

# **REPORT ON STATEWIDE COMPLIANCE**

**FOR THE QUARTER ENDED  
MARCH 31, 2023**



**OFFICE OF THE COMPTROLLER**

**DEPARTMENT OF ACCOUNTS**

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*Quarter Ended March 31, 2023*

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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 March 31, 2023, and comparative FY 2022 data.

Lewis R. McCabe, CPA, CGFM, CGMA  
Comptroller



Virginia Department of Accounts  

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## SPECIAL REPORT

### 2022 Year-End Payroll Processing

At the end of calendar year 2022, DOA working with 193 state agencies and institutions, verified and printed 106,832 W-2s. This was a slight increase from the number of W-2s printed in 2021.

	<b>CY 2022</b>	<b>CY 2021</b>
W-2s Printed	106,832	106,112
W-2Cs Printed	59*	66*
Agencies Making Adjustments	68	61
Employee Records Requiring Year-End Adjustments	309	119

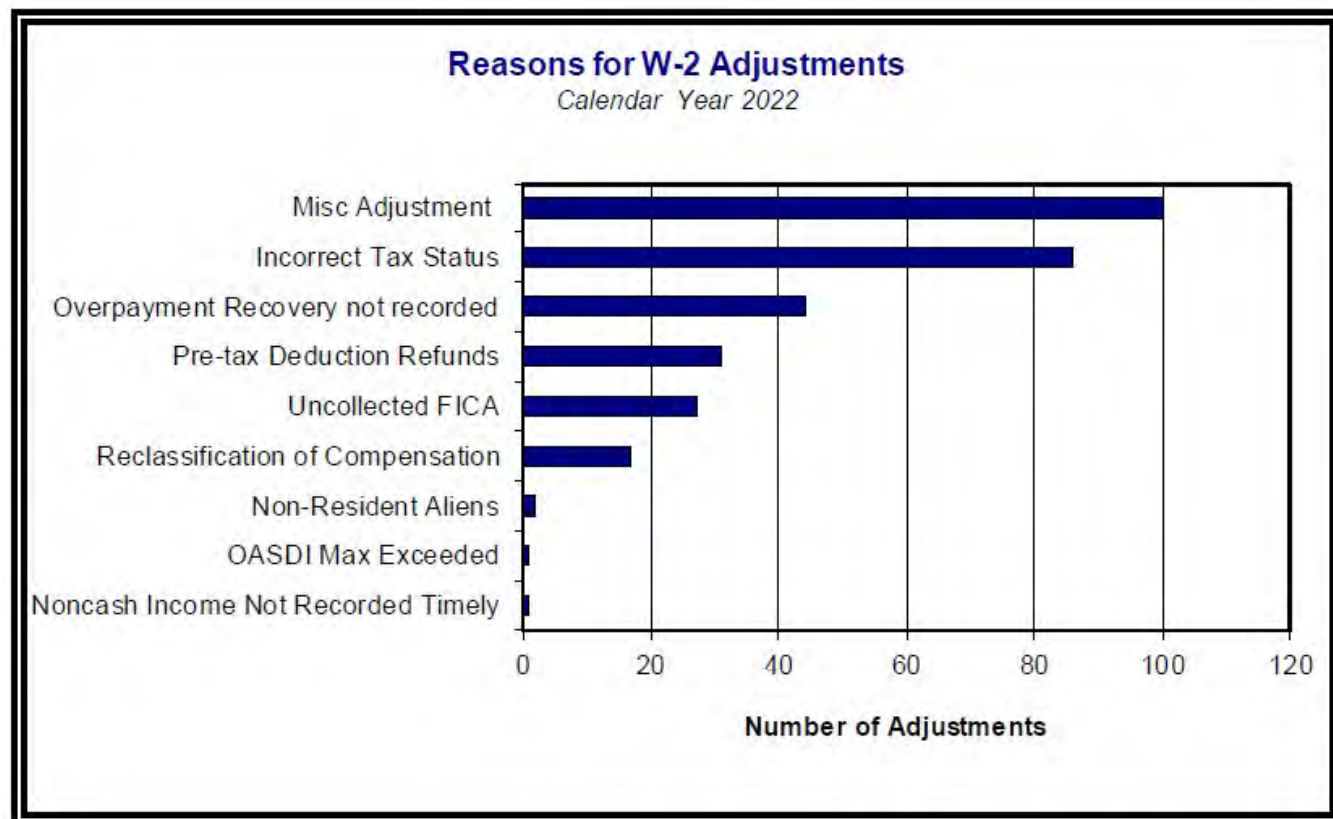
\*# of W-2C's printed as of the date of this report.

