

REPORT ON STATEWIDE COMPLIANCE

**FOR THE QUARTER ENDED
JUNE 30, 2023**



OFFICE OF THE COMPTROLLER

DEPARTMENT OF ACCOUNTS

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STATEMENT OF PURPOSE

The *Code of Virginia* requires that the Department of Accounts (DOA) monitor and account for all transactions involving public funds. In order to carry out this mandate, the Department uses a variety of measures, including automated controls, statistical analyses, 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, 2023, and comparative FY 2022 data.

Sharon H. Lawrence, CPA, CGMA
Acting 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 Plan (CAP) to 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 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. Risk alerts 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 Risk Alerts section. The full text of these reports is available at www.apa.virginia.gov.

Audit Reports – Quarter Ended June 30, 2023

The APA issued 5 reports covering 17 State Agencies for the Executive Branch and no reports for the Independent Agencies. The last column indicates whether the CAP has been received as of the date of this publication for each agency with audit findings. Note that in some cases, the CAP may not have been received because it is not yet due.

	New Findings	Repeat Findings	Total Findings	CAP Received
Administration				
None				
Agriculture and Forestry				
None				
Commerce and Trade				
None				
Education				
Christopher Newport University	3	0	3	YES
George Mason University	0	0	0	N/A
Virginia Military Institute	2	3	5	YES

	New Findings	Repeat Findings	Total Findings	CAP Received
Executive Offices				
Office of the Governor ⁽¹⁾	1	0	1	YES
Office of the Lieutenant Governor	0	0	0	N/A
Finance				
None				
Health and Human Resources				
None				
Independent Agencies				
None				
Labor				
None				
Natural Resources				
None				
Public Safety and Homeland Security				
None				
Technology				
None				
Transportation				
None				
Veterans and Defense Affairs				
None				

⁽¹⁾The APA issued one report titled “Office of the Governor and the Governor’s Cabinet Secretaries for the year ended June 30, 2022.”



Audit Findings - Quarter Ended June 30, 2023

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

Education

Christopher Newport University

- 2022-01: Improve Operating System Security
- 2022-02: Improve Database Audit Logging and Monitoring
- 2022-03: Improve Internal Controls Over Terminated Employees

Virginia Military Institute

- 2022-01: Ensure Proper Documentation of Bank Reconciliations. **This is a Repeat Finding.**
- 2022-02: Improve Controls over Terminated Employees. **This is a Repeat Finding.**
- 2022-03: Ensure Compliance with Conflict of Interests Act. **This is a Repeat Finding.**
- 2022-04: Conduct Information Technology Security Audits
- 2022-05: Develop a Baseline Configuration for the Operating System Server Environment

Executive Offices

Office of the Governor

- 2022-01: Improve Policies and Procedures over Expenses



Risk Alerts – Quarter Ended June 30, 2023

No APA Reports containing “Risk Alerts” were received.

Special Reports – Quarter Ended June 30, 2023

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

Final Comparative Report of Local Government Revenue and Expenditures for the fiscal year ended June 30, 2022

Review of Chapter 759/769 Bond Issuance Limit – Fiscal Year 2021

Other Audit Reports – Quarter Ended June 30, 2023

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

Commonwealth Health Research Board for the period July 1, 2020 through June 30, 2022

Department of Emergency Management Wireless E-911 Fund for the year ended June 30, 2021

Virginia Polytechnic Institute and State University Intercollegiate Athletics Programs for the year ended June 30, 2022

Internal Control Questionnaire Reviews - Quarter Ended June 30, 2023

No APA “Internal Control Questionnaire Reviews” were received.



Auditor of Public Accounts Reports - Executive Branch Agencies

Summary of Prior Audit Findings

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

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

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Administration				
Department of General Services	1	1	0	0
Department of Human Resource Management	3	0	0	0
Virginia Information Technologies Agency	3	0	0	0
Commerce and Trade				
Department of Housing and Community Development	0	0	0	1
Education				
Christopher Newport University	0	0	1	0
Department of Education including Direct Aid to Public Education	1	1	0	0
Frontier Culture Museum of Virginia	4	0	0	0
Norfolk State University	0	0	2	1
Old Dominion University	5	3	0	0
Radford University	1	2	0	0
Richard Bland College	0	1	0	0
University of Mary Washington	2	0	3	0
University of Virginia	2	2	7	0
University of Virginia College at Wise	0	0	0	2
University of Virginia Medical Center	0	0	0	2
Virginia Commonwealth University	0	0	2	0
Virginia Community College System – Central Office	0	2	0	0
John Tyler Community College	0	1	8	0
Lord Fairfax Community College	0	1	2	0
Tidewater Community College	0	1	0	0
Virginia Military Institute	0	0	2	0
Virginia Museum of Fine Arts	2	0	6	0

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Virginia Polytechnic Institute and State University	1	1	0	0
Virginia State University	5	0	13	0
Executive Offices				
Attorney General and Department of Law	0	4	0	0
Finance				
Department of Accounts	2	0	2	0
Department of Planning and Budget	1	0	0	0
Department of the Treasury	1	0	1	0
Health and Human Resources				
Department of Behavioral Health and Developmental Services	16	0	1	0
Department of Health	8	0	3	0
Department of Medical Assistance Services	4	1	0	0
Department of Social Services	16	1	10	0
Department for the Blind and Vision Impaired	0	3	0	0
Independent Agencies				
Virginia Retirement System	0	0	1	0
Labor				
Virginia Employment Commission	5	0	3	0
Natural and Historical Resources				
Department of Wildlife Resources	2	0	2	0
Public Safety and Homeland Security				
Department of Fire Programs	0	1	0	2
Department of State Police	0	10	0	0
Virginia Alcoholic Beverage Control Authority	0	1	7	0
Transportation				
Department of Motor Vehicles	1	0	2	0
Department of Transportation	6	0	0	0
TOTALS	92	37	78	8



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.

Status updates marked with an asterisk (*) identify corrective action plans that were not received by the agency before publication of this report.

Administration

Department of General Services (DGS)

Audit Year: 2022

Finding 22-01: Improve Internal Controls over Financial Reporting of Leases under GASB Statement No. 87. **This is a Material Weakness.**

Status: Consultant retained for a two-phase approach. Phase I complete to identify an approach for updating current policies and processes for GASB 87 and to address APA recommendations. Phase II should begin in August.

Status Summary: In Progress (On Schedule)

Audit Year: 2020

Finding 20-02: Develop and Implement Surplus Tracking System

Status: DGS Surplus has solicited to hire a consultant to assist with the analysis of determining the feasibility of an inventory tracking system.

Status Summary: In Progress (Delayed)

Department of Human Resource Management (DHRM)

Audit Year: 2022

Finding 22-01: Strengthen Controls over Financial Reporting. **This is a Material Weakness.**

Status: Finance is in the process of hiring staff to fill vacant positions. CFO was hired and 1 finance position to hire.

Status Summary: In Progress (On Schedule)

Finding 22-02: Improve Database Governance and Security

Status: Working with the Chief Information Officer. CFO was hired and one finance position to hire.

Status Summary: In Progress (On Schedule)

Finding 22-03: Implement Policies and Procedures Related to Conflict of Interests Requirements

Status: Working with Human Resource Manager. Human Resource Manager is working on the necessary changes.

Status Summary: In Progress (On Schedule)

Virginia Information Technologies Agency (VITA)
Audit Year: 2022

Finding 22-01: Improve Controls over Identifying, Tracking, Recording, and Reporting Leased Assets. **This is a Material Weakness.**

Status: All items continue to be in progress with assistance from the contract resource.

Status Summary: In Progress (On Schedule)

Finding 22-02: Continue to Ensure ITISP Suppliers Meet all Contractual Requirements. **This is a Repeat Finding.**

Status: 1. VITA, working with its multi-sourcing services integrator (MSI), opened a multi-supplier project to reduce and eliminate un-remediated vulnerabilities. 2. Effective April 1, 2023, SLA 2.3.4 began to measure the IT infrastructure suppliers against a requirement that 97% of vulnerabilities with a CVSS of 7.0 or higher are remediated within 60 days. 3. With respect to agency access to security log information, all logs are being monitored. VITA and the suppliers monitor and review enterprise level logs and security events on behalf of customer agencies through the system and a 24x7 Security Operations Center. VITA intends to further enhance services during the remainder of calendar year 2023. (1) The main technical hurdle to agency access to the system dashboard has been overcome; once access is rolled out to agencies in Q3, they will have real time drill-down insight into security alerts and events in their environment. (2) VITA is sending system logs to cloud containers that allow agencies to review and query their own data. VITA is also working on additional tools and implementation of zero trust. Security compliance of system IT services overall is assessed on an ongoing basis through System Security Plan (SSP) submission and review.

Status Summary: In Progress (On Schedule)

Finding 22-03: Conduct Audits of Agency Sensitive Systems Timely

Status:

1. Audit workplan is being monitored.

2. Manager starts June 25, 2023, and two other positions undergoing background checks. Automated audit software implementation begins June 27, 2023.

Status Summary: In Progress (On Schedule)

Commerce and Trade

Department of Housing and Community Development (DHCD)
Audit Year: 2021

Finding 21-05: Include Required Provisions in Contracts Supported with Federal Funds

Status: Working with Procurement Officer to ensure appropriate language is included in contracts supported with federal funds.

Status Summary: Completed (Delayed)

Education

Christopher Newport University (CNU)
Audit Year: 2021

Finding 21-03: Implement Cybersecurity Requirements of the Gramm-Leach-Bliley Act

Status: CNU has an active engagement with the system owner to conduct a GLBA assessment in February of 2023 to identify and document GLBA data and the departments responsible for it. Information Security Officer (ISO) presented annual Information Security Report to the Board of Visitors at the June 2023 BOV meeting and has been made the GLBA Qualified Individual "QI". GLBA training has been developed and published in Scholar and the GLBA Information Security Program Standard in draft.

Status Summary: Completed (On Schedule)

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

Audit Year: 2022

Finding 22-01: Ensure the Correct Award Year is Applied to Federal Reports

Status: Staff are continuously reviewing data for FFATA Reporting to ensure that what is being reported is correct and working with subrecipients to ensure their information is set up correctly in SAM.Gov.

Status Summary: In Progress (On Schedule)

Audit Year: 2019

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

Status: CISO has been working with VITA/third party to get log access. The CISO is still waiting on access to the SIEM tool for evaluation of logs and set up.

Status Summary: In Progress (Delayed)

Frontier Culture Museum of Virginia (FCMV)

Audit Year: 2021

Finding 21-01: Continue to Develop and Implement an Information Security Program. **This is a Partial Repeat Finding.**

Status: Agency staff continue to work with VITA Commonwealth Security Risk Management analysts to help develop and implement an information security program. Agency recently completed risk assessment with VITA ISO services and is awaiting findings. Long-term, Agency is hoping to hire a dedicated IT staff member.

Status Summary: In Progress (On Schedule)

Finding 21-02: Improve Oversight of Third-Party Providers. **This is a Repeat Finding.**

Status: Currently working with VITA Commonwealth Security Risk Management to complete risk assessment of lone third-party program deemed sensitive. Issues discovered can then be fully addressed. Replacement of said system expected when the software is up for renewal in September 2024. Working with VITA to follow proper procurement and assessment procedures.

Previously indicated "complete," but now have a better understanding of what is required.

Status Summary: In Progress (On Schedule)

Finding 21-03: Continue to Improve Policies and Procedures. **This is a Partial Repeat Finding.**

Status: Currently focused on having desk procedures in place to ensure continuity of operations when the current Finance Director departs in late August (retirement). A search has begun for her replacement. The recently completed risk assessment with VITA ISO services, and its findings when made available, should assist Agency staff in developing Information system security policy.

Status Summary: In Progress (On Schedule)

Finding 21-04: Properly Perform Reconciliation of Retirement Benefits System Information. **This is a Partial Repeat Finding.**

Status: FCMV worked with another small agency that was also struggling with formalizing this process and are currently using a checklist they were able to obtain. FCMV assumes that new CAPP Topic 50470, HCM Benefits Reconciliation, when available, will provide the guidance FCMV needs.

Status Summary: In Progress (On Schedule)

Norfolk State University (NSU)

Audit Year: 2021

Finding 21-07: Remove System Access Timely. **This is a Partial Repeat Finding.**

Status: Policy updates are in progress. Human Resource provided communication to all University Faculty, Administrators and Staff on understanding the Employee Clearance and Separation Process.

This training material includes the requirement of notifying certain campus departments of the employee's departure through electronic university clearance form within 24 hours of notification of separation. This communication will continue to be distributed quarterly as a training tool and reminder for University Faculty, Administrators, and Staff.

Status Summary: Completed (On Schedule)

Finding 21-08: Comply with Prompt Payment Provisions. **This is a Repeat Finding.**

Status: The University has continued with training on the procure to pay process to ensure budget managers and fiscal staff understand their responsibility.

Status Summary: Completed (On Schedule)

Finding 21-09: Improve Compliance over Enrollment Reporting. **This is a Repeat Finding.**

Status: The Registrar's and Financial Aid Offices continues to review and document submissions of both official and unofficial withdrawals and graduate reporting based on the updated policies and procedures put in place to ensure timely and accurate enrollment reporting. Errors are continuing to be address and resolved.

Status Summary: Completed (Delayed)

Old Dominion University (ODU)

Audit Year 2022

Finding 22-01/21-01: Continue to Improve the Financial Reporting Process. **This is a Material Weakness and a Repeat Finding.**

Status: 1. Develop a review control checklist to enhance high-level review. (In Progress)

2. Conduct periodic analytical reviews to identify

a. Unusual or unexpected financial correlations (reasonableness analysis), (In Progress), and

b. Material variances in activities from year to year. (Complete)

3. Increase methodology documentation of key financial reporting processes. (In Progress)

4. Develop effective data validation steps to mitigate the risk of error which may be caused by an over reliance on system-generated reports. (In Progress)

5. Expand engagement with internal and external partners when incorporating new program and new funding resources in the financial reporting process. (Complete)

6. Allocate resources to improve system functionality, efficiency, and financial reporting process. (Complete)

7. Conduct SWOT Analysis, evaluate organizational structure and allocate resources to realign responsibility, accountability and professional skill set of the Office of Finance. (Complete)

Status Summary: In Progress (On Schedule)

Finding 22-02: Improve Controls over Financial Reconciliations

Status: 1. Management of the Office of Finance is developing monthly close schedules to ensure timely review and action on outstanding items.

a. Capital Asset Reconciliation - Implementation of process improvements and controls, including timely and accurate reconciliations is on-going and projected by September 30, 2023. (In Progress)

b. Non-capital Asset Reconciliation - This project is ongoing with a completion goal date of September 30, 2023. (In Progress)

2. Management is actively researching reconciling items in two of the accounts between the University's accounting system and bank balances that have existed since fiscal year 2001 when the University upgraded its accounting system, including the modification of system coding for university bank accounts. Analysis of process changes to eliminate realignment entries is underway. The completion goal date for reconciliation of prior entries and process updates is September 30, 2023. (In Progress)

Status Summary: In Progress (On Schedule)

Finding 22-03: Improve Accounting for Accounts Payable

Status: 1. Implement an invoice fiscal year identification procedure for each invoice entered by Accounts Payable. (Complete)

2. Develop a report which utilize the invoice fiscal year identification data in the system to account for invoice payment by its correct fiscal year. Reports will be generated monthly beginning July 31 through the end of audit fieldwork to ensure accurate reporting. (In Progress)

3. Perform sampling review to ensure proper fiscal year assignment from the population of:

a. All invoices greater than \$20,000 between May and June (In Progress)

b. All invoices greater than \$50,000 between July and December (In Progress).

Status Summary: In Progress (On Schedule)

Finding 22-04: Improve Controls over Capital Asset Inventory

Status: 1. The Office of Finance contracted with an outside consultant to review accounting and reporting processes and procedures specific to capital assets management in September 2022. (Complete)

2. The Office of Finance contracted with the same outside consultant for a second engagement in January 2023. The engagement focused on implementation of process improvements and controls, including completion of the biannual inventory timely for the preparation of the annual financial statements. (In Progress)

Status Summary: In Progress (On Schedule)

Finding 22-05/21-05: Promptly Return Unearned Title IV Funds to Department of Education. This is a Repeat Finding.

