
Virginia Commonwealth University	192%	398%	366%
Department of Transportation	107%	97%	107%
Virginia Information Technologies Agency	102%	107%	93%
Virginia Lottery	97%	104%	100%
Department of Social Services	95%	102%	98%
George Mason University	93%	92%	94%
Virginia Employment Commission	80%	28%	28%
University of Virginia Medical Center	24%	26%	26%
Statewide Average - All Agencies	95%	106%	106%

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 \$65.3 million at March 31, 2021, is a \$22.3 million decrease over the \$87.6 million reported at March 31, 2020. Over the same period, total past due receivables of \$143.1 million have increased by \$111.1 million from \$32 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 \$325 million at March 31, 2021, was a \$10.9 million increase from the \$314.1 million reported the previous year. Past due receivables increased \$315.4 million to \$382.2 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 \$633.9 million at March 31, 2021, an increase of \$402.7 million from the previous year. Total past due receivables were \$205.7 million, a \$143.5 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, 2021, of \$66.6 million, which is a decrease of \$25.6 million reported in the previous year. Most of these receivables are due from other state agencies. As of March 31, 2021, \$1 million was over 60 days past due, a decrease of \$3.2 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, 2021, the Virginia Lottery reported net receivables of \$83.7 million, a \$2 million increase from the previous year. Billings increased by \$57.5 million and collections increased by \$41 million during the March 31, 2021 quarter when compared to the March 31, 2020 quarter. At March 31, 2021, the Virginia Lottery had \$0.2 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, 2021, DOE receivables due from the Federal government under Direct Aid to Public Education included: Federal Fund: 10000 - \$81,179,797.03, CARES Fund: 10240 - \$14,779,333.33, and CARES Fund: 10380 - \$5,962,281.83.

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, 2021, the University reported net collectible receivables of \$126.2 million, a decrease of \$5.8 million over the prior year. At the same time, total past due receivables of \$31.7 million increased by \$7.2 million over the prior year.

The University uses a variety of collection methods to encourage payments. At March 31, 2021, VPISU/ID had \$11.1 million of accounts over 60 days past due. Of that amount, \$834,859 was placed with private collection agencies, and \$10 million was subject to additional in-house efforts.

Department of Behavioral Health and Developmental Services (DBHDS)

DBHDS operates 12 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, 2021, DBHDS reported collectible receivables of \$9.0 million, a \$1 million decrease over the previous year. \$33.4 million was past due, with \$23.4 million being over 60 days past due. Total past due receivables decreased by \$2.1 million over the year, and accounts over 60 days past due increased by \$20,233. At March 31, 2021, the Department had a total of \$15.6 million of accounts placed with the Attorney General and \$1.6 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, 2021, VDOT reported \$157.2 million of collectible receivables, an increase of \$10.4 million from the prior year. VDOT also reported \$69.5 million total past due and \$51.2 million being over 60 days past due. Past due receivables decreased by \$14.8 million over the year, while receivables over 60 days past due increased by \$2.0 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 \$16.7 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 120 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, 2021, DSS reported end gross receivables of \$900 million, an allowance for doubtful accounts of \$483.1 million and collectible receivables of \$417 million. Past due receivables totaled \$286.2 million, of which \$281.7 million was over 60 days past due.

Of these amounts, the Division of Child Support Enforcement (DCSE) was responsible for \$728.9 million (81 percent) of the gross receivables, \$451.3 million (93 percent) of the allowance for doubtful accounts and \$277.7 million (67 percent) of the collectible receivables.

From March 31, 2020 to March 31, 2021, end gross receivables increased by \$103 million and collectible receivables increased by \$94.1 million. Total past due receivables increased by \$10.8 million and receivables over 60 days past due increased by \$10.7 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, 2021, DRPT had gross and net receivables of \$27.4 million. The majority of this money is due via an interagency transfer from VDOT. DRPT reported \$291,693 past due receivables at March 31, 2021.