Many agencies improved the timeliness of payroll updates during the year which made it possible to begin W-2 processing sooner.

As a result, required processing deadlines continue to be met without difficulty. Submissions of certified year-end reports continue to follow the same trend as last year.

Sixty-eight agencies adjusted 309 employee records. Twenty-eight percent of all adjustments were required to correct taxable wages for employees resulting from an incorrect tax status. Fifteen percent were due to adjustments of wages resulting from recovery of overpayments. Another ten percent of all adjustments were required to increase taxable wages for unadjudicated flex account claims.

W-2s are printed at the Department of Treasury using self-mailers. Upon return from Treasury, agencies are notified that the W-2s are ready for pickup. Cardinal HCM W-2s were available in Employee Self Service by January 27th for all agencies. All paper copies were picked up or shipped by January 27th for subsequent delivery to employees.



## COMPLIANCE

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

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

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

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

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

### ***Audit Reports – Quarter Ended March 31, 2023***

The APA issued 18 reports covering 25 State Agencies for the Executive Branch and one report for the Independent Agencies. The last column indicates whether the CAW has been received as of the date of this publication for each agency with audit findings. Note that in some cases, the CAW may not have been received because it is not yet due.

	New Findings	Repeat Findings	Total Findings	CAW Received
<b>Administration</b>				
Department of General Services' Division of Real Estate and the Office of Fiscal Services	1	0	1	YES
Department of Human Resource Management	3	0	3	YES
Virginia Information Technologies Agency	2	1	3	YES
<b>Agriculture and Forestry</b>				
None				
<b>Commerce and Trade</b>				
None				

	New Findings	Repeat Findings	Total Findings	CAW Received
<b>Education</b>				
Department of Education/Direct Aid to Public Education <sup>(1)</sup>	1	0	1	YES
Frontier Culture Museum of Virginia	0	4	4	YES
James Madison University	0	0	0	N/A
Old Dominion University	3	2	5	YES
Radford University	1	0	1	YES
University of Mary Washington	3	2	5	YES
University of Virginia	4	7	11	YES
Virginia Museum of Fine Arts	4	4	8	YES
Virginia Polytechnic and State University	0	0	0	N/A
Virginia State University	8	10	18	YES
<b>Executive Offices</b>				
None				
<b>Finance</b>				
Department of Accounts <sup>(2)</sup>	4	0	4	YES
Department of Planning and Budget <sup>(2)</sup>	0	1	1	YES
Department of Taxation <sup>(2)</sup>	0	0	0	N/A
Department of the Treasury and the Treasury Board <sup>(2)</sup>	1	1	2	YES
<b>Health and Human Resources</b>				
Department of Behavioral Health and Developmental Services <sup>(3)</sup>	6	11	17	YES
Department of Health <sup>(3)</sup>	4	7	11	YES
Department of Medical Assistance Services <sup>(3)</sup>	1	3	4	YES
Department of Social Services <sup>(3)</sup>	11	14	25	YES
<b>Independent Agencies</b>				
Virginia Retirement System	1	0	1	YES
<b>Labor</b>				
Virginia Employment Commission	5	3	8	YES
<b>Natural Resources</b>				
Department of Wildlife Resources	1	3	4	YES
<b>Public Safety and Homeland Security</b>				
None				
<b>Technology</b>				
None				
<b>Transportation</b>				
Department of Motor Vehicles <sup>(4)</sup>	2	1	3	YES
Department of Transportation <sup>(4)</sup>	4	2	6	YES
<b>Veterans and Defense Affairs</b>				
None				