Status: 1. SFA management engaged the third-party vendor in 2023 to ensure all available resources have been applied to the Return of Title IV Funds processing. (In Progress)

2. SFA management has counseled responsible staff and clarified expectations of duties surrounding the critical nature to process assigned duties promptly and timely. (Complete)

3. SFA management plans to conduct periodic internal analytical reviews and testing to monitor timely return of unearned Title IV funds to Department of Education. (New Initiative - In Progress)

Status Summary: In Progress (On Schedule)

Audit Year 2021

Finding 21-02: Strengthen Policies and Procedures Related to Terminated Employees

Status: 1. The Department of Human Resource (HR) has revised Policy #6060-Separation Policy for Faculty/Staff and submitted the policy to the University Policy University Policy Manager & Executive Secretary to the Board of Visitors for review by the University Policy Review Committee, and final approval by the University President. (In Progress)

2. HR has implemented a new timeline to send a non-compliance notification to the hiring managers and their supervisor if the checklist is not completed two days after the employee's separation effective date. (Complete)

Status Summary: In Progress (Delayed)

Finding 21-04: Promptly Return Unclaimed Aid to the Department of Education

Status: 1. The University (Office of Finance) had promptly return unclaimed aid to the Department of Education as of December 8, 2022. (Complete)

2 & 3. The Office of Finance has updated its formal procedure (OOF Procedure# 3-035 Due Diligence for Title IV Checks) to perform due diligence on outstanding checks that include federal funds for checks written up to 240 days from initial check date. (Complete)

4. The procedure follows applicable federally mandated guidelines and attempt to contact students with undeposited payments. If not successful, the Office of Finance will notify the Student Financial Aid Office timely (no later than two hundred days) to process aid changes and for the University to return the unclaimed funds to the U.S. Department of Education (ED) within the required timeframe. (Complete)

5. The Information Technology Services (ITS) is currently developing a revised aging report to further improve monitoring effectiveness. (In Progress)

Status Summary: In Progress (Delayed)

Finding 21-06/21-01: Improve Compliance over Enrollment Reporting

Status: 1 & 2. Some of the errors the auditors had found were caused by defects in the enrollment reporting job itself and reported to the vendor. While no new compliance issues were identified by the review process, based on the consultant's recommendation, the Office of Registrar is making the following changes to improve consistencies and accuracies in managing enrollment status effective dates at the campus and program levels:

a. Development stage - change the major declaration process to make curriculum changes effective with the start of the following term, (Complete)

b. Implementation stage - Use the on-the-fly time status calculation to update enrollment status effective dates as registration activity takes place. (In Progress)

3. The Office of Registrar has implemented a stricter quality control process over enrollment reporting. (Complete)

Status Summary: In Progress (Delayed)

Radford University (RU)

Audit Year 2022

Finding 22-01: Improve Financial Reporting Review Process

Status: Updated procedures have been completed and reviewed. Implementation of revised procedures is estimated to be completed on schedule at the conclusion of the financial statement reporting cycle.

Status Summary: In Progress (On Schedule)

Audit Year 2021

Finding 21-01: Improve Compliance over Enrollment Reporting. **This is a Repeat Finding.**

Status: The Office of Financial Aid and the Registrar's Office have improved and refined processes to address all parts of the APA Finding #2021-078. The University's Office of Audit & Advisory Services (OAAS) has verified that implementation of these improvements was successful. However, testing discovered that process improvements were needed to ensure that enrollment information for students who had name changes was recorded in NSLDS accurately and timely. Additional test work for Spring 2023 unofficial withdrawals will occur in Summer 2023.

Status Summary: In Progress (Delayed)

Finding 21-04: Promptly Return Unclaimed Aid to the Department of Education

Status: The Office of Financial Aid and the Department of General Accounting collaborated to make process revisions and updates to internal procedures, these procedures have been reviewed and are currently being validated. Staffing transitions has delayed the completion of this item.

Status Summary: In Progress (Delayed)

Richard Bland College (RBC)

Audit Year 2021

Finding 21-01: Develop and Implement a Service Provider Oversight Process

Status: RBC remains on track, as outlined in the March 2023 submission. RBC now has an active IT Governance Committee that convened February 2023. The committee charter was approved May 2023. Additionally, RBC continues to work with VITA ISO Services Team. That MOU includes:

- Policy review
- Business Impact development
- System Security Plan and Risk Assessment Management and development

Policy review is in progress. Business impact development and system security plan and risk assessment management and development remain ongoing. The ISO continues to work with the RBC VITA CAM and ECOS and ISO Services Teams to learn the VITA systems and develop internal procedures. The ISO also has weekly meetings with those teams and the RBC VITA CAM. The ISO is working with the VITA services to finalize the list of all RBC SaaS now covered under VITA ECOS.
Status Summary: In Progress (Delayed)

University of Mary Washington (UMW)
Audit Year 2022

Finding 22-01: Continue to Improve Internal Controls over Capital Outlay Procurement and Management. **This is a Repeat Finding.**

Status: Procedures documented. Developed plan for procedures to be reviewed and tested by Compliance for completeness. Turnover in UMW Asst Controller for Compliance position has delayed thorough testing of the new procedures.

Status Summary: In Progress (On Schedule)

Finding 22-02: Improve Financial Reporting Process. **This is a Material Weakness and a Partial Repeat Finding.**

Status: Lease procedures have been updated and are under review. Initial GASB 96 training has been completed, additional training as necessary.

Status Summary: In Progress (On Schedule)

Finding 22-03: Improve Reporting to National Student Loan Data System

Status: UMW Registrar's Office established a webpage explaining the policy, added last date of attendance to faculty class roster (if instructor enter grade of F, I or UN – can't move forward without entering last date of attendance), and adjusted Fin AID Zero GPA report to include final grades and last date of attendance.

Status Summary: Completed (On Schedule)

Finding 22-04: Submit an Accurate FISAP to Education

Status: The University has reported State awards consistently on the FISAP for over a decade and based its decision for doing so on the lack of control over awarding criteria. However, considering further explanation of the guidance, UMW will exclude State awards where UMW has the final awarding decision from Section II, Item 24 on future FISAP reporting and has corrected the current FISAP.

Status Summary: Completed (On Schedule)

Finding 22-05: Promptly Return Unclaimed Aid to Education

Status: UMW Accounting has developed, tested, and implemented a new procedure.

Status Summary: Completed (On Schedule)

University of Virginia (UVA/AD)
Audit Year 2022

Finding 22-01: Improve Governance Structure and Resources Surrounding Financial Reporting Process. **This is a Material Weakness and a Partial Repeat Finding.**

Status:

(1) Financial Reporting Committee holds monthly leadership update meetings with the University's Board of Visitors, President, Executive Vice President and Chief Operating Officer, and UVA Finance.

(2) Senior Director, (Consolidated) Financial Reporting position hired. Assessment and recommendations on GASB implementation have been drafted.

(3) Full access to the UVA Medical Center financials has been provided to COO, CFO, and Chief Audit

Executive. Meetings are monthly to review and discuss. An additional analyst/accountant in the Medical Center finance team has been hired.

Status Summary: Completed (On Schedule)

Finding 22-02/21-01/20-01/19-02: Improve Controls over User Access to the Payroll and Human Resources System. **This is a Partial Repeat Finding.**

Status: The User Security Role Attestation Campaign, completed June 15, 2023, required action to be taken to approve or remove (de-provision) roles. Segregation of Duties within the finance and HR system continues to be evaluated and monitored, as the fully implemented finance area of the system is managed. Access Provisioning and De-Provisioning is addressed through use of a Request-Based Access process within the Finance/HR system, which utilizes an approval workflow.

Status Summary: Completed (On Schedule)

Finding 22-03/21-02: Improve Processes over Employment Eligibility Verification. **This is a Repeat Finding.**

Status: EVP-COO, UVA HR and Provost have implemented multiple changes to meet I-9 compliance requirements, including internal procedures with impact to operations within and between UVA HR and schools/business units. Changes made:

- UVA HR system:
 - o Help text, notifications, and additional upload document step have been added to the I-9 process in the system for Academic (excluding Wise) employees only
 - o Steps taken to ensure employee and manager more clearly understand what needs to be submitted and when, including acceptable documentation and guidance on how to provide documentation
 - o I-9 Compliance Dashboard; includes real-time "Incomplete I-9 Report" available to all managers
- Website changes - additions to Student Hiring Website include updated language to more clearly explain I-9 process and deadlines
- Communications sent to managers, new hires, those involved in I-9 process
- Beginning April 17, 2023, a new procedure is in place whereby any student worker who remains non-compliant by 1:00pm on day 4 of employment will be terminated. The student worker and their hiring manager will be notified on days 3 and 4 of this termination. The student may be rehired to their position; however, the hiring manager must start the process from the beginning.

Status Summary: Completed (On Schedule)

Finding 22-04/21-03: Complete Annual Review over User Access to University Information Systems. **This is a Repeat Finding.**

Status: An attestation campaign for User Security Roles in the finance and HR system was completed across grounds on June 15, 2023.

Status Summary: Completed (On Schedule)

Finding 22-05/21-04: Continue to Implement Information Security Program Requirements for the Gramm-Leach-Bliley Act. **This is a Repeat Finding.**

Status: The Academic Division has received and reviewed the report from the external vendor's risk assessment of five systems containing nonpublic customer information and is developing a remediation plan based upon the report. In addition, the Academic Division has surveyed all major business units at the University to identify additional systems containing nonpublic customer information and is collecting risk assessments on those identified systems. In March 2023, the Academic Division's Chief Information Security Officer provided a written report on the University's information security program to the University's Board of Visitors. The Academic Division is on schedule to complete a comprehensive risk assessment on all identified systems containing non-public customer information. Corrective action plans will be developed from the results of those risk assessments.

Status Summary: Completed (On Schedule)

Finding 22-06: Continue to Improve Controls and Compliance with Student Financial Aid Requirements. **This is a Partial Repeat Finding.**

Status: On December 14, 2022, UVA Wise Financial Aid provided the updated calculation for the return of Title IV funding and provided those details to UVA Wise Finance. The finance team reviewed and confirmed these calculations with financial aid, and funds were returned on December 16, 2022. The GLBA assessment for Wise was completed the week of March 17th, and the formal report is forthcoming within the month of April. Work on GLBA compliance is in progress.

Status Summary: Completed (On Schedule)

Finding 22-07: Continue to Improve Security Awareness Training. **This is a Repeat Finding.**

Status: Annual Mandatory training (that includes privacy and security training) is expected to be assigned the week of July 17th and completed prior to September 1st. The first escalation to leadership for non-compliance is expected to take place in early September. Significant progress has been made with respect to the assignment of training as well as procedures for manager/supervisor follow up/monitoring of training completion.

Status Summary: In Progress (Delayed)

Finding 22-08: Improve Payroll Accounting and Financial Reporting Processes

Status: UVA Management began investigating the payroll account balances in February 2023 to determine the appropriate adjustments, if any, that are referenced in this finding. UVA has performed walkthroughs with staff at all levels of payroll processing, journal entry samples and reviews, and started drafting an accounting white paper for all aspects of general payroll processing. UVA has identified certain adjustments needed and potential recommendations regarding improving internal controls as part of these procedures, however work is currently ongoing. UVA expects that work to be completed no earlier than June 30, 2023.

Status Summary: In Progress (On Schedule)

Finding 22-09: Improve Capital Asset Inventory Controls

Status: Procedures and policies have been written and implemented to correct the APA findings. UVA is planning a complete physical asset review for all assets with Net Book Value greater than \$5,000 for FY24. Physical inventory is conducted every other year as required by the State.

Status Summary: Completed (On Schedule)

Finding 22-10: Complete Annual User Access Reviews

Status: The project associated with Annual Mandatory training (that includes privacy and security training) included improvement efforts (completed in early May) to strengthen tracking of Contingent Workers and their assigned UVAH Sponsors (i.e., Supervisors/Managers). An escalation process has also been defined to strengthen compliance with annual reviews. Managers/Sponsors have been notified by the ISO to complete annual reviews and the first escalation to UVAH leadership for follow up is planned to be completed prior to the end of July. Progress has been made with the initial outreach and follow up regarding user access reviews. Overall Improvement efforts are expected to be completed by August 15, 2023.

Status Summary: In Progress (Delayed)

Finding 22-11: Complete a System Security Plan for Each Sensitive System

Status: Each year, controls are evaluated for critical systems as part of our annual HIPAA Risk Assessment Process. That work is completed but pending final leadership review later this month. Data that would be incorporated into a System Security Plan for those systems is captured as part of that effort. The goal is to leverage that effort and data to establish the required system security plan information in a single repository. UVA is on track to complete the work by November 30, 2023, as planned.

Status Summary: In Progress (On Schedule)

University of Virginia's College at Wise (UVA/CW)
Audit Year 2021

Finding 21-01: Improve Controls over User Access to the Payroll and Human Resources System. **This is a Partial Repeat Finding.**

Status: The User Security Role Attestation Campaign, completed June 15, 2023 required action to be taken to approve or remove (de-provision) roles. Segregation of Duties within the finance and HR system continues to be evaluated and monitored, as the fully implemented finance area of the system is managed. Access Provisioning and De-Provisioning is addressed through use of a Request-Based Access process within the Finance/HR system, which utilizes an approval workflow.

Status Summary: Completed (Delayed)

Finding 21-02: Improve Processes over Employment Eligibility Verification. **This is a Partial Repeat Finding.**

Status: EVP-COO, UVA HR and Provost have implemented multiple changes to meet I-9 compliance requirements, including internal procedures with impact to operations within and between UVA HR and schools/business units. Changes made:

- UVA HR system:
 - o Help text, notifications, and additional upload document step have been added to the I-9 process in the system for Academic (excluding Wise) employees only
 - o Steps taken to ensure employee and manager more clearly understand what needs to be submitted and when, including acceptable documentation and guidance on how to provide documentation
 - o I-9 Compliance Dashboard; includes real-time "Incomplete I-9 Report" available to all managers
- Website changes - additions to Student Hiring Website include updated language to more clearly explain I-9 process and deadlines
- Communications sent to managers, new hires, those involved in I-9 process
- Beginning April 17, 2023, a new procedure is in place whereby any student worker who remains non-compliant by 1:00pm on day 4 of employment will be terminated. The student worker and their hiring manager will be notified on days 3 and 4 of this termination. The student may be rehired to their position; however, the hiring manager must start the process from the beginning.

Status Summary: Completed (Delayed)

University of Virginia Medical Center (UVAH)
Audit Year 2021

Finding 21-01: Improve Controls over User Access to the Payroll and Human Resources System. **This is a Partial Repeat Finding.**

Status: The User Security Role Attestation Campaign, completed June 15, 2023, required action to be taken to approve or remove (de-provision) roles. Segregation of Duties within the finance and HR system continues to be evaluated and monitored, as the fully implemented finance area of the system is managed. Access Provisioning and De-Provisioning is addressed through use of a Request-Based Access process within the Finance/HR system, which utilizes an approval workflow.

Status Summary: Completed (Delayed)

Finding 21-02: Improve Processes over Employment Eligibility Verification. **This is a Partial Repeat Finding.**

Status: EVP-COO, UVA HR and Provost have implemented multiple changes to meet I-9 compliance requirements, including internal procedures with impact to operations within and between UVA HR and schools/business units. Changes made:

- UVA HR system:
 - o Help text, notifications, and additional upload document step have been added to the I-9 process in the system for Academic (excluding Wise) employees only

- o Steps taken to ensure employee and manager more clearly understand what needs to be submitted and when, including acceptable documentation and guidance on how to provide documentation
 - o I-9 Compliance Dashboard; includes real-time "Incomplete I-9 Report" available to all managers
 - Website changes - additions to Student Hiring Website include updated language to more clearly explain I-9 process and deadlines
 - Communications sent to managers, new hires, those involved in I-9 process
 - Beginning April 17, 2023, a new procedure is in place whereby any student worker who remains non-compliant by 1:00pm on day 4 of employment will be terminated. The student worker and their hiring manager will be notified on days 3 and 4 of this termination. The student may be rehired to their position; however, the hiring manager must start the process from the beginning.
- Status Summary:** Completed (Delayed)

Virginia Commonwealth University (VCU)
Audit Year 2022

Finding 22-01: Improve IT Asset Management Process

Status: The media sanitization baseline is updated, and it is now mandatory for distributed units to use the centralized asset decommissioning process. All units are made aware of the requirement.