Virginia Commonwealth University (VCU)

VCU, based in Richmond, offers 238 degree and certificate programs through VCU’s 18 schools and one college to over 29,000 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, 2021, VCU had \$115.9 million of collectible receivables, a \$66.8 million increase from March 31, 2020. Total past due accounts were \$14.7 million, a \$2.5 million increase from March 31, 2020. Accounts over 60 days past due (\$10.6 million) increased by \$88,454 from the prior year. Billings increased at March 31, 2021 by \$75.8 million to \$149.2 million and collections decreased by \$6.2 million to \$285.8 million for the March 31, 2021 quarter, when compared to the March 31, 2020 quarter.

The following table is prepared to present the March 31, 2021, aging information in conformity with the provisions of the *Code of Virginia* § 2.2-603.E.(ii).

Commonwealth's total \$4.4 billion past due accounts receivable at March 31, 2021. Another 18 agencies accounted for 30 percent (\$1.4 billion), leaving 67 other agencies to comprise the last one percent at \$50 million.

Taxation and the Circuit and District Courts accounted for 69 percent (\$3.0 billion) of the

Agencies with the Largest Volume of Past Due Receivables

As of March 31, 2021

Agency	Total Past Due	1 to 180 Days Past Due	181 to 365 Days Past Due	Over One Year
Department of Taxation	\$ 2,139,314,950	193,827,960	191,462,422	1,754,024,568
Localities' Circuit and District Courts	901,525,118	52,290,472	51,630,593	797,604,053
Total - Taxation Assessments and Court Fines and Fees	\$ 3,040,840,068	\$ 246,118,432	\$ 243,093,015	\$ 2,551,628,621

All Other Large Dollar Agencies:

UNIVERSITY OF VIRGINIA MEDICAL CENTER	382,163,858	258,295,640	68,594,258	55,273,960
DEPARTMENT OF SOCIAL SERVICES	286,163,452	13,710,873	13,669,984	258,782,595
VIRGINIA EMPLOYMENT COMMISSION	205,655,320	118,909,630	36,618,143	50,127,547
DEPT OF MEDICAL ASSISTANCE SERVICES	143,098,743	44,196,011	9,458,603	89,444,129
DEPARTMENT OF TRANSPORTATION	69,496,691	25,310,268	2,875,952	41,310,471
UNIVERSITY OF VIRGINIA - ACADEMIC DIV	43,740,906	40,275,885	1,794,717	1,670,304
DEPT OF BEHAVIORAL HEALTH & DEVELOPMENTAL SERVICES	33,414,054	26,917,240	25,975	6,470,839
GEORGE MASON UNIVERSITY	31,824,841	19,982,814	7,287,251	4,554,776
VPI & STATE UNIVERSITY	31,664,158	29,928,104	1,082,549	653,505
OLD DOMINION UNIVERSITY	29,609,189	26,766,778	2,378,055	464,356
VA COMMUNITY COLLEGE SYS-SYSTEM OFFICE	21,009,414	17,459,952	2,930,220	619,242
VIRGINIA COMMONWEALTH UNIVERSITY	14,657,846	8,820,810	499,627	5,337,409
DEPARTMENT OF STATE POLICE	11,511,825	3,499,057	611,935	7,400,833
VIRGINIA INFORMATION TECHNOLOGIES AGENCY	8,276,621	7,382,683	664,112	229,826
DEPARTMENT OF GENERAL SERVICES	7,330,942	2,748,518	1,337,639	3,244,785
DEPARTMENT OF LABOR AND INDUSTRY	7,029,876	270,071	483,508	6,276,297
NORFOLK STATE UNIVERSITY	6,479,988	5,501,555	163,468	814,965
VA WORKERS' COMPENSATION COMMISSION	6,448,294	2,007,802	1,305,152	3,135,340

Total - Largest Dollar Volume Agencies	\$ 1,339,576,018	\$ 651,983,691	\$ 151,781,148	\$ 535,811,179
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All Other Agencies	49,948,918	29,754,548	5,977,747	14,216,623
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Grand Total Past Due Receivables	\$ 4,430,365,004	\$ 927,856,671	\$ 400,851,910	\$ 3,101,656,423
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