- (1) The APA issued one report titled, “Department of Education including Direct Aid to Public Education for the year ended June 30, 2022”.*
- (2) The APA issued one report titled, “Agencies of the Secretary of Finance for the year ended June 30, 2022.”*
- (3) The APA issued one report titled, “Agencies of the Secretary of Health and Human Resources for the year ended June 30, 2022.”*
- (4) The APA issued one report titled, “Agencies of the Secretary of Transportation for the year ended June 30, 2022.”*





## *Audit Findings - Quarter Ended March 31, 2023*

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

### **Administration**

#### *Department of General Services' Division of Real Estate and Office of Fiscal Services*

2022-01: Improve Internal Controls over Financial Reporting of Leases under GASB Statement No. 87. **This is a Material Weakness.**

#### *Department of Human Resource Management*

2022-01: Strengthen Controls over Financial Reporting. **This is a Material Weakness.**

2022-02: Improve Database Governance and Security

2022-03: Implement Policies and Procedures Related to Conflict of Interests Requirements

#### *Virginia Information Technologies Agency*

2022-01: Improve Controls over Identifying, Tracking, Recording, and Reporting Leased Assets. **This is a Material Weakness.**

2022-02: Continue to Ensure ITISP Suppliers Meet all Contractual Requirements. **This is a Repeat Finding.**

2022-03: Conduct Audits of Agency Sensitive Systems Timely

### **Education**

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

2022-01: Ensure the Correct Award Year is Applied to Federal Reports

#### *Frontier Culture Museum of Virginia*

2021-01: Continue to Develop and Implement an Information Security Program. **This is a Partial Repeat Finding.**

2021-02: Improve Oversight of Third-Party Providers. **This is a Repeat Finding.**

2021-03: Continue to Improve Policies and Procedures. **This is a Partial Repeat Finding.**

2021-04: Properly Perform Reconciliation of Retirement Benefits System Information. **This is a Partial Repeat Finding.**

### ***Old Dominion University***

- 2022-01: Continue to Improve the Financial Reporting Process. **This is a Material Weakness and a Repeat Finding.**
- 2022-02: Improve Controls over Financial Reconciliations
- 2022-03: Improve Accounting for Accounts Payable
- 2022-04: Improve Controls over Capital Asset Inventory
- 2022-05: Promptly Return Unearned Title IV Funds to Department of Education. **This is a Repeat Finding.**

### ***Radford University***

- 2022-01: Improve Financial Reporting Review Process

### ***University of Mary Washington***

- 2022-01: Continue to Improve Internal Controls over Capital Outlay Procurement and Management. **This is a Repeat Finding.**
- 2022-02: Improve Financial Reporting Process. **This is a Material Weakness and a Partial Repeat Finding.**
- 2022-03: Improve Reporting to National Student Loan Data System
- 2022-04: Submit an Accurate FISAP to Education
- 2022-05: Promptly Return Unclaimed Aid to Education

### ***University of Virginia***

- 2022-01: Improve Governance Structure and Resources Surrounding Financial Reporting Process. **This is a Material Weakness and a Partial Repeat Finding.**
- 2022-02: Improve Controls over User Access to the Payroll and Human Resources System. **This is a Partial Repeat Finding.**
- 2022-03: Improve Processes over Employment Eligibility Verification. **This is a Repeat Finding.**
- 2022-04: Complete Annual Review over User Access to University Information Systems. **This is a Repeat Finding.**
- 2022-05: Continue to Implement Information Security Program Requirements for the Gramm-Leach-Bliley Act. **This is a Repeat Finding.**
- 2022-06: Continue to Improve Controls and Compliance with Student Financial Aid Requirements. **This is a Partial Repeat Finding.**
- 2022-07: Continue to Improve Security Awareness Training. **This is a Repeat Finding.**
- 2022-08: Improve Payroll Accounting and Financial Reporting Processes
- 2022-09: Improve Capital Asset Inventory Controls
- 2022-10: Complete Annual User Access Reviews
- 2022-11: Complete a System Security Plan for Each Sensitive System