Status Summary: Completed (On Schedule)

Finding 22-03: Improve IT Change Management Procedures and Process

Status: The workflow for change management system is changed to require the documentation of test plans and additional documentation changes if needed.

Status Summary: Completed (On Schedule)

Virginia Community College System – Central Office (VCCS-CO)
Audit Year: 2021

Finding 21-01: Provide Oversight and Guidance Related to College Financial Reporting

Status: Memorandums have been sent to the colleges with detailed guidance/instructions on various accounting issues. Training has also been provided as part of the Administrative Services Conference, and various on-line zoom sessions.

Status Summary: In Progress (Delayed)

Finding 21-04/20-02/19-01: Ensure Consistency in the Handling and Financial Reporting of Dual Enrollment Tuition. **This is a Repeat Finding.**

Status: The colleges will record a FY23 "gross-up" entry in July 2023. Moving forward, procedures are in place for colleges to start recording FY24 entries beginning July 1, 2023. On target for completion in July 2023.

Status Summary: In Progress (Delayed)

John Tyler Community College (JTCC)
Audit Year: 2021

Finding 21-40: Strengthen the Schedule of Expenditures of Federal Awards Process

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Finding 21-41: Ensure an Accurate FISAP is Submitted to Education

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Finding 21-42: Improve Reporting to the Common Origination and Disbursement System
Status: Corrective action has been completed.
Status Summary: Completed (On Schedule)

Finding 21-43: Promptly Return Unclaimed Aid to Department of Education
Status: Corrective action has been completed.
Status Summary: Completed (On Schedule)

Finding 21-44: Properly Perform Return of Title IV Calculations
Status: Corrective action has been completed.
Status Summary: Completed (On Schedule)

Finding 21-45: Improve Federal Direct Loan Reconciliations
Status: Corrective action has been completed.
Status Summary: Completed (On Schedule)

Finding 21-46: Perform an Evaluation of Student Information System Access Roles for Financial Aid Office Employees
Status: Corrective action has been completed.
Status Summary: Completed (On Schedule)

Finding 21-47: Perform Risk Assessment as Required by the Gramm-Leach-Bliley Act
Status: Corrective action has been completed.
Status Summary: Completed (On Schedule)

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, 2023.
Status Summary: In Progress (Delayed)

Lord Fairfax Community College (LFCC)

Audit Year: 2021

Finding 21-25: Continue to Improve System Access Controls. **This is a Repeat Finding.**
Status: Corrective action has been completed.
Status Summary: Completed (On Schedule)

Finding 21-27: Continue to Ensure Proper Capitalization and Retention of Records for Capital Assets. **This is a Repeat Finding.**
Status: Corrective action is on target for completion by December 31, 2023.
Status Summary: In Progress (Delayed)

Finding 21-30: Improve Internal Controls over Accounts Receivable Reporting
Status: Corrective action has been completed.
Status Summary: Completed (On Schedule)

Tidewater Community College (TCC)

Audit Year: 2021

Finding 21-18: Report Student Status Enrollment Changes Accurately and Timely to National Student Loan Data System. **This is a Repeat Finding.**
Status: Additional corrective action is on target for completion by October 2023.
Status Summary: In Progress (Delayed)

Virginia Military Institute (VMI)

Audit Year: 2021

Finding 21-01: Ensure Proper Documentation of Bank Reconciliations

Status: VMI has completed the bank reconciliation process documentation and have developed procedures and tools to streamline monthly reconciliations. The debit account activity will be reconciled by the Financial Reporting department. The credit activity will be reconciled by the Student Accounting/Cashiering department. By breaking up the process into separate areas of departmental responsibility, VMI can respond quicker to issues and resolve them in the area they occur. This approach is how VMI handles the monthly Financial Accounting System/Colleague reconciliation. VMI is current on the monthly bank reconciliations for FY 2023. *Subsequent to VMI's quarterly status update, the APA reissued this finding.*

Status Summary: Completed (On Schedule)

Finding 21-02: Improve Controls over Terminated Employees. This is a Repeat Finding.

Status: General Order (GO) 35 (Personnel Clearance Procedures) was revised and published May 22, 2023. HR filled a new Trainer position in February. The HR Trainer conducts Supervisor training as new employees onboard and as current employees are promoted into these roles. This position covers GO 35 and the responsibilities supervisors have when employees onboard and when they offboard. Seasonal wage employees are terminated in the system when the season is over and will need to go through the onboard process again if hired for the next season. This will remove any system access they have as well as the return of any VMI property. *Subsequent to VMI's quarterly status update, the APA reissued this finding.*

Status Summary: Completed (On Schedule)

Virginia Museum of Fine Arts (VMFA)

Audit Year: 2021

Finding 21-01: Strengthen Internal Controls over Construction in Progress. This is a Repeat Finding.

Status: Policy and procedure have been revised and CIP Tracking spreadsheet has been implemented.

Status Summary: Completed (On Schedule)

Finding 21-02: Allocate Additional Resources for Year-end Reconciliations. This is a Partial Repeat Finding.

Status: VMFA has reallocated job duties and assigned additional staff to the Year-End Reconciliations.

Status Summary: Completed (On Schedule)

Finding 21-03: Deactivate Access to the Commonwealth's Purchasing System Timely

Status: The new Policy and Procedure have been implemented.

Status Summary: Completed (On Schedule)

Finding 21-04: Improve Controls over Cash Deposits

Status: VMFA has revised existing Petty Cash Policy and Procedure to ensure the proper controls exist over cash deposits.

Status Summary: Completed (On Schedule)

Finding 21-05: Improve Review Process over Small Purchase Charge Card Reconciliations

Status: VMFA is in the process of scheduling the training sessions for cardholders and supervisors to review responsibilities in the reconciliation process.

Status Summary: In Progress (On Schedule)

Finding 21-06: Ensure Compliance with the Conflict of Interests Act

Status: VMFA has revised existing policy to conform to the code of VA requirements and guidance issued by the COVA Ethics Advisory Board.

Status Summary: Completed (On Schedule)

Finding 21-07: Continue to Improve Management of the Change Fund. **This is a Partial Repeat Finding.**

Status: VMFA has revised existing Petty Cash Policy and Procedure with support and guidance from DOA and have submitted it to DOA for final approval.

Status Summary: In Progress (On Schedule)

Finding 21-08: Comply with the Security Standard's Requirements Regarding Security Awareness Training. **This is a Partial Repeat Finding.**

Status: VMFA has created and implemented policies and procedures to administer and track Security Awareness training for all staff.

Status Summary: Completed (On Schedule)

Virginia Polytechnic Institute and State University (VPISU/ID)

Audit Year 2021

Finding 21-01: Improve Compliance over Enrollment Reporting. **This is a Repeat Finding.**

Status: The university continues to work on the process change requirements and testing.

Status Summary: In Progress (On Schedule)

Audit Year: 2020

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

Status: The team has been delayed by the NSLDS system issues and continues to work on identifying/implementing alternative controls.

Status Summary: In Progress (Delayed)

Virginia State University (VSU)

Audit Year: 2021

Finding 21-01: Perform Information Technology Security Audits

Status: VSU Technology Services has contacted VITA and procured a new MOU for auditing of VSU sensitive systems. The IT Security audits are ongoing and being performed by VITA. The audits will be completed by October 30, 2022. VSU will incorporate the recommendations set forth in the management point.

Status Summary: Completed (On Schedule)

Finding 21-02: Test and Update Disaster Recovery Plans

Status: VSU Technology Services has recently completed migration to a Tier 3 data center at AWS. NSU will update the DR documentation to reflect current environment and DR strategy. VSU is in the hiring phase of acquiring additional resources to assist with DR. This test will be performed in the first quarter of FY23. NSU will incorporate the recommendations set forth in the management point.

Status Summary: Completed (On Schedule)

Finding 21-03: Improve the Management and Recording of Receivables

Status: Student Accounts office has analyzed all student accounts and appropriately placed holds on accounts with past due balances. In addition, a review has begun on allowance methodology and expected to be completed in the first quarter of FY24.

Status Summary: In Progress (On Schedule)

Finding 21-04: Perform a Physical Inventory of Capital and Controlled Assets

Status: Inventory was started in late FY22 by a third-party vendor and completed on August 5, 2022. The final report is projected to be issued November 1, 2022. In addition, VSU is shifting from FAACS to a Fixed Asset module which will significantly improve tracking of assets.

Status Summary: Completed (On Schedule)

Finding 21-05: Improve Contract Administration

Status: VSU has already began work to resolve the issue through (1) the restructuring of the Procurement Department to bifurcate pre-award functions, which will remain with the Procurement Department, and post-award functions (highlighted above), which will reside with the newly established Contracts Administration Department (Completed); (2) the creation and employment of a newly created position, a Contract Compliance Analyst, which is tasked with the organization, oversight and management of contract administrators (Completed); (3) the implementation of biannual reviews/evaluations with contract administrators to ensure that such persons are completing the above identified tasks (In Progress); and (4) an in-depth review of policies and procedures to ensure that this type of issue does not continue moving forward (In Progress).

Status Summary: Completed (On Schedule)

Finding 21-06: Finalize and Approve Policies and Procedures to Ensure Compliance with the Conflict of Interests Act

Status: The University will reexamine its policies and provide deadlines for newly hired individuals meriting filing as per the statute. The University will also monitor filers to ensure filing and training compliance, as well as applicable document retention.

Status Summary: Completed (On Schedule)

Finding 21-07/21-02: Promptly Return Unclaimed Aid to Department of Education

Status: VSU has allocated additional resources to the Student Accounts department to assist in improving operations and to ensure compliance regarding billings, collections, refunds, etc.

Status Summary: Completed (On Schedule)

Finding 21-08: Improve Exit Counseling Notification for Federal Direct Loan Borrowers

Status: a) VSU has automated process using a third-party system to send email notifications to student's VSU and personal email. Information is documented automatically on each student's account. (Implemented fall 2021)

b) In addition, as a part of the repayment process, the student receives information from their assigned loan servicer about loan responsibilities and options.

Status Summary: Completed (On Schedule)

Finding 21-09/20-08: Improve Access and Account Management Controls. **This is a Repeat Finding.**

Status: 1. The University's Technology Services Division has been working with Human Resources to improve the onboarding and offboarding processes. VSU has developed both an electronic account access request process and an electronic clearance process for separating employees. 2. University is currently working with Identity Access Management vendors to determine the best solution for a single sign-on solution and to procure that software, which will significantly assist with account management. VSU anticipates purchasing the software by the end of calendar year 2022 with implementation expected to occur throughout calendar year 2023. 3. Pertaining to access reviews, the University is working to identify all system owners, add standard language to the employee work profiles for those system owners, and ensure that the system owners have the necessary knowledge and tools to timely complete annual access reviews. University has procured a reporting tool that will allow the system owners to download the user access reports for review. 4. The University is implementing a process change to automate and streamline account provisioning for the Residential Housing System. Access requests for the Housing System will be added to the University's new electronic technology access request portal; this will help to ensure that access is being granted and removed in a timely manner. The University will update any related policies and procedures to reflect the new process once it has been implemented.

Status Summary: In Progress (On Schedule)

Finding 21-10: Continue to Implement Procedures to Review and Document System and Organization Control Reports of Third-Party Service Providers. **This is a Repeat Finding.**

Status: VSU staff have been working together to further consolidate the gathering and reviews of SOC reports. In addition, a draft policy has been created to help reviewers better understand what they need to obtain and review as well as the Type of SOC report to obtain.

Status Summary: In Progress (On Schedule)

Finding 21-11: Continue to Improve Infrastructure Device Security. **This is a Repeat Finding.**

Status: VSU Technology Services has employed a new firewall engineer to assist with this effort. VSU has implemented a monthly meeting to review and document the releases from the supplier. This effort will be completed by end of the fourth quarter FY22. VSU will incorporate the recommendations set forth in the management point.

Status Summary: Completed (On Schedule)

Finding 21-12: Develop and Implement Controls to Prevent Unauthorized Purchases and Enforce Procurement Policy. **This is a Repeat Finding.**

Status: Effective January 2022, the Office of Procurement has started tracking all Unauthorized Purchase(s) to ensure they are properly documented in a timely manner with proper responses from the offender. Procurement will start reporting quarterly all Unauthorized Purchase(s) and suspend payment system usage or SPCC usage as required based on the totality of the Unauthorized Purchase(s).

Status Summary: Completed (On Schedule)

Finding 21-13: Improve Administration of Purchase Cards. **This is a Repeat Finding.**

Status: VSU Concurs with the above finding. A Purchase Card Administrator was hired on March 25, 2022. Card Program PA responsibilities have been reviewed and implemented with the PA and Director. Card Program PA and the Executive Procurement Director will have Quarterly Card Program requirements reviews to ensure the Card Program PA reasonability's are followed. The Purchase Card Administrator hired on March 25, 2022 has started a rigorous program of monthly monitoring all SPCC reconciliations to ensure they are completed prior to the 23rd of the month or the card is suspended until reconciliations are completed. Card Program PA is working with all new SPCC card holders on their 1st reconciliation as well as providing cardholders that struggle with reconciliation assistance to help complete their reconciliations. All documentation for reconciliations is stored electronically in Bank of America Works.

Status Summary: Completed (On Schedule)

Finding 21-14: Implement Procedures to Improve Documentation of Emergency and Sole Source Procurement. **This is a Repeat Finding.**

Status: 1. Revise the internal emergency and sole source requirement checklist to include price reasonableness and conflict of interest documents, and ensure the checklist are utilized by the Purchasing staff for all procurements that meet the criteria. Additionally, all Emergency and Sole Source Procurements must be approved by the Procurement Director prior to award. (In Progress). 2. 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. (1st Class completed, more Leadership procurement training sessions are being scheduled. (In Progress) 3. Review current term contract(s) to identify possible goods and services to procure which could minimize the need for future sole source procurements (In Progress) 4. Survey University departments and department heads to identify potential term contract needs which could reduce the need for sole source procurements. (In Progress)

Status Summary: Completed (On Schedule)

Finding 21-15/20-11: Properly Reconcile Student Account Collections. **This is a Repeat Finding.**

Status: The Senior Accounting role was fulfilled in March 2023 and quarterly reconciliations have been completed for FY23 through December 31, 2022.

Status Summary: In Progress (On Schedule)

Finding 21-16/21-01: Report Student Status Enrollment Changes Accurately and Timely to National Student Loan Data System. **This is a Repeat Finding.**

Status: Monthly meetings continue to be held with Office of Financial Aid. However, the NSLDS outage from July 2022 - February 2023 has delayed progress and the ability to validate data as originally planned leading to an extended timeframe to complete the full corrective action.

Status Summary: In Progress (On Schedule)

Finding 21-17/20-03: Ensure Updated Employment Eligibility Verification Procedures are Effective. **This is a Partial Repeat Finding.**

Status: Completed - OHR has put in place policies and procedures to ensure the accuracy and timeliness of I-9 completion. In addition, an HR Compliance Officer was hired in April 2023 and among their duties includes internal analysis of I-9 completion.

The Employment Eligibility Verification system is anticipated to be up and running in Summer 2023, but the current procedures appear to be effective in correcting the employment eligibility issue.

Status Summary: Completed (On Schedule)

Finding 21-18/20-15: Update Leave Policy and Procedures. **This is a Repeat Finding.**

Status: OHR intends to take a closer look at leave policy within the Financial Human Capital Management system after the October 3, 2022, go-live date for VSU as a Release 3 agency. As of February 2023, VSU OHR is still implementing Financial Human Capital Management system and will review the leave policy once implementation punch list issues have been resolved. However, the Financial Human Capital Management system inherently resolves much of the timing issues noted in the initial management comment.

Status Summary: Completed (On Schedule)

Executive Offices

Attorney General and Department of Law (OAG)

Audit Year: 2021

Finding 21-01: Improve Information Security Program and IT Governance

Status: Policy findings remediation delayed due to the departure of Deputy Director during December 2021. The resulting administrative overhead has hindered progress on this finding. OAG has engaged a risk management firm to assist in the development of policies. Continued progress and a revised plan will be achieved in the coming weeks IT continues to work internally and Contractors to remediate finding.

Status Summary: In Progress (Delayed)

Finding 21-02/20-03: Continue to Improve Virtual Private Network Security Controls. **This is a Repeat Finding.**

Status: VPN findings remediation delayed due to the departure of Network Engineer during October 2021. The new Network Engineer was hired April 2022. Estimated completion date of internal assessment July 15, 2022. Continued progress and a revised plan will be achieved by August 1, 2022. IT continues to work internally and Contractors to remediate finding.

Status Summary: In Progress (Delayed)

Finding 21-03: Improve Database Security

Status: An estimated 90% of the policies and procedures have been completed. An estimated 75% of the technical remediation work has been completed. The application team will continue work to complete outstanding items. We'll be leveraging the support of a risk management firm in completion

of this item and expect its delivery by in the coming weeks. IT continues to work with Application team and Contractors to address and correct findings.

Status Summary: In Progress (Delayed)

Finding 21-04/20-02: Continue to Improve Firewall Management. **This is a Partial Repeat Finding.**

Status: Firewall findings remediation delayed due to the departure of Network Engineer during October 2021. The new Network Engineer was hired April 2022. Estimated completion date of internal assessment July 15, 2022. Continued progress and a revised plan will be achieved by August 1, 2022. IT continues to work internally and Contractors to remediate finding.

Status Summary: In Progress (Delayed)

Finance

Department of Accounts (DOA)

Audit Year: 2022

Finding 22-01: Ensure Adequate Resources are Available to Maintain Compliance with the Security Standard

Status: Since the last annual security review was completed in August 2022, and the next annual review is scheduled for October 2023 (more than 12-month gap), DOA requested an exception from VITA. VITA responded (April 26, 2023 email from Deputy CISO at VITA to ISO at DOA) that since there was a review done in 2022, and one was planned for 2023, there was no need to request an exception (VITA only looks at compliance on the calendar year basis, there is no 12-month requirement). DOA is still on target to complete the annual security review in October 2023.

Status Summary: In Progress (On Schedule)

Finding 22-02: Identify and Implement Critical Controls for the Commonwealth's New Human Resources and Payroll System

Status: All desk procedures have been updated and reconciliations are current.

Status Summary: Completed (On Schedule)

Finding 22-03: Prioritize Updates to the CAPP Manual Payroll Topics

Status: CAPP Topics have been updated.

Status Summary: Completed (On Schedule)

Finding 22-04: Conduct Timely IT Security Audits

Status: DOA is working with VITA CSRM and Audit Services to implement the required audit. Audit Services resource availability will affect the scheduling of the audit.

Status Summary: In Progress (On Schedule)

Department of Planning and Budget (DPB)

Audit Year: 2022

Finding 22-01/21-01: Continue to Improve IT Change and Configuration Management Policy and Process. **This is a Repeat Finding.**

Status: Agency is actively addressing issues identified by the auditor and is working with the Virginia Information Technologies Agency (VITA) to remediate weaknesses.

Status Summary: In Progress (On Schedule)

Department of the Treasury (TD)

Audit Year 2022

Finding 22-01: Properly Perform and Document Retirement Benefits System Reconciliations

Status: Treasury will complete monthly reconciliations and maintain adequate documentation going forward.

Status Summary: In Progress (On Schedule)

Finding 22-02/21-01: Continue to Improve IT Risk Management Documentation. **This is a Partial Repeat Finding.**

Status: Treasury has created the system security plans and finalized the review.

Status Summary: Completed (On Schedule)

Health and Human Resources

Department of Behavioral Health and Developmental Services (DBHDS)

Audit Year: 2022

Finding 22-01: Establish Change Management Process for Information Technology Environment

Status: A formal process has been created in January 2023. DBHDS IT Change Management process has been created and started, weekly meetings are being conducted and adhere to the policy and the process is followed up on weekly.

Training information has been made available to the respective CAB members.

Status Summary: Completed (On Schedule)

Finding 22-02: Improve Vulnerability Management Process

Status: The Security team has implemented a vulnerability patching exception procedure and continues to monitor vulnerabilities that are the responsibility of DBHDS. DBHDS is working with the Facility IT Directors and CO IT to ensure that proper patching is occurring within specified timelines.

Status Summary: In Progress (On Schedule)

Finding 22-03: Conduct Information Technology Security Audits over Sensitive Systems

Status: The funding has been secured for the IT Audit Supervisor position and DBHDS will be hiring for that soon.

Status Summary: In Progress (On Schedule)

Finding 22-04: Complete FFATA Reporting for First Tier SABG Subawards

Status: The fiscal team will work with OMS to define boundaries and duties in regard to ensuring that federal subrecipient awards to CSBs and non-CSBs are entered into the system. An agreement of duties will be reached so that all federal subrecipient awards above the reporting minimum are reported into the system on a monthly basis.

Status Summary: In Progress (On Schedule)

Finding 22-05: Continue to Improve Off-Boarding Procedures. **This is a Repeat Finding.**

Status: Will work with facility HR and Fiscal staff to review the off-boarding process to better coordinate collection of property and to disable access. DBHDS has resent the off-boarding checklist to each facility since there has been new staff. They must incorporate the standard checklist into any facility specific process they have with the understanding that HR is ultimately responsible for this task. Facility Services hosted a process mapping session in April and work continues to be updated. Not complete as testing of a sample size is not complete.

Status Summary: In Progress (On Schedule)

Finding 22-06: Improve Controls over Processing Capital Outlay Voucher Processing

Status: Actions taken include implementing an updated version of the project management system, coordinating with the A&E and a new tracking process.

Status Summary: In Progress (On Schedule)

Finding 22-07: Continue to Improve Controls over the Retirement Benefits System Reconciliation. **This is a Repeat Finding.**

Status: Review of VNAV reconciliation process needs to take place to ensure the requirements of timeliness and what documentation to keep is included. Still waiting on any updates to the CAPP manual for this reconciliation. Facility Services hosted a process mapping session in April and work continues to be updated. Not complete as testing of a sample size is not complete.

Status Summary: In Progress (On Schedule)

Finding 22-08: Improve Management of Access to the Retirement Benefits System

Status: VRS completed a security access review of all agencies in 2022. Will review the VRS guidance and work with each facility to ensure appropriate access. Not complete as testing of a sample size is not complete.

Status Summary: In Progress (On Schedule)

Finding 22-09: Continue Dedicating Resources to Support Information Security Program. **This is a Repeat Finding.**

Status: DBHDS Security Office has submitted for 2 additional FTEs for consideration in the current GA session. Additionally, the Security Office has hired 2 additional full time contract employees for the remainder of FY 2023.

Status Summary: In Progress (On Schedule)

Finding 22-10/21-09/20-10/19-02/18-02/17-02: Improve IT Contingency Management Program. **This is a Repeat Finding.**

Status: The Security Office in collaboration with Emergency Services and the Facility IT team have developed and implemented a COOP/DR template for all facilities to complete. Once all facilities have completed the template and provided it back to CO and consolidated, an enterprise-wide COOP/DR program will be established. Current progress; 4/12 facilities.

Status Summary: In Progress (On Schedule)

Finding 22-11/21-10/20-11/19-04/18-04: Develop Baseline Configurations for Information Systems. **This is a Repeat Finding.**

Status: The Security Business Impact Analysis (BIA) will establish the base lines for all the respective applications. The overall BIA process will span 3 years and will depend on how many applications DBHDS can sunset to make the overall work effort smaller. No updates for June 30, 2023, as DBHDS is still working through these.

Status Summary: In Progress (On Schedule)

Finding 22-12: Continue to Improve Database Security. **This is a Repeat Finding.**

Status: DBHDS has implemented the following: Enforced Windows Integrated Mode for all applications in the new environment so that applications work only with domain accounts. Developers are now required to use their aa accounts for database connection. New security groups have been created for the purpose and only those groups are granted access. Users need to be on VPN to be able to connect to the database servers. Software Diagnostic Manager review and identify additional license requirements. Upgrade older SQL versions to a supported SQL version to take advantage of new security features. No updates for June 30, 2023, as DBHDS is still working through these.

Status Summary: In Progress (On Schedule)

Finding 22-13: Continue to Improve Risk Assessment Process. **This is a Repeat Finding.**

Status: The Security Office has developed an inclusive SSP/Risk Assessment program referred to as the BIA Process for all applications. This process includes a comprehensive review of all applications in the DBHDS portfolio to review, document, and complete all security and risk related items in an annual review process. Currently the initial BIA review has begun on PowerApps. Once initial lessons learned have been gathered and the process is refined, it will be rolled out systematically to all applications on an annual schedule.

Status Summary: In Progress (On Schedule)

Finding 22-14: Continue to Improve Controls over the Calculation of Contractual Commitments. **This is a Repeat Finding.**

Status: DBHDS has already developed procedures for the calculation of this commitment. Also, staff resources in the Office of Procurement and Administration are back to normal levels. On the capital outlay side of things, see above response to capital outlay voucher processing for information on developed procedures in that area.

Status Summary: In Progress (On Schedule)

Finding 22-15/21-11/20-13: Continue to Implement Compliant Application Access Management Procedures. **This is a Repeat Finding.**

Status: All new applications have to adhere to the authentication process. More and more applications are adhering to the MFA process. The application reduction project will need to drive the determination of how soon all of DBHDS applications will be fully authentication and MFA compliant. No updates for June 30, 2023 as DBHDS is still working through these.

Status Summary: In Progress (On Schedule)

Finding 22-16/21-06: Ensure Compliance with the Conflict of Interests Act. **This is a Repeat Finding.**

Status: The Financial Human Capital Management system has been updated at each facility to show which positions need to complete the form and training. All 2023 forms completed by February 1, 2023, deadline.

Status Summary: In Progress (On Schedule)

Finding 22-17/21-13/20-06: Continue to Improve Controls over Payroll Reconciliations. **This is a Repeat Finding.**

Status: DBHDS is enhancing its ARMICS function to include reviews of ARMICS and critical internal controls at DBHDS facilities. This comment relates to the Petersburg complex and was issued at a time before the implementation of the financial system. The ARMICS reviews at DBHDS facilities (including the Petersburg Complex) will include significant review of controls applicable to the financial system.

Status Summary: In Progress (On Schedule)

Department of Health (VDH)

Audit Year: 2022

Finding 22-01: Properly Prepare the Schedule of Expenditures of Federal Awards. **This is a Material Weakness.**

Status: Developed a remediation plan, interviewed key stakeholders, reviewed policies, and job aids, developed current state process flow.

Status Summary: In Progress (On Schedule)

Finding 22-02: Improve Controls over Journal Entries

Status: Developed a remediation plan, interviewed key stakeholders, reviewed policies, and job aids, developed current state process flows, developed future state process flows, drafted new VDH journal entry policy

Status Summary: In Progress (On Schedule)

Finding 22-03: Strengthen Controls over Overtime Payments

Status: Developed a remediation plan, interviewed key stakeholders, reviewed policies, and job aids, developed current state process flow.

Status Summary: In Progress (On Schedule)

Finding 22-04: Improve Database Security

Status: Improve database security controls.

Status Summary: Completed (On Schedule)

Finding 22-05/21-01: Strengthen Controls over Financial Reporting. **This is a Material Weakness and a Partial Repeat Finding.**

Status: Progressing in the remediation of Strengthen Controls over Overtime payments, improve controls over journal entries, and properly prepare the Schedule of Expenditures of Federal Award audit findings; additional positions have been filled including a fiscal tech and CHS accountant.

Status Summary: In Progress (On Schedule)

Finding 22-06: Follow Eligibility Documentation Requirements for Women, Infants and Children Program. **This is a Repeat Finding.**

Status: Beginning on May 11, 2023, in-person services are resuming through a determined transition period of 90 days, which concludes on August 9, 2023. The normal policies and procedures that govern affidavits will resume.

Status Summary: In Progress (On Schedule)

Finding 22-07: Continue Improving the Disaster Recovery Plan. **This is a Partial Repeat Finding.**

Status: Submitted two disaster recovery requests for two applications to meet the recovery objectives.

Status Summary: In Progress (On Schedule)

Finding 22-08: Continue Improving Information Technology Change Management Process for a Sensitive System. **This is a Partial Repeat Finding.**

Status: Implemented System Change Management along with Change Management Board.

Status Summary: Completed (On Schedule)

Finding 22-09: Continue Strengthening the System Access Removal Process. **This is a Repeat Finding.**

Status: OHR updated the communication distribution list for separation notification (Who has the need to know for each work unit) – Completed April 30, 2023.

Status Summary: In Progress (On Schedule)

Finding 22-10: Continue Strengthening the Termination Process. **This is a Repeat Finding.**

Status: New Separation Process training for Supervisors is in development and separation process was reviewed by HR staff on June 21, 2023. Training will be recorded and updated in the system. – Due by July 10, 2023

Status Summary: In Progress (On Schedule)

Finding 22-11: Continue Addressing Compliance with the Conflict of Interests Act. **This is a Repeat Finding.**

Status: Audit of SOEI and training completion for new employees is performed monthly. New COIA guidance for onboarding new hires into COIA required positions created and presented to HR staff, including new COIA introduction email template with instructions on completion for new hires in COIA required positions. List of required COIA employees being updated for agency and SHHR approval.

Status Summary: Completed (On Schedule)

Department of Medical Assistance Services (DMAS)

Audit Year: 2022

Finding 22-01: Improve Third-Party Oversight Process

Status: DMAS is still reviewing the VITA Enterprise Cloud Oversight Services and placing more contracts under ECOS Oversight. IA continues to review the SOC reports and reporting the risks to the Contract Administrators.

Status Summary: In Progress (On Schedule)

Finding 22-02/21-02/20-02: Improve Information Security Program and Controls. **This is a Material Weakness and a Repeat finding.**

Status: DMAS IA completed another General Controls Audit and preliminary report shows some improvement. The ISO has drafted policies that are ready for agency head approval to finalize. DMAS is still seeking written guidance from VITA that the tools that they provide will constitute as internal and external penetration testing. SSPs has been completed for 3 systems.

Status Summary: In Progress (On Schedule)

Finding 22-03: Continue Strengthening Process over Medicaid Coverage Cancellations. **This is a Repeat Finding.**

Status: Eligibility & Enrollment Services Division staff continue reviewing the latest Out of State Address Data Match Report provided by the DMAS Healthcare Analytics Division. The team has been reorganized to dedicate additional resources to this effort. For the period April 1, 2023, through June 26, 2023, a total of 1,142 out of state address cases have been reviewed which resulted in 278 closures. Staff have identified that quite a few of the cases have an authorized representative who is out of state, but the member remains a resident of Virginia and therefore these cases are compliant. With the additional resources assigned, there is an anticipated aggressive increase in reviews to address the remaining 4,844 cases. As previously mentioned, there is an expected decline in the number of cases with out of state addresses given the end of the continuous coverage requirement and the reinstatement of renewals and coverage cancellations.

Status Summary: In Progress (On Schedule)

Finding 22-04: Improve Timely Removal of Critical System Access. **This is a Repeat Finding.**

Status: Previously reported as complete. Internal Audit has reviewed the documentation. Finance Policy for Staff Augmentation has been finalized effective June 1, 2023, and distributed to DMAS Leadership Team on June 12, 2023. Internal Audit has reviewed the documentation. Information Management currently working on transitioning the workflow from the K-2 process to DocuSign, will start testing on the system in early July. The staff responsible for the system completed an access review to ensure terminated employees and contractors were removed from the system and will continue regular reviews at least annually. They have also been added to the workflow so that they are notified when DMAS employees are terminated. The Eligibility and Enrollment Division implemented a termination process with the vendor to ensure that all terminations are submitted to DMAS within 24 hours of termination.