### *Virginia Museum of Fine Arts*

- 2021-01: Strengthen Internal Controls over Construction in Progress. **This is a Repeat Finding.**
- 2021-02: Allocate Additional Resources for Year-end Reconciliations. **This is a Partial Repeat Finding.**
- 2021-03: Deactivate Access to the Commonwealth's Purchasing System Timely
- 2021-04: Improve Controls over Cash Deposits
- 2021-05: Improve Review Process over Small Purchase Charge Card Reconciliations
- 2021-06: Ensure Compliance with the Conflict of Interests Act
- 2021-07: Continue to Improve Management of the Change Fund. **This is a Partial Repeat Finding.**
- 2021-08: Comply with the Security Standard's Requirements Regarding Security Awareness Training. **This is a Partial Repeat Finding.**

### *Virginia State University*

- 2021-01: Perform Information Technology Security Audits
- 2021-02: Test and Update Disaster Recovery Plans
- 2021-03: Improve the Management and Recording of Receivables
- 2021-04: Perform a Physical Inventory of Capital and Controlled Assets
- 2021-05: Improve Contract Administration
- 2021-06: Finalize and Approve Policies and Procedures to Ensure Compliance with the Conflict of Interests Act
- 2021-07: Promptly Return Unclaimed Aid to Department of Education
- 2021-08: Improve Exit Counseling Notification for Federal Direct Loan Borrowers
- 2021-09: Improve Access and Account Management Controls. **This is a Repeat Finding.**
- 2021-10: Continue to Implement Procedures to Review and Document System and Organization Control Reports of Third-Party Service Providers. **This is a Repeat Finding.**
- 2021-11: Continue to Improve Infrastructure Device Security. **This is a Repeat Finding.**
- 2021-12: Develop and Implement Controls to Prevent Unauthorized Purchases and Enforce Procurement Policy. **This is a Repeat Finding.**
- 2021-13: Improve Administration of Purchase Cards. **This is a Repeat Finding.**
- 2021-14: Implement Procedures to Improve Documentation of Emergency and Sole Source Procurement. **This is a Repeat Finding.**
- 2021-15: Properly Reconcile Student Account Collections. **This is a Repeat Finding.**
- 2021-16: Report Student Status Enrollment Changes Accurately and Timely to National Student Loan Data System. **This is a Repeat Finding.**
- 2021-17: Ensure Updated Employment Eligibility Verification Procedures are Effective. **This is a Partial Repeat Finding.**
- 2021-18: Update Leave Policy and Procedures. **This is a Repeat Finding.**

## Finance

### *Department of Accounts*

- 2022-01: Ensure Adequate Resources are Available to Maintain Compliance with the Security Standard
- 2022-02: Identify and Implement Critical Controls for the Commonwealth's New Human Resources and Payroll System
- 2022-03: Prioritize Updates to the CAPP Manual Payroll Topics
- 2022-04: Conduct Timely IT Security Audits

### *Department of Planning and Budget*

- 2022-01: Continue to Improve IT Change and Configuration Management Policy and Process. **This is a Repeat Finding.**

### *Department of the Treasury*

- 2022-01: Properly Perform and Document Retirement Benefits System Reconciliations
- 2022-02: Continue to Improve IT Risk Management Documentation. **This is a Partial Repeat Finding.**