Status Summary: In Progress (On Schedule)

Audit Year: 2017

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

Status: No Change from last update. DMAS continues to work on drafting the RFP for the Fiscal Agent System takeover project. Role-based account privileges will be included as a requirement in the RFP.

Status Summary: In Progress (Delayed)

Department of Social Services (DSS)

Audit Year: 2022

Finding 22-01: Improve Information Security Program and IT Governance. **This is a Material Weakness.**

Status: ISRM has a draft Risk Register developed using Gartner and Internal resources. Providing an initial viewpoint to the Executive Team on June 27, 2023.

Status Summary: In Progress (On Schedule)

Finding 22-02/21-03/20-10: Perform Responsibilities Outlined in the Agency Monitoring Plan. **This is a Material Weakness and a Repeat Finding.**

Status: A new budget request has been submitted for funding of a contingent Subrecipient Monitoring System solution. This will help bridge the deficiencies noted until an integrated permanent solution is implemented.

Status Summary: In Progress (On Schedule)

Finding 22-03: Implement Internal Controls over TANF Federal Performance Reporting. **This is a Material Weakness.**

Status: A Change Request has been submitted to address these findings. The results of the implementation and effectiveness of the implemented changes will be analyzed.

Status Summary: In Progress (On Schedule)

Finding 22-04/21-17/20-14/19-12: Improving Web Application Security. **This is a Repeat Finding.**

Status: Various work tickets have been submitted and work has begun in this area. Work continues in this area.

Status Summary: In Progress (On Schedule)

Finding 22-05: Upgrade End-of-Life Technology

Status: Work continues in this area.

Status Summary: In Progress (On Schedule)

Finding 22-06: Obtain, Review, and Document System and Organization Control Reports of Third-Party Service Providers. **This is a Repeat Finding.**

Status: DSS will monitor the submission and review any non-compliance items contained in the SOC reports.

Status Summary: Completed (On Schedule)

Finding 22-07/21-10/20-16: Monitor Internal Controls to Ensure Timely Removal of System Access. **This is Repeat Finding.**

Status: HR and ISRM have identified the need for new reporting and interfaces to regain compliance. DSS had deployed the DOA financial system and an internal system that will need to have interfaces developed.

Status Summary: In Progress (On Schedule)

Finding 22-08: Improve Documentation for Separation of Duty Conflicts

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Finding 22-09/21-16/20-02: Finalize the Agency Monitoring Plan and Communicate Responsibilities to Subrecipient Monitoring Coordinators. **This is a Repeat Finding.**

Status: A Final Plan has been recreated and will be deployed by June 30, 2023.

Status Summary: In Progress (On Schedule)

Finding 22-10/21-04/20-11: Review Non-Locality Subrecipient Audit Reports. **This is a Repeat Finding.**

Status: A new budget request has been submitted for funding of a contingent Subrecipient Monitoring System solution. This will help bridge the deficiencies noted until an integrated permanent solution is implemented. Additionally, an interim solution is being considered where these subrecipients will be reviewed and tracked through a manual system.

Status Summary: In Progress (On Schedule)

Finding 22-11: Confirm Monitoring Activities are Conducted in Accordance with the Monitoring Plan

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Finding 22-12: Verify that Monitoring Plan Includes All Subrecipient Programmatic Activities

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Finding 22-13/21-02: Evaluate Subrecipients' Risk of Noncompliance in Accordance with Federal Regulations. **This is a Repeat Finding.**

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Finding 22-14/21-15/20-07/19-02/18-01: Comply with TANF Requirement to Participate in the Income Eligibility and Verification System. **This is a Repeat Finding.**

Status: The needed changes in the Code of Virginia were not made during the most previous General Assembly session. A resubmission of the required changes will be provided for the upcoming General Assembly legislative session.

Status Summary: In Progress (On Schedule)

Finding 22-15: Strengthen Internal Controls over FFATA Reporting

Status: Additional time may be needed to fully implement and automated solution.

Status Summary: In Progress (On Schedule)

Finding 22-16: Perform Analysis to Identify Service Provider Agencies That Perform Significant Fiscal Processes

Status: ARMICS will develop a plan and cost estimate for performing ARMICS over a broader scope that meets the intent of APA. DSS does not have an Internal Audit Department and ARMICS is staffed with one person. After examining the issue further, it was determined that additional time is needed for analysis with program staff. The expected completion date is March 2024.

Status Summary: In Progress (On Schedule)

Finding 22-17: Document Process to Collect and Retain Documentation Supporting the SSBG Post-Expenditure Report

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Finding 22-18: Monitor Internal Procedures to Ensure Compliance with the Conflict of Interests Act. **This is a Repeat Finding.**

Status: New processes were implemented by the COI coordinator for the 2023 filing year. The new processes are reviewed two times per month to make sure the COI status of a newly hired, transferred, or established position have been captured correctly and the bi-annual training is current. As issues are identified throughout the year, notations are made so the process can be revisited and changed for 2024 filing year.

Status Summary: In Progress (On Schedule)

Finding 22-19: Reconcile the Commonwealth's Retirement Benefits System

Status: The completion of the corrective action and deliverables is contingent upon Payroll Service Bureau (PSB) updating the Scope of Services Manual. DSS will be contacting PSB to inquire if there is a known timeframe for the updates to be complete.

Status Summary: In Progress (On Schedule)

Finding 22-20: Correctly Report Status of Prior Audit Findings as of Fiscal Year End

Status: Corrective Action Plans have been resubmitted with the corrected status. Additionally, evaluations of the effectiveness of the efforts taken to correct deficiencies are performed twice to ensure the changes made are making the desired impact.

Status Summary: Completed (On Schedule)

Finding 22-21/21-08/20-13/19-10/18-10: Continue Developing Record Retention Requirements and Processes for Electronic Records. **This is a Repeat Finding.**

Status: DSS anticipates the first of a series of changes to address this finding to be implemented in the February 2024 Information Technology Services release.

Status Summary: In Progress (On Schedule)

Finding 22-22: Continue Improving IT Risk Management Program. **This is a Repeat Finding.**

Status: A Risk Management Framework has been identified. DSS is working through that framework to determine if it will adequately meet the needs of resolving this finding.

Status Summary: In Progress (On Schedule)

Finding 22-23/21-06/20-15/19-13: Continue Improving IT Change and Configuration Management Process. **This is a Repeat Finding.**

Status: Work continues in this area.

Status Summary: In Progress (On Schedule)

Finding 22-24: Continue Strengthening Process over Medicaid Coverage Cancellations. **This is a Repeat Finding.**

Status: The code modification was implemented, and its effectiveness is being evaluated monthly by both DSS and DMAS.

Status Summary: Completed (On Schedule)

Finding 22-25/21-13/20-17: Continue to Strengthen Internal Controls to Ensure Compliance with Federal Employment Eligibility Requirements. **This is a Repeat Finding.**

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Audit Year: 2021

Finding 21-14: Ensure Compliance with the Commonwealth's Executive Leave Policy

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Audit Year: 2020

Finding 20-06: Continue to Improve Reconciliation Process of the Commonwealth's Retirement Benefits System. **This is a Repeat Finding.**

Status: The completion of the corrective action and deliverables is contingent upon Payroll Service Bureau (PSB) updating the Scope of Services Manual. DSS will be contacting PSB to inquire if there is a known timeframe for the updates to be complete.

Status Summary: In Progress (Delayed)

Department for the Blind and Vision Impaired (DBVI)

Audit Year: 2020

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

Status: VIB solicited and issued an intent to award a contract for a new enterprise resource planning (ERP) solution in the summer of 2022 that will replace both the manufacturing and retail ERPs. VIB has won VITA concurrence that the solution can be provided as a Platform as a Service (PaaS) solution if it passes the ECOS review process. The contractor has responded to two sets of questions from the VITA ECOS Team and DBVI is close to agreement that the security concerns of a PaaS solution can be satisfied. VIB hired a Project Manager to coordinate this work with VITA. There are regular project team meetings and project updates provided to VITA as required under their PMO. DBVI is targeting to implement the first of many phased modules in the summer of 2023 if the project remains on track.

Status Summary: In Progress (Delayed)

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

Status: VIB solicited and issued an intent to award a contract for a new enterprise resource planning (ERP) solution in the summer of 2022 that will replace both the manufacturing and retail ERPs. VIB has won VITA concurrence that the solution can be provided as a Platform as a Service (PaaS) solution if it passes the ECOS review process. The contractor has responded to two sets of questions from the VITA ECOS Team and DBVI is close to agreement that the security concerns of a PaaS solution can be satisfied. VIB hired a Project Manager to coordinate this work with VITA. There are regular project team meetings and project updates provided to VITA as required under their PMO. DBVI is targeting to implement the first of many phased modules in the summer of 2023 if the project remains on track.

Status Summary: In Progress (Delayed)

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

Status: VIB solicited and issued an intent to award a contract for a new enterprise resource planning (ERP) solution in the summer of 2022 that will replace both the manufacturing and retail ERPs. VIB has won VITA concurrence that the solution can be provided as a Platform as a Service (PaaS) solution if it passes the ECOS review process. The contractor has responded to two sets of questions from the VITA ECOS Team and DBVI is close to agreement that the security concerns of a PaaS solution can be satisfied. VIB hired a Project Manager to coordinate this work with VITA. There are regular project team meetings and project updates provided to VITA as required under their PMO. DBVI is targeting to implement the first of many phased modules in the summer of 2023 if the project remains on track.

Status Summary: In Progress (Delayed)

Independent Agencies

Virginia Retirement System (VRS)

Audit Year: 2022

Finding 22-01: Improve Service Provider Oversight

Status: Obtain necessary documentation from Vendor #1 to complete risk analysis.

Status Summary: Completed (On Schedule)

Labor

Virginia Employment Commission (VEC)

Audit Year: 2022

Finding 22-01: Comply with Federal Requirements for Review of the Tax Performance system. **This is a Material Weakness and a Partial Repeat Finding.**

Status: A copy of the TPS work plan has been developed. Appropriate training has been provided to the backup TPS analyst position. The Quality Assurance Manager is verifying accuracy of data being included in the sample files according to their program functions.

Status Summary: In Progress (On Schedule)

Finding 22-02/21-06: Submit Required Reports Timely. **This is a Repeat Finding.**

Status: EIA Management has developed a reporting schedule outlining the frequency, responsible party, and due date of all required reports. This is a collaborative effort across several business units; therefore, policies and procedures have been updated and communicated to all users to ensure compliance.

Status Summary: In Progress (On Schedule)

Finding 22-03: Submit Accurate Special Reports to Department of Labor

Status: This finding has been completed. The Director of Finance has provided additional training to staff and is performing a detailed review of all reports to ensure accuracy.

Status Summary: Completed (On Schedule)

Finding 22-04: Upgrade End-of-Life Technology

Status: This finding has been completed. IT Management purchased direct support from the product provider and will receive all security patches for the end-of-life technology through the end of calendar year 2023 when the Virginia Information Technology Agency (VITA) infrastructure initiative is expected to be finalized.

Status Summary: Completed (On Schedule)

Finding 22-05: Improve Database Security

Status: The Director of Information Technology is working on internal processes to ensure database configurations, controls, and processes align with policies.

Status Summary: In Progress (On Schedule)

Finding 22-06: Properly Update and Review System Access

Status: The ISO created an attestation from all System Owners to use when verifying their review of the policy and procedures and their review of users with access to their respective systems. Calendar year 2023 access reviews are in progress. Annual System Owner training for the Access Control Policy and Procedures is being created. UI management is working with the ISO to review all staff access. UI managers have been trained to deactivate separating employees at the time of separation.

Status Summary: In Progress (On Schedule)

Finding 22-07: Notify Finance of System Adjustments Affecting Benefit Payments

Status: HCL is assisting the Directors of Finance and UI in providing data to the Finance Trust Accountant who is working on a solution in lieu of a system generated report. VRS is working diligently on a solution to resolve the variance between Finance/Trust Fund and UI. The revised estimated completion date is June 30, 2023.

Status Summary: In Progress (On Schedule)

Finding 22-08: Comply with Employment Eligibility Requirements. This is a Repeat Finding.

Status: This finding has been completed. Human Resource Management redefined the onboarding procedure which now starts the I-9 process at the time of employment acceptance. Along with the employment offer/acceptance letter, new hires are receiving the Employment Eligibility Verification Form and are encouraged to complete the form on the first day of employment and no later than with 72 hours of the employment start date. In addition, management is holding new hire orientation on the first day of employment to ensure all other required forms are completed.

Status Summary: Completed (On Schedule)

Natural and Historical Resources

Department of Wildlife Resources (DWR)

Audit Year: 2021

Finding 21-01: Remove System Access for Terminated Employees Timely

Status: Action Item 2: Update HR and IT policies, procedures, and automation tools to account for employee separations that fall on the weekend.

Status Summary: Completed (On Schedule)

Finding 21-02: Deactivate Inactive Small Purchase Charge Cards Timely. This is a Repeat Finding.

Status: DWR has added training, backup support, and automated reports for the new Program Administrator to ensure that DWR is performing ongoing reviews of card usage, including but not limited to inactive cards, and responds according to the Commonwealth Accounting Policies and

Procedures (CAPP) Topic 20355 and internal processes. DWR acknowledges that the one small purchase card in question was not suspended or deactivated as required, and that it took being notified by DOA to ultimately make this change. Since realizing this, and as part of DWR's continuing transition of the SPCC Program Administrator responsibilities, DWR has restored this internal review process and implemented additional monitoring efforts to prevent this type of oversight in the future.

Status Summary: In Progress (On Schedule)

Finding 21-03: Improve Documentation Surrounding Reconciliations of Capital Assets. This is a Repeat Finding.

Status: DWR's new process will include a new cover/routing sheet to more adequately document the review and approval, and any questions and resolutions, for every Construction in Progress (CIP) reconciliation, which is consistent with how DWR already documents reconciliations for accounts payables and receivables. This new reconciliation/review form will reflect what is also already covered in internal policies and procedures.

Status Summary: In Progress (On Schedule)

Finding 21-04: Improve Employment Eligibility Process. This is a Repeat Finding.

Status: DWR has been quick to enhance agency communication and training regarding I-9 requirements and related Federal regulations, with an emphasis on supervisor and manager training as well. In prior years, DWR had developed and updated policies and procedures surrounding the employment eligibility process and I-9 form completion and review, and also implemented an email verification Self-audit Process to help ensure I-9 conformity to these policies, procedures, and external requirements. DWR's latest enhancements for this specific responsibility will help ensure that such forms are completed correctly, and that HR is able to identify any errors immediately when that is not the case.

Status Summary: Completed (On Schedule)

Public Safety and Homeland Security

Department of Fire Programs (DFP)

Audit Year: 2020

Finding 20-01: Update End-Of-Life Technology

Status: DFP has improved its end-of-life technology. The only current end of life item is Microsoft Access 2010; this is still needed for testing of a new application that will be migrated to the cloud. DFP has submitted a security exception to VITA advising of this instance. Microsoft Access is still needed for the new application because of an error preventing the new application (PAR Score requiring access to Access 2010) from going live. For upcoming end of life items, DFP is following its established process for migrating. DFP plans to submit an exception by the end of June; they have a current an exception. The exception was previously submitted in January 2023 but not reviewed by VITA and must be resubmitted.

Status Summary: In Progress (Delayed)

Finding 20-04/19-25: Continue to Improve Logging and Monitoring. This is a Partial Repeat Finding.

Status: The servers within the QTS (VITA hosted) data have been configured per VITA's instructions. Specifically, DFP has implemented the requirements needed to finalize the changeover to a new SIEM platform that allows the agency to log the servers which the agency have oversight for. This system also allows the agency to monitor systems for possible infiltration and other security related issues.

Status Summary: Completed (Delayed)

Audit Year: 2019

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

Status: DFP has developed its IT policies and procedures and they have been formally approved by management.

Status Summary: Completed (Delayed)

Department of State Police (VSP)

Audit Year: 2020

Finding 20-02: Improve Backup and Recovery Policies and Procedures

Status: IT has identified and procured an additional software package: "IT Analytics for enhanced reporting" for the tape back infrastructure. Procurement is underway. This will address short term issues until VSP is transformed into AWS.

Status Summary: In Progress (Delayed)

Finding 20-04: Ensure Reconciliation Policies and Procedures Meet CAPP Manual Requirements. **This is a Repeat Finding.**

Status: The General Ledger Reconciliation policies and procedures document is under review by management.

Status Summary: In Progress (Delayed)

Finding 20-05: Align Capital Asset Accounting Policies with Code of Virginia and CAPP Manual. **This is a Partial Repeat Finding.**

Status: The Fixed Asset policies and procedures document is under review for approval by senior management.

Status Summary: In Progress (Delayed)

Finding 20-06: Complete Capital Asset Physical Inventories in Accordance with CAPP Manual Guidelines. **This is a Partial Repeat Finding.**

Status: 100% of agency locations have reported results of physical inventory counts. Summary analysis and corrective action plans are being completed for P&F Management. FAACS database corrections will follow.

Status Summary: In Progress (Delayed)

Finding 20-09: Align Internal Policies and Procedures with the Virginia Debt Collection Act and Commonwealth Accounting Policies and Procedures. **This is a Repeat Finding.**

Status: ISO is requesting the vendor's ECOS Assessment. Once ISO approve to provide VSP public I.P address. P&F will start sending delinquent accounts to a 3rd party collection.

Status Summary: In Progress (Delayed)

Audit Year: 2019

Finding 19-01: Document Internal Policies and Procedures

Status: Project is still in continuous process. AR is using an electronic payment system and AR workbook for quarterly report. The reason is some invoices created manually by the offsite Divisions/Areas

Status Summary: In Progress (Delayed)

Audit Year: 2017

Finding 17-06: Improve Risk Assessments

Status: VSP's ISO and Assist ISO have or will be retired before the completion of risk assessments for all sensitive systems and the develop of a process to perform annual self-assessments to ensure

the validity of the RA's. A new ISO has been hired and is schedule to start on July 2023 at which time the new ISO will follow up on completion.

Status Summary: In Progress (Delayed)

Finding 17-15: Improve Disaster Recovery Plan

Status: VSP has an active project with Impact Makers to create an interim DRP. Project is underway and estimated to complete March 10, 2024. VSP's Phase 2 transformation has been delayed and will be migrating to AWS instead of QTS. DRP will need to be readdressed once VSP begins migration to AWS.

Status Summary: In Progress (Delayed)

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

Status: A new contractor is hired to work on "Outstanding Timesheets" in the system. Billing Accountant is using the SP286 and SP309 provided by the divisions and areas office to create invoices.

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. The lack of available resources, along with Financial HCM system project, has not allowed P&F and HR to dedicate time to resolve.

Status Summary: In Progress (Delayed)

Virginia Alcoholic Beverage Control Authority (ABC)

Audit Year: 2022

Finding 22-01: Continue Improving Database Security. **This is a Repeat Finding.**

Status: The specific details of the corrective action are FOIA exempt as they pertain to security infrastructure, but generally the responsible team is satisfied that they have updated the appropriate controls, policies, and procedures to comply complete the corrective action associated with this point.

Status Summary: Completed (On Schedule)

Finding 22-02: Continue Improving Security Awareness and Training Program. **This is a Partial Repeat Finding.**

Status: The security training has been rolled out, and the responsible team continues to monitor metrics indicating the rate of completion.

Status Summary: Completed (On Schedule)

Finding 22-03/21-03/20-03: Continue Improving Oversight of Third-Party Service Providers. **This is a Repeat Finding.**

Status: The responsible team continues to work through establishing a risk assessment process for existing Third-party vendors as well as potential new third-party vendor procurements.

Status Summary: In Progress (Delayed)

Finding 22-04: Continue Improving Internal Controls over Employment Eligibility Process. **This is a Repeat Finding.**

Status: The responsible team continues to track the completion of I-9 Forms. Teams that need additional training are receiving on-going support.

Status Summary: Completed (On Schedule)

Finding 22-05: Continue Improving Internal Controls over Processing Payments. **This is a Partial Repeat Finding.**

Status: The team continues to work the process outlined in the initial corrective action plan.

Status Summary: Completed (On Schedule)

Finding 22-06: Improve Internal Controls over Employee Separation Process

Status: The responsible team continues believes they have put the necessary processes and controls in place to ensure compliance with separation checklist policies. They will continue to monitor separation checklist completion to ensure compliance.

Status Summary: Completed (On Schedule)

Finding 22-07: Implement a Data/Records Retention Policy and Solution for Automated Reconciliations

Status: The system in question has been reconfigured to retain the appropriate audit documentation for the appropriate period of time.

Status Summary: Completed (On Schedule)

Finding 22-08: Retain Inventory Documentation

Status: The authority has completed the development of procedures to ensure that inventory documentation is appropriately retained.

Status Summary: Completed (On Schedule)

Transportation

Department of Motor Vehicles (DMV)

Audit Year: 2022

Finding 22-01: Continue Developing a Process to Annually Review User Access to a Sensitive Information System

Status: Report clean-up is still underway. Process is complete and reviews are being conducted as scheduled.

Status Summary: Completed (On Schedule)

Finding 22-02: Improve Database Security

Status: DBA's have brought databases up to latest patch level. Effort still underway to update process to continue timely patching. Logging has been expanded and is being reviewed. DBA has updated their process, it's now compliant.

Status Summary: Completed (On Schedule)

Finding 22-03/21-01: Continue to Update End-of-Life Technology. **This is a Repeat Finding.**

Status: Database upgrades completed. Work has begun to migrate CSC staff to cloud storage that will permit us to retire their legacy local storage arrays. VITA security exception was approved to carry us through December 2023. With the exception DMV is compliant with COV standards while working through replacements and data migrations. Migration effort was stalled while bandwidth issues were being addresses but has now resumed.

Status Summary: In Progress (On Schedule)

Department of Transportation (VDOT)

Audit Year: 2022

Finding 22-01: Ensure Timely Removal of Access to the Commonwealth's Accounting and Financial Reporting System

Status: Expectations of managers and supervisors regarding removal of Financial System access continue to be communicated through training. A Weekly report within the system showing the status of each separation notification has been developed and HR completed a validation process. A few issues were noted, and HR is in the process of addressing those issues. The information generated from that report will be used to build a dashboard to communicate to all stakeholders the status of terminations and all tasks associated with timely removal of both physical and system access. This dashboard is currently under development with an estimated completion date of August 11, 2023. To

ensure adequate time for VDOT's ARMICS team to review the operational effectiveness of the new controls in place, VDOT will be adjusting its estimated completion date to September 30, 2023.

Status Summary: In Progress (On Schedule)

Finding 22-02: Improve Access Controls to the Commonwealth's Purchasing System

Status: Upon completion of the separation notice by the supervisor and HR, ASD receives an automated separation notification in the system. During the audit, it was discovered that the employee required to act on the notification was not doing so as stated in the policy. VDOT has addressed this with the employee and implemented a QA/QC process to ensure this is occurring. Existing procedures included a review of an employee's job responsibilities compared to the access level requested for reasonableness. It was discovered that this was not occurring consistently as stated in the policy and the issue has been addressed with the employee. The Division responsible for the corrective action has indicated that their plan is complete. Please note that on VDOT's last status VDOT noted this as complete. However, to ensure agreement with the revised CAPP Topic 10205, the VDOT ARMICS team will need to review the operational effectiveness of the related controls. Therefore, VDOT has revised its estimated completion date. A task related to this review was added to the ARMICS workplan as of June 27, 2023. The results of that test work will be reported in VDOT's next status update on September 30, 2023.

Status Summary: In Progress (On Schedule)

Finding 22-03: Improve Internal Controls Surrounding Granting and Removing Access for Equipment Systems

Status: In addition to improving communication when users require a role change or removal of access, VDOT Fiscal is working on an analysis of both systems users to ensure no terminated employees continue to have access to either system. A preliminary analysis was completed in April of 2023 and any exceptions were shared with the system owner for further research to validate. Based on that initial analysis, VDOT is continuing to refine and document the process. Next, this will be presented to managers and other stakeholders with the intent to add this analysis to a semi-annual or quarterly review process. Once approved and the first official review is completed, the ARMICS team will ensure the operational effectiveness of this new monitoring control. It is VDOT's intention to report on that review by September 30, 2023.

Status Summary: In Progress (On Schedule)

Finding 22-04: Improve Change Control Process

Status: VDOT's Information Technology Division has completed 4 of 7 action steps identified for this corrective action plan. Remaining action items include augmenting to reflect compliance checks, conducting a first review cycle, and incorporating VDOT's established baseline and processes into agency security policy documentation. ITD is on track with their plan and schedule. VDOT will share the status of the remaining tasks within the next status update.

Status Summary: In Progress (On Schedule)

Finding 22-05: Ensure Supervisors are Completing the Separating Employee Checklist. **This is a Repeat Finding.**

Status: Expectations of managers and supervisors regarding removal of Financial System access continue to be communicated through training. A Weekly report within the system showing the status of each separation notification has been developed and HR completed a validation process. A few issues were noted, and HR is in the process of addressing those issues. The information generated from that report will be used to build a dashboard to communicate to all stakeholders the status of terminations and all tasks associated with timely removal of both physical and system access. This dashboard is currently under development with an estimated completion date of August 11, 2023. To ensure adequate time for VDOT's ARMICS team to review the operational effectiveness of the new controls in place, VDOT will be adjusting its estimated completion date to September 30, 2023.

Status Summary: In Progress (On Schedule)

Finding 22-06: Continue Improving Service Provider Oversight. **This is a Repeat Finding.**

Status: Monthly ECOS Compliance Status Reports are being generated monthly and distributed to all stake holders to communicate the outcomes of compliance reviews. The Division responsible for the corrective action has indicated that their plan is complete. Please note that on VDOT's last status it noted this as complete. However, to ensure agreement with the revised CAPP Topic 10205, the VDOT ARMICS team will need to review the operational effectiveness of the related controls. Therefore, VDOT has revised its estimated completion date. A task related to this review was added to the ARMICS workplan as of June 27, 2023. The results of that test work will be reported in VDOT's next status update on September 30, 2023.

Status Summary: In Progress (On Schedule)



Compliance Monitoring

Agency Risk Management and Internal Control Standards (ARMICS) Compliance

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

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

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

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

1. Late completion of the ARMICS annual certification in the ARMICS Certification System (ACS) (without DOA authorization) will result in citation in the current year's 12/31 Comptroller's Quarterly Report (QR).
2. Certification status of Compliant or Partially-Compliant with the documentation of processes required for successful completion of ARMICS found to be insufficient; therefore, the agency's ARMICS certification status was rejected by DOA. This will result in citation in the QR until the agency has submitted and completed a CAP. The status of the agency's submitted CAP will be reported until completion has been certified.
3. Certification status of Non-Compliant, 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. The status of the agency's submitted Corrective Action Plan (CAP) will be reported until completion has been certified.
4. Failure to complete the ARMICS annual certification in the ACS will result in citation in the QR until the agency has submitted and completed a CAP. The status of the agency's submitted CAP will be reported until completion has been certified.
5. 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 completion has been certified.

As of June 30, 2023, 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 2022 and submitted a **Non-Compliant Certification Statement**:

Agency Name	Reason for Non-Compliance	Initial Corrective Action Plan Received	Status of Corrective Action
Department of Criminal Justice Services	Certified Non-Compliant	Yes	Agency states internal control assessments will be completed by June 30, 2023. Quarterly status update was not received.
Department of Emergency Management	Certified Non-Compliant	Yes	Agency states internal control assessments will be completed by August 31, 2023. Quarterly status update was received.
Department of Environmental Quality	Certified Non-Compliant	Yes	Quarterly status update was not received.
Department of Juvenile Justice	Certified Non-Compliant	Yes	Agency states internal control assessments will be completed by September 30, 2023. Quarterly status update was received.
Department of Military Affairs	Certified Non-Compliant	Yes	Agency states internal control assessments will be completed by September 30, 2023. Quarterly status update was received.
Frontier Culture Museum of Virginia	Certified Non-Compliant	Yes	Agency states internal control assessments will be completed by October 31, 2023. Quarterly status update was received.

Agency Name	Reason for Non-Compliance	Initial Corrective Action Plan Received	Status of Corrective Action
Gunston Hall	Certified Non-Compliant	Yes	Agency states it is uncertain when internal control assessments will be completed as processes have been put in place but have not yet been tested. Quarterly status update was received.

The following agencies **did not complete the ARMICS certification process**; therefore, were not in compliance with ARMICS in FY2022:

Virginia Commission for the Arts

There were no agencies found to be non-compliant with the ARMICS process **based on a QAR** performed during this quarter.

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 2023 To-Date		Comparative Fiscal Year Ended June 30, 2022	
	Late	Total	Late	Total
Number of Payments	72,466	2,275,506	41,218	2,118,724
Dollars (in thousands)	\$726,554	\$10,268,036,145	\$ 639,868	\$ 9,281,072
Interest Paid on Late Payments		\$62,343		
Fiscal Year-to-Date Percentage of Payments in Compliance		96.8%		
Comparative Fiscal Year 2022 Percentage of Payments in Compliance		98.1%		

Prompt Payment Performance by Secretarial Area
Fiscal Year 2023

Secretarial Area	Payments in Compliance	Dollars in Compliance
Administration	83.3%	77.5%
Agriculture and Forestry	99.3%	96.9%
Commerce and Trade	98.7%	98.1%
Education*	97.2%	95.7%
Executive Offices	98.9%	98.7%
Finance	99.5%	84.3%
Health and Human Resources	94.5%	83.8%
Independent Agencies	97.6%	96.9%
Judicial	99.6%	99.3%
Labor	98.1%	99.5%
Legislative	99.5%	99.3%
Natural Resources	97.1%	86.1%
Public Safety and Homeland Security	97.9%	96.5%
Technology	100.0%	100.0%
Transportation*	98.4%	96.4%
Veterans and Defense Affairs	95.9%	86.8%
Statewide	96.8%	92.9%

*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 2023, 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 2023

Agency	Late Payments	Total Payments	Payments in Compliance
Administration			
Administration of Health Insurance	35	208	83.2%
Department of General Services	5,292	21,827	75.8%
Department of Human Resource Management	42	534	92.1%
Education			
Christopher Newport University	1,424	21,821	93.5%
Rappahannock Community College	134	2,235	94.0%
Southwest Virginia Community College	212	3,575	94.1%
Health and Human Resources			
Department for the Blind and Vision Impaired	3,457	17,583	80.3%
Department of Behavioral Health and Developmental Services	410	3,536	88.4%
Department of Social Services	1,326	7,846	83.1%
Grants to Localities	631	2,159	70.8%
Hiram Davis Medical Center	431	3,524	87.8%
Piedmont Geriatric Hospital	235	3,512	93.3%
Virginia Center for Behavioral Rehabilitation	278	2,724	89.8%
Virginia Foundation for Healthy Youth	23	255	91.0%
Independent Agencies			
Virginia Retirement System	189	3,224	94.1%
Natural Resources			
Department of Historic Resources	28	446	93.7%
Public Safety and Homeland Security			
Department of Criminal Justice Services	162	3,076	94.7%
Department of Emergency Management	155	1,737	91.1%
Department of Military Affairs	585	7,607	92.3%
Veterans and Defense Affairs			
Jones and Cabacoy Veterans Care Center	33	323	89.8%



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 03/31/2023, 04/28/2023, 05/31/2023, 06/30/2023 and 07/17/2023, respectively.