## Health and Human Resources

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

- 2022-01: Establish Change Management Process for Information Technology Environment
- 2022-02: Improve Vulnerability Management Process
- 2022-03: Conduct Information Technology Security Audits over Sensitive Systems
- 2022-04: Complete FFATA Reporting for First Tier SABG Subawards
- 2022-05: Continue to Improve Off-Boarding Procedures. **This is a Repeat Finding.**
- 2022-06: Improve Controls over Processing Capital Outlay Voucher Processing
- 2022-07: Continue to Improve Controls over the Retirement Benefits System Reconciliation. **This is a Repeat Finding.**
- 2022-08: Improve Management of Access to the Retirement Benefits System
- 2022-09: Continue Dedicating Resources to Support Information Security Program. **This is a Repeat Finding.**
- 2022-10: Improve IT Contingency Management Program. **This is a Repeat Finding.**
- 2022-11: Develop Baseline Configurations for Information Systems. **This is a Repeat Finding.**
- 2022-12: Continue to Improve Database Security. **This is a Repeat Finding.**
- 2022-13: Continue to Improve Risk Assessment Process. **This is a Repeat Finding.**
- 2022-14: Continue to Improve Controls over the Calculation of Contractual Commitments. **This is a Repeat Finding.**
- 2022-15: Continue to Implement Compliant Application Access Management Procedures. **This is a Repeat Finding.**
- 2022-16: Ensure Compliance with the Conflict of Interests Act. **This is a Repeat Finding.**

2022-17: Continue to Improve Controls over Payroll Reconciliations. **This is a Repeat Finding.**

### ***Department of Health***

2022-01: Properly Prepare the Schedule of Expenditures of Federal Awards. **This is a Material Weakness.**

2022-02: Improve Controls over Journal Entries

2022-03: Strengthen Controls over Overtime Payments

2022-04: Improve Database Security

2022-05: Strengthen Controls over Financial Reporting. **This is a Partial Repeat Finding and a Material Weakness.**

2022-06: Follow Eligibility Documentation Requirements for Women, Infants and Children Program. **This is a Repeat Finding.**

2022-07: Continue Improving the Disaster Recovery Plan. **This is a Partial Repeat Finding.**

2022-08: Continue Improving Information Technology Change Management Process for a Sensitive System. **This is a Partial Repeat Finding.**

2022-09: Continue Strengthening the System Access Removal Process. **This is a Repeat Finding.**

2022-10: Continue Strengthening the Termination Process. **This is a Repeat Finding.**

2022-11: Continue Addressing Compliance with the Conflict of Interests Act. **This is a Repeat Finding.**

### ***Department of Medical Assistance Services***

2022-01: Improve Third-Party Oversight Process

2022-02: Improve Information Security Program and Controls. **This is a Repeat Finding and a Material Weakness.**

2022-03: Continue Strengthening Process over Medicaid Coverage Cancellations. **This is a Repeat Finding.**

2022-04: Improve Timely Removal of Critical System Access. **This is a Repeat Finding.**

### ***Department of Social Services***

2022-01: Improve Information Security Program and IT Governance. **This is a Material Weakness.**

2022-02: Perform Responsibilities Outlined in the Agency Monitoring Plan. **This is a Repeat Finding and a Material Weakness.**

2022-03: Implement Internal Controls over TANF Federal Performance Reporting. **This is a Material Weakness.**

2022-04: Improve Web Application Security. **This is a Repeat Finding.**

2022-05: Upgrade End-of-Life Technology

2022-06: Obtain, Review, and Document System and Organization Control Reports of Third-Party Service Providers. **This is a Repeat Finding.**

2022-07: Monitor Internal Controls to Ensure Timely Removal of System Access. **This is a Repeat Finding.**