Certifications Late or Outstanding

As of July 25, 2023

Agency	Feb	Mar	Apr	May	Jun
The Science Museum of Virginia	05/05/23	-	07/05/23	-	-
University of Virginia Medical Center	05/31/23	05/31/23	-	-	-
Rappahannock Community College	-	-	-	-	07/25/23
Gunston Hall	-	-	-	-	07/21/23
Department of Environmental Quality	-	06/07/23	-	-	-
Sussex One Correctional Center	-	-	-	-	07/25/23
Sussex Two Correctional Center	-	-	-	-	07/25/23
Sussex I and II State Prisons Complex	-	-	-	-	07/25/23
Opioid Abatement Authority	-	05/31/23	-	-	-

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

*The FY 2023 Year-End Closing Memorandum to the heads of all state agencies and institutions and all fiscal officers required that the final June Certification be received in the Comptroller's Office by 5:00 p.m. on July 17, 2023.

Response to Inquiries

DOA regularly communicates with agencies regarding petty cash and invoice analyses, financial reporting information, and the FAACS/LAS Plus 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, 2023, all responses have been received within an acceptable timeframe, except as noted below.

The following entities failed to respond to reminders to submit an updated Corrective Action Workplan for the quarter-ended June 2023, as required in CAPP Manual Topic 10305, *Internal Control*:

- Mountain Empire Community College

Trial Balance Review

As an integral part of the monthly reconciliation process, each agency should review their monthly trial balance for any anomalies, investigate, and correct immediately. If the anomaly cannot be corrected at the agency level, the problem should be noted on the exception register.

DOA monitors selected general ledger balances and contacts agencies in writing about certain irregular balances. For the months of March, April, May and June, the following agencies failed to respond timely, make corrective action and/or provide additional information.

Trial Balance Review

As of July 25, 2023

Agency	Mar	Apr	May	Jun
Virginia Information Technology Agency	X	X	-	-
Department of State Police	X	X	X	-
Department of Environmental Quality	X	X	X	-
Eastern Shore Community College	X	X	-	-
Department of Health	-	-	X	X

Analysis of Appropriation, Allotments and Expenditures, and Cash Balances

The Appropriation Act prohibits agencies from incurring unauthorized deficits. Therefore, credit cash balances and instances in which expenditures exceed appropriation and allotment require prompt investigation and resolution.

DOA contacts agencies in writing about credit cash balances and appropriations versus expenditure anomalies. For the months of March, April, May and June, the following agencies failed to respond timely, make corrective action and/or provide additional information.

Credit Cash, Excess Expenditures, and Expenditure Credits

As of July 25, 2023

Agency	Mar	Apr	May	Jun
Rappahannock Community College	X	X	-	-
Southwest Virginia Community College	X	X	-	-
Mountain Empire Community College	X	X	X	-
Department of Health	X	X	X	-

E-Commerce

Travel Check Charges

In accordance with Chapter 769, 2022 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 2023.

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, 2023	Fiscal Year 2023 To-date Charges
Education		
Virginia Military Institute	\$70.00	\$210.00
Virginia State University	\$10.00	\$10.00
Cooperative Extension and Agricultural Research Services	\$35.00	\$50.00
Judicial		
General District Courts	\$20.00	\$55.00
Juvenile and Domestic Relations District Courts	\$40.00	\$70.00
Public Safety and Homeland Security		
Haynesville Correctional Center	\$0.00	\$65.00
Virginia Alcoholic Beverage Control Authority	\$10.00	\$20.00
Transportation		
Department of Motor Vehicles	\$35.00	\$150.00
Natural and Historic Resources		
Department of Conservation and Recreation	\$0.00	\$25.00



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, 2023,

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.

The following table lists agencies more than two days late in submitting their payments by each program type during Fiscal Year 2023.

<u>Agency Purchase Card Program:</u>	<u># of Late Payments</u>	<u>Fiscal Month Paid Late</u>
Commerce and Trade		
Department of Housing and Community Development	2	Mar, June
Tobacco Region Revitalization Commission	1	June
Education		
Germanna Community College - VCCS	1	Apr
Gunston Hall	4	Jul, Jan, Mar, Apr
New College Institute	2	Nov, Dec
Old Dominion University	1	Dec
Southwest Virginia Community College	6	Aug, Sept, Oct, Feb, Apr, Jun
The College of William and Mary in Virginia	4	Jul, Jan, Feb, Mar
Virginia Commission for the Arts	1	Aug
Virginia Community College System - Central Office	1	Jun
Virginia Museum of Natural History	1	Mar
Finance		
Department of Taxation	1	Jul
Health and Human Resources		
Children's Services Act	1	Mar
Commonwealth Center for Children and Adolescents	1	May
Department of Health	1	Oct
Department of Social Services	3	Nov, Dec, Jan
Opioid Abatement Authority	2	Apr, May
Independent Agencies		
Virginia Retirement System	2	May, Jun
Judicial		
Court of Appeals of Virginia	1	Jun

<u>Agency Purchase Card Program:</u>		<u># of Late Payments</u>	<u>Fiscal Month Paid Late</u>
Labor			
	Department of Labor and Industry	1	Dec
	Secretary of Labor	1	Apr
Legislative			
	Joint Legislative Audit and Review Commission	1	Mar
Natural and Historic Resources			
	Department of Wildlife Resources	1	Jun
Public Safety and Homeland Security			
	Sussex I and II State Prison Complex	1	Nov
Veterans and Defense Affairs			
	Department of Military Affairs	1	Jun
	Department of Veterans Services	1	Aug
	Jones and Cabacoy Veterans Care Center	1	Dec
	Virginia Veterans Care Center	1	Sept
<u>Airline Travel Card Program:</u>			
Commerce and Trade			
	Department of Energy	1	Jun
	Department of Housing and Community Development	1	Jun
Education			
	Central Virginia Community College	2	Aug, Sept
	The College of William and Mary in Virginia	2	Jul, Aug
	Virginia Institute of Marine Science	1	Jul
	Virginia Museum of Fine Arts	2	Dec, Mar
Finance			
	Department of Taxation	1	Jul
Health and Human Resources			
	Department of Social Services	4	Jul, Aug, Sept, Feb
Independent Agencies			
	Virginia Retirement System	1	Jun
Transportation			
	Virginia Port Authority	1	Apr
Veterans and Defense Affairs			
	Department of Veterans Services	1	Mar

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. Agency will deduct the entire outstanding balance from the cardholder's pay.
- 91-120 days past due – if the agency has not been able to obtain the entire past due balance from the cardholder's pay, efforts to withdraw from payroll should continue.

The following table identifies the number of delinquent card accounts with Bank of America by agency during fiscal year 2023, and the total amounts that became past due during the fiscal year.

Travel Charge Card Program

Fiscal Year 2023

Agency	Total Delinquent Accounts	Amounts 31-60 Days Past Due	Amounts 61-90 Days Past Due	Amounts 91-120 Days Past Due
Commerce and Trade				
Department of Housing and Community Development	1	0	0	482
Education				
George Mason University	4	3,655	842	0
Longwood University	1	427	0	0
Norfolk State University	24	20,619	7,215	6,948
Old Dominion University	2	2,272	0	0
University of Mary Washington	1	0	1,262	1,117
University of Virginia Medical Center	3	889	492	31
Virginia Commonwealth University	6	2,700	0	80
Virginia Military Institute	2	820	0	2,815
Virginia Polytechnic Institute and State University	12	8,478	226	1,631
Virginia State University	24	16,708	1,896	8,265
Health and Human Resources				
Department of Behavioral Health and Developmental Services	3	491	0	0
Department of Social Services	5	1,703	0	916
Virginia Department of Health	8	3,230	0	31
Independent Agencies				
State Corporation Commission	1	1,011	511	0
Labor				
Department of Professional and Occupational Regulation	1	60	0	0
Virginia Employment Commission	1	697	0	0
Natural and Historic Resources				
Department of Environmental Quality	1	0	609	0
Public Safety and Homeland Security				
Department of Corrections	2	1,096	0	0
Transportation				
Department of Motor Vehicles	1	24	0	0
Department of Rail and Public Transportation	1	0	928	0
Department of Transportation	1	817	0	0
Veterans and Defense Affairs				
Department of Military Affairs	3	1,777	0	1,899



Accounts Receivable

Executive Summary

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

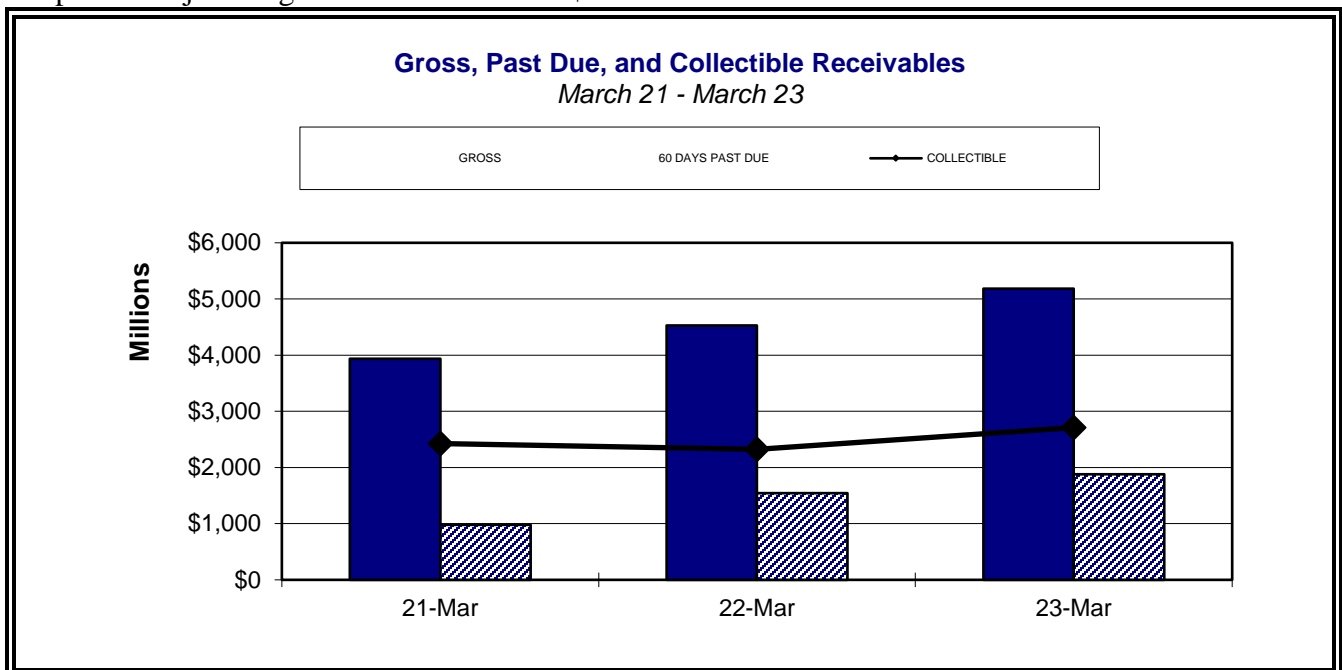
In an effort to present more meaningful information, DOA continues to exclude data from the tables (except for the final table on past due receivables) from the Department of Taxation, consisting largely of statutory assessments and non-filers assessments, and the circuit and district courts, which report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

Commonwealth agencies and institutions reported adjusted gross receivables of \$5.2

billion at March 31, 2023, with \$2.7 billion considered collectible. Receivables over 60 days past due as of March 31, 2023, totaled \$1.9 billion. Of that amount, \$41.8 million was placed with private collection agencies, \$33.7 million was placed with the Division of Debt Collection and \$1.8 billion 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, 2023, agencies expected to collect \$2.7 billion (52 percent) of the \$5.2 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, 2023

Fund	Source	Amount	Percent
General Fund 1%	Medicaid - Current Recoveries	\$ 12,711,495	57%
	Social Services	3,517,606	16%
	Military Affairs	1,162,748	5%
	Labor and Industry Inspections	1,138,917	5%
	Supreme Court	988,990	4%
	Other	2,568,161	12%
	Subtotal	22,087,917	99%
	Agency to Agency Receivables	189,170	1%
	Total General Fund Collectible	\$ 22,277,087	100%
Nongeneral Funds 99%	Higher Education	\$ 639,390,367	24%
	Hospital	405,097,313	15%
	Child Support Enforcement	296,616,982	11%
	Unemployment Taxes *	242,612,215	9%
	Transportation	135,290,618	5%
	Enterprise	127,433,683	5%
	Federal Government	117,214,508	4%
	Medicaid - Dedicated Penalty Fees	52,860,627	2%
	DBHDS Patient Services	45,869,557	2%
	Medicaid - Federal Reimbursements	27,788,848	1%
	Other	139,367,515	5%
	Subtotal	2,229,542,233	83%
	Agency to Agency Receivables	459,226,941	17%
	Total Nongeneral Fund Collectible	\$ 2,688,769,174	100%
All Funds	Grand Total	\$ 2,711,046,261	100%

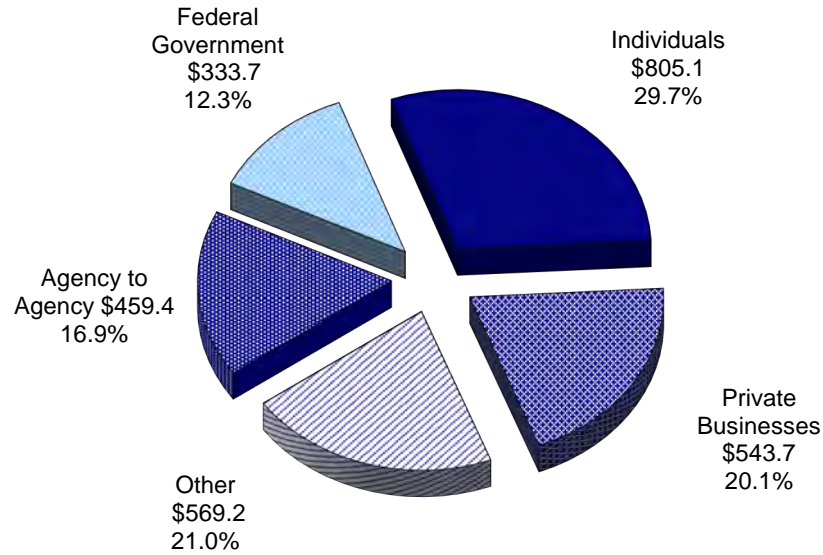
*Note: The Virginia Employment Commission provides Unemployment Taxes Information.

Summary of Receivables by Source

Sources of Collectible Receivables by Debtor

(dollars in millions)

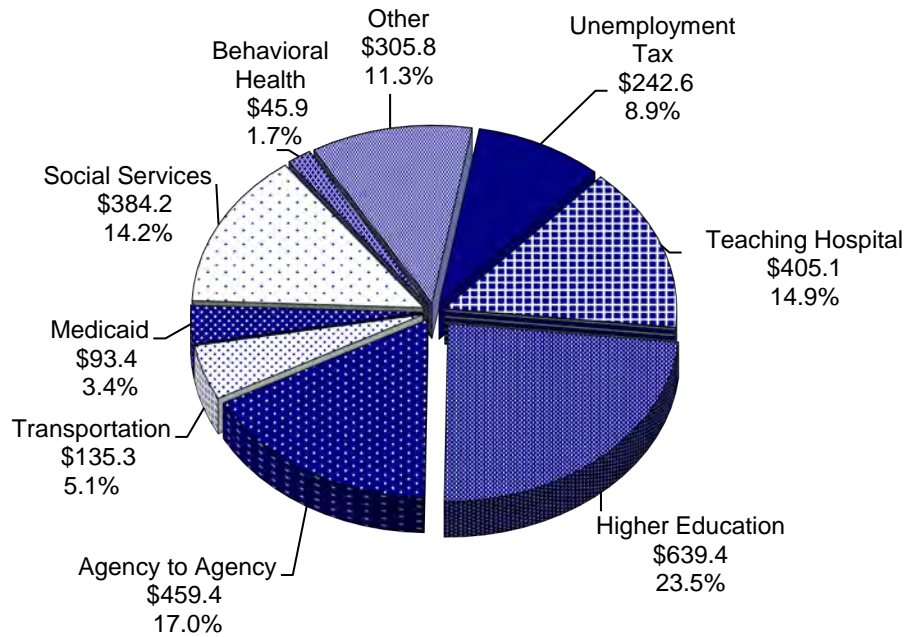
As of March 31, 2023



Sources of Collectible Receivables by Type

(dollars in millions)

As of March 31, 2023



Not counting Taxation and the Courts, ten agencies account for 86 percent of the Commonwealth's adjusted gross and 76

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, 2023

Agency	Gross	Allowance for Uncollectible Accounts	Collectible
UNIVERSITY OF VIRGINIA MEDICAL CENTER	\$ 1,300,407,577	\$ (825,165,405)	\$ 475,242,172
DEPARTMENT OF SOCIAL SERVICES	912,349,163	\$ (510,217,089)	\$ 402,132,074
VIRGINIA EMPLOYMENT COMMISSION	1,176,028,311	\$ (926,255,598)	\$ 249,772,713
DEPARTMENT OF TRANSPORTATION	231,313,395	\$ (5,543,217)	\$ 225,770,178
UNIVERSITY OF VIRGINIA - ACADEMIC DIVISION	180,955,017	\$ (48,294)	\$ 180,906,723
VIRGINIA POLYTECHNIC INST AND STATE UNIVERSITY	158,946,052	\$ (2,303,968)	\$ 156,642,084
GEORGE MASON UNIVERSITY	116,888,965	\$ (11,498,214)	\$ 105,390,751
DEPARTMENT OF MEDICAL ASSISTANCE SERVICES	212,492,748	\$ (119,131,778)	\$ 93,360,970
VIRGINIA LOTTERY	91,153,604	\$ -	\$ 91,153,604
VIRGINIA INFORMATION TECHNOLOGIES AGENCY	74,164,867	\$ -	\$ 74,164,867
Total	\$ 4,454,699,699	\$ (2,400,163,563)	\$ 2,054,536,136
All Other Agencies	726,557,858	(70,047,733)	656,510,125
Grand Total	\$ 5,181,257,557	\$ (2,470,211,296)	\$ 2,711,046,261

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 \$23.4 million during the quarter ended March 31, 2023. The Division of Debt Collection contributed \$1.1 million. Private collection agencies collected \$4.1 million, and the debt setoff programs (Tax, Comptroller's and Lottery) collected \$18.2 million.

Private collection agencies returned \$12.0 million of accounts to agencies, and the Division of Debt Collection discharged \$0.3 million of accounts and returned \$0.5 million of accounts to agencies.

Collectible Receivables Over 60 Days Past Due

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

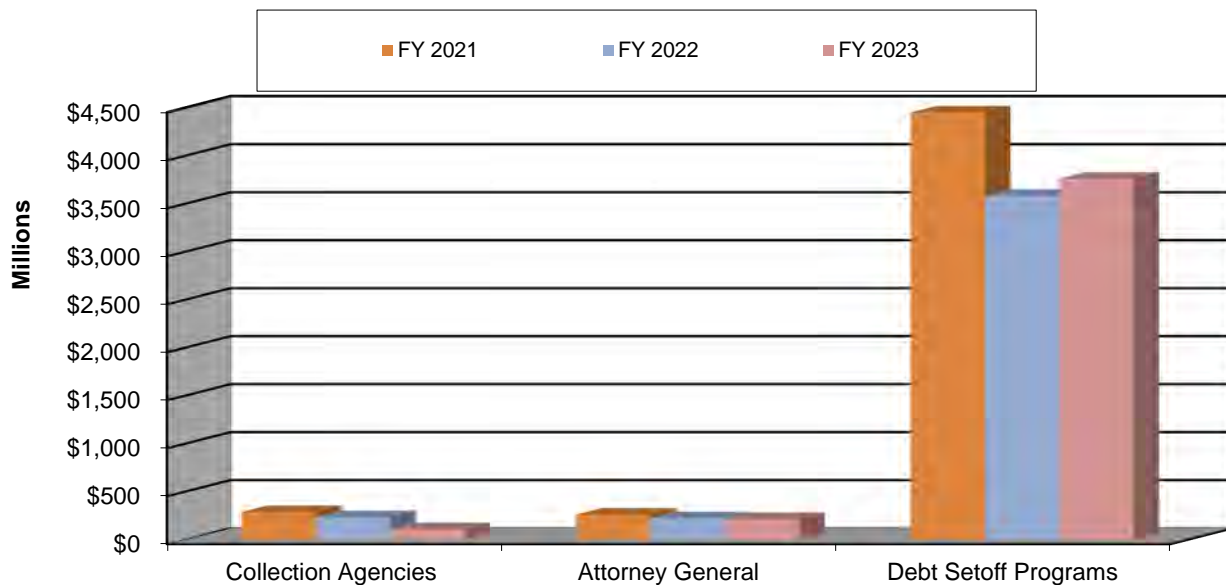
As of March 31, 2023

Agency	Total Over 60 Days	With Collection Agency	With Attorney General	Retained by State Agency
Virginia Employment Commission	\$ 956,960,401	\$ 0	\$ 155,372	\$ 956,805,029
Department of Social Services	300,180,832	4,946	50,615	300,125,271
University of Virginia Medical Center	195,106,858	17,706,948	0	177,399,910
Department of Medical Assistance Services	172,586,994	327,381	5,993,602	166,266,011
Virginia Department of Transportation	49,649,514	2,610,184	17,381,786	29,657,544
George Mason University	34,094,666	3,573,368	0	30,521,298
Old Dominion University	20,449,129	12,773,890	0	7,675,239
University of Virginia-Academic Division	20,412,600	57,240	44,247	20,311,113
Virginia Community College System-Central Office	17,703,263	1,042,850	0	16,660,413
Virginia Polytechnic Institute and State University	16,886,529	850,659	275,720	15,760,150
TOTAL	\$ 1,784,030,786	\$ 38,947,466	\$ 23,901,342	\$ 1,721,181,978
All Other Agencies	96,586,730	2,817,786	9,760,313	84,008,631
TOTAL OVER 60 DAYS	\$ 1,880,617,516	\$ 41,765,252	\$ 33,661,655	\$ 1,805,190,609
Uncollectible Amounts Placed for Collection, Including Accounts Written Off	4,079,486,020	109,268,858	212,543,498	3,757,673,664
TOTAL COLLECTION EFFORTS	\$ 5,960,103,536	\$ 151,034,110	\$ 246,205,153	\$ 5,562,864,273

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

Total Past Due Accounts Listed with Collection Resources

Quarter Ended March 31, 2023



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 \$22.5 million in FY 2023. 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 3/31/23	Comparative	
		Percent 3/31/22	Percent 3/31/21
Virginia Employment Commission	81%	61%	22%
Department of Medical Assistance Services	81%	90%	95%
Department of Social Services	33%	34%	31%
Old Dominion University	31%	41%	36%
Virginia Community College System - Central Office	30%	30%	31%
George Mason University	29%	31%	26%
Department of Transportation	21%	32%	31%
University of Virginia Medical Center	15%	17%	19%
University of Virginia - Academic Division	11%	13%	8%
Virginia Polytechnic Institute and State University	11%	3%	9%
Statewide Average - All Agencies	36%	34%	25%

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 76 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 97 percent indicates that for every dollar billed during the quarter ended March 31, 2023, the state collected ninety-seven cents. This rate is the three percent lower than last year and two percent higher than two years ago.

Collections as a Percentage of Billings

Agency	Percent 3/31/23	Comparative	
		Percent 3/31/22	Percent 3/31/21
Virginia Polytechnic Institute and State University	237%	242%	205%
University of Virginia - Academic Division	159%	243%	270%
Virginia Information Technologies Agency	116%	102%	102%
Virginia Lottery	104%	111%	97%
Department of Transportation	99%	117%	107%
Department of Social Services	96%	107%	95%
George Mason University	93%	97%	93%
Virginia Employment Commission	35%	25%	80%
Department of Medical Assistance Services	30%	59%	59%
University of Virginia Medical Center	25%	24%	24%
Statewide Average - All Agencies	97%	100%	95%

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 \$93.4 million at March 31, 2023, is a \$40.1 million increase over the \$53.3 million reported at March 31, 2022. Over the same period, total past due receivables of \$206.1 million have increased by \$91.2 million from \$114.9 million.

University of Virginia Medical Center (UVAH)

UVAH provides primary and specialty health care for Central Virginia by operating a 684-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 \$475.2 million at March 31, 2023, was a \$114.1 million increase from the \$361.1 million reported the previous year. Past due receivables increased \$26.6 million to \$443.8 million over the previous year.

Virginia Employment Commission (VEC)

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

VEC collectible receivables were \$249.8 million at March 31, 2023, a decrease of \$205.8 million from the previous year. Total past due receivables were \$981.7 million, a \$176.5 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, 2023, of \$74.2 million, which is an increase of \$1.2 million reported in the previous year. Most of these receivables are due from other state agencies. As of March 31, 2023, \$3.9 million was over 60 days past due, an increase of \$2.8 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, 2023, the Virginia Lottery reported net receivables of \$91.2 million, a \$22.6 million increase from the previous year. Billings increased by \$20 million, and collections increased by \$6.5 million during the March 31, 2023 quarter when compared to the March 31, 2022 quarter. At March 31, 2023, the Virginia Lottery had \$91,943 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, 2023, DOE receivables due from the Federal government totaled \$3,762.

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, 2023, the University reported net collectible receivables of \$156.6 million, an increase of \$41.2 million over the prior year. At the same time, total past due receivables of \$23.2 million decreased by \$0.3 million over the prior year.

The University uses a variety of collection methods to encourage payments. At March 31, 2023, VPISU/ID had \$16.9 million of accounts over 60 days past due. Of that amount, \$850,559 was placed with private collection agencies, and \$15.8 million was subject to additional in-house efforts.

Department of Behavioral Health and Developmental Services (DBHDS)

DBHDS operates 10 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, 2023, DBHDS reported collectible receivables of \$45.9 million, a \$35.4 million increase over the previous year. \$25.2 million was past due, with \$13 million being over 60 days past due. Total past due receivables increased by \$8.3 million over the year, and accounts over 60 days past due decreased by \$196,960. At March 31, 2023, the Department had a total of \$31.7 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, and from responsible parties or their insurance companies for damages to VDOT's infrastructure. VDOT also receives pass-thru funds from VDEM for repairs to infrastructure related to natural disasters. The majority of VDOT receivables stem from these sources.

At March 31, 2023, VDOT reported \$225.8 million of collectible receivables, an increase of \$76.3 million from the prior year. VDOT also reported \$54.0 million total past due and \$49.6 million being over 60 days past due. Past due receivables decreased by \$30.1 million over the year, and receivables over 60 days past due increased by \$551,869. 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 payments from responsible parties or their insurers for damages to VDOT infrastructure.

VDOT reported placing \$17.4 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, Supplemental Nutrition Assistance Program (SNAP), and Low-Income Home Energy Assistance Program (LIHEAP). 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, 2023, DSS reported end gross receivables of \$912.3 million, an allowance for doubtful accounts of \$510.2 million and collectible receivables of \$402.1 million. Past due receivables totaled \$304.9 million, of which \$300.1 million was over 60 days past due.

Of these amounts, the Division of Child Support Enforcement (DCSE) was responsible for \$778.7 million (85 percent) of the gross receivables, \$482.1 million (94 percent) of the allowance for doubtful accounts and \$296.6 million (74 percent) of the collectible receivables.

From March 31, 2022 to March 31, 2023, end gross receivables increased by \$58.3 million and collectible receivables increased by \$41.5 million. Total past due receivables increased by \$10.4 million and receivables over 60 days past due increased by \$10.2 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 and rail agencies.

At March 31, 2023, DRPT had gross and net receivables of \$7.7 million. The majority of this money is due via an interagency transfer from VDOT. DRPT reported \$7.7 million past due receivables at March 31, 2023.

Virginia Commonwealth University (VCU/AD)

VCU, based in Richmond, over 200 degree and certificate programs through VCU's 11 schools and three colleges 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, 2023, VCU had \$47.7 million of collectible receivables, a \$19 million decrease from March 31, 2022. Total past due accounts were \$10.9 million, a \$1.6 million increase from March 31, 2022. Accounts over 60 days past due (\$8.8 million) increased by \$1.0 million from the prior year. Billings decreased at March 31, 2023 by \$31.0 million to \$78.8 million and collections decreased by \$9.9 million to \$315.2 million for the March 31, 2023 quarter, when compared to the March 31, 2022 quarter.

The following table is prepared to present the March 31, 2023, aging information in conformity with the provisions of the *Code of Virginia* § 2.2-603.E.(ii).

Commonwealth's total \$5.7 billion past due accounts receivable at March 31, 2023. Another 18 agencies accounted for 39 percent (\$2.3 billion), leaving 67 other agencies to comprise the last one percent at \$68 million.

Taxation and the Circuit and District Courts accounted for 60 percent (\$3.4 billion) of the

Agencies with the Largest Volume of Past Due Receivables

As of March 31, 2023

Agency	Total Past Due	1 to 180 Days Past Due	181 to 365 Days Past Due	Over One Year
Department of Taxation	\$ 2,483,842,901	309,121,887	156,825,346	2,017,895,668
Localities' Circuit and District Courts	945,803,392	48,975,914	42,417,323	854,410,155

Total - Taxation Assessments and Court Fines and Fees	\$ 3,429,646,293	\$ 358,097,801	\$ 199,242,669	\$ 2,872,305,823
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All Other Large Dollar Agencies:

VIRGINIA EMPLOYMENT COMMISSION	981,709,289	100,348,592	523,392,065	357,968,632
UNIVERSITY OF VIRGINIA MEDICAL CENTER	443,767,764	344,383,322	60,225,709	39,158,733
DEPARTMENT OF SOCIAL SERVICES	304,918,567	14,647,658	14,489,068	275,781,841
DEPARTMENT OF MEDICAL ASSISTANCE SERVICES	206,089,511	48,748,726	54,337,278	103,003,507
DEPARTMENT OF TRANSPORTATION	54,034,205	11,194,643	3,702,987	39,136,575
GEORGE MASON UNIVERSITY	43,488,472	25,852,920	10,309,783	7,325,769
UNIVERSITY OF VIRGINIA - ACADEMIC DIVISION	32,159,719	24,739,087	3,595,957	3,824,675
VA COMMUNITY COLLEGE SYSTEM - SYSTEM OFFICE	27,824,438	23,581,535	3,286,487	956,416
DEPT OF BEHAVIORAL HEALTH & DEVELOPMENTAL SVCS	25,206,657	23,568,367	14,311	1,623,979
DEPARTMENT OF MOTOR VEHICLES	24,169,968	23,304,765	347,801	517,402
VIRGINIA POLYTECHNIC INST AND STATE UNIVERSITY	23,215,377	19,180,032	3,328,994	706,351
OLD DOMINION UNIVERSITY	22,770,506	11,543,455	4,784,550	6,442,501
VIRGINIA INFORMATION TECHNOLOGIES AGENCY	12,735,099	10,846,270	1,332,902	555,927
DEPARTMENT OF GENERAL SERVICES	12,686,005	3,399,298	2,822,343	6,464,364
VIRGINIA COMMONWEALTH UNIVERSITY	10,929,001	6,796,850	524,762	3,607,389
STATE CORPORATION COMMISSION	9,832,654	9,431,688	8,994	391,972
DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION	7,742,640	7,742,640	0	0
VIRGINIA STATE UNIVERSITY	7,202,200	6,448,750	282,224	471,226

Total - Largest Dollar Volume Agencies	\$ 2,250,482,072	\$ 715,758,598	\$ 686,786,215	\$ 847,937,259
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All Other Agencies	68,444,432	34,789,486	9,574,256	24,080,690
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Grand Total Past Due Receivables	\$ 5,748,572,797	\$ 1,108,645,885	\$ 895,603,140	\$ 3,744,323,772
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