2022-08: Improve Documentation for Separation of Duty Conflicts

- 2022-09: Finalize the Agency Monitoring Plan and Communicate Responsibilities to Subrecipient Monitoring Coordinators. **This is a Repeat Finding.**
- 2022-10: Review Non-Locality Subrecipient Single Audit Reports. **This is a Repeat Finding.**
- 2022-11: Confirm Monitoring Activities are Conducted in Accordance with the Monitoring Plan
- 2022-12: Verify that Monitoring Plan Includes All Subrecipient Programmatic Activities
- 2022-13: Evaluate Subrecipients' Risk of Noncompliance in Accordance with Federal Regulations. **This is a Repeat Finding.**
- 2022-14: Comply with TANF Requirement to Participate in the Income Eligibility and Verification System. **This is a Repeat Finding.**
- 2022-15: Strengthen Internal Controls over FFATA Reporting
- 2022-16: Perform Analysis to Identify Service Provider Agencies That Perform Significant Fiscal Processes
- 2022-17: Document Process to Collect and Retain Documentation Supporting the SSBG Post-Expenditure Report
- 2022-18: Monitor Internal Procedures to Ensure Compliance with the Conflict of Interests Act. **This is a Repeat Finding.**
- 2022-19: Reconcile the Commonwealth's Retirement Benefits System
- 2022-20: Correctly Report Status of Prior Audit Findings as of Fiscal Year End
- 2022-21: Continue Developing Record Retention Requirements and Processes for Electronic Records. **This is a Repeat Finding.**
- 2022-22: Continue Improving IT Risk Management Program. **This is a Repeat Finding.**
- 2022-23: Continue Improving IT Change and Configuration Management Process. **This is a Repeat Finding.**
- 2022-24: Continue Strengthening Process over Medicaid Coverage Cancellations. **This is a Repeat Finding.**
- 2022-25: Continue to Strengthen Internal Controls to Ensure Compliance with Federal Employment Eligibility Requirements. **This is a Repeat Finding.**

## Independent Agencies

### *Virginia Retirement System*

- 2022-01: Improve Service Provider Oversight

## Labor

### *Virginia Employment Commission*

- 2022-01: Comply with Federal Requirements for Review of the Tax Performance System. **This is a Material Weakness and a Partial Repeat Finding.**
- 2022-02: Submit Required Reports Timely. **This is a Repeat Finding.**
- 2022-03: Submit Accurate Special Reports to Department of Labor
- 2022-04: Upgrade End-of-Life Technology
- 2022-05: Improve Database Security
- 2022-06: Properly Update and Review System Access
- 2022-07: Notify Finance of System Adjustments Affecting Benefit Payments

2022-08: Comply with Employment Eligibility Requirements. **This is a Repeat Finding.**

## Natural and Historical Resources

### *Department of Wildlife Resources*

2021-01: Remove System Access for Terminated Employees Timely

2021-02: Deactivate Inactive Small Purchase Charge Cards Timely. **This is a Repeat Finding.**

2021-03: Improve Documentation Surrounding Reconciliations of Capital Assets. **This is a Repeat Finding.**

2021-04: Improve Employment Eligibility Process. **This is a Repeat Finding.**

## Transportation

### *Department of Motor Vehicles*

2022-01: Continue Developing a Process to Annually Review User Access to a Sensitive Information System

2022-02: Improve Database Security

2022-03: Continue to Update End-of-Life Technology. **This is a Repeat Finding.**

### *Department of Transportation*

2022-01: Ensure Timely Removal of Access to the Commonwealth's Accounting and Financial Reporting System

2022-02: Improve Access Controls to the Commonwealth's Purchasing System

2022-03: Improve Internal Controls Surrounding Granting and Removing Access for Equipment Systems

2022-04: Improve Change Control Process

2022-05: Ensure Supervisors are Completing the Separating Employee Checklist. **This is a Repeat Finding.**

2022-06: Continue Improving Service Provider Oversight. **This is a Repeat Finding.**



***Risk Alerts – Quarter Ended March 31, 2023***

The APA issued the following Risk Alerts to the Department of Accounts:

- Access to Audit Log Monitoring Tool
- Timely Security Audits
- Schedule of Expenditures of Federal Awards
- Summary Schedule of Prior Audit Findings

The APA issued the following Risk Alert to the Department of Behavioral Health and Developmental Services:

- Continue to Comply with the Department of Justice Settlement Agreement

The APA issued the following Risk Alerts to the Department of Behavioral Health and Developmental Services, Department of Health, and Department of Medical Assistance Services:

- Unpatched Software
- Access to Audit Log Monitoring Tool

The APA issued the following Risk Alerts to the Department of Education / Direct Aid to Public Education:

- Unpatched Software
- Access to Audit Log Monitoring Tool
- Timely Security Audits

The APA issued the following Risk Alert to the Department of Motor Vehicles and the Department of Taxation:

- Unpatched Software



### ***Special Reports – Quarter Ended March 31, 2023***

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

Higher Education Comparative Report – Fiscal Year 2020

Report on Collections of Commonwealth Revenues by Local Constitutional Officers for the year ended June 30, 2022

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

Commonwealth of Virginia Single Audit Report for the year ended June 30, 2022

Cycled Agencies Capital Assets Review for the year ended June 30, 2020

### ***Other Audit Reports – Quarter Ended March 31, 2023***

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

Central Virginia Community College Reaccreditation Review for the year ended June 30, 2022

Dabney S. Lancaster Community College Reaccreditation Review for the year ended June 30, 2022

Department of Emergency Management Audit of Select Federal Programs for the year ended June 30, 2022

Department of Environmental Quality – Clean Water State Revolving Fund Cluster Federal Program for the year ended June 30, 2022

Department of Small Business and Supplier Diversity – Coronavirus State and Local Fiscal Recovery Funds for the year ended June 30, 2022

Department of Veterans Services Grants to State for Construction of State Home Facilities Federal Grant Program for the year ended June 30, 2022

Disability Services Agencies Audit of Select Federal Programs for the year ended June 30, 2022

Education Stabilization Fund for the year ended June 30, 2022

George Mason University Intercollegiate Athletics Programs for the year ended June 30, 2022

James Madison University Intercollegiate Athletics Programs for the year ended June 30, 2022

Local Government Investment Pool Program, Virginia College Building Authority, Virginia Public Building Authority, Virginia Public School Authority for the year ended June 30, 2022

Longwood University Intercollegiate Athletics Programs for the year ended June 30, 2022

Norfolk State University Intercollegiate Athletics Programs for the year ended June 30, 2022

Office of Children's Services Social Services Block Grant Federal Grant Program for the year ended June 30, 2022

Old Dominion University Intercollegiate Athletics Programs for the year ended June 30, 2022

Radford University Intercollegiate Athletics Programs for the year ended June 30, 2022

The College of William and Mary in Virginia Intercollegiate Athletics Programs for the year ended June 30, 2022

Virginia Biotechnology Research Partnership Authority for the year ended June 30, 2022

Virginia Department of Agriculture and Consumer Services – Administration of Federal Programs for the year ended June 30, 2022

Virginia Military Institute Intercollegiate Athletics Programs for the year ended June 30, 2022

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

Virginia Western Community College Reaccreditation Review for the year ended June 30, 2022

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

Department of Housing and Community Development – Emergency Rental Assistance Federal Grant Program for the year ended June 30, 2022

Office of the Executive Secretary of the Supreme Court of Virginia for the year ended June 30, 2021

Virginia Economic Development Partnership for the year ended June 30, 2022

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

	<b>IN PROGRESS</b>		<b>COMPLETED</b>	
	<b>On Schedule</b>	<b>Delayed</b>	<b>On Schedule</b>	<b>Delayed</b>
<b>Administration</b>				
Department of General Services	1	0	0	0
<b>Commerce and Trade</b>				
Department of Housing and Community Development	0	1	0	0
Department of Small Business and Supplier Diversity	0	0	1	0
<b>Education</b>				
Christopher Newport University	1	0	2	0
Department of Education including Direct Aid to Public Education	0	1	0	0
Norfolk State University	2	1	1	1
Old Dominion University	2	3	0	0
Radford University	0	2	0	0
Richard Bland College	0	1	0	0
University of Virginia	0	4	0	0
University of Virginia College at Wise	0	2	0	0
University of Virginia Medical Center	0	2	0	0
Virginia Commonwealth University	2	0	1	0
Virginia Community College System – Central Office	1	1	3	0
Virginia Community College System – Shared Services Center	0	0	3	0
John Tyler Community College	8	1	0	0
J. Sargeant Reynolds Community College	0	0	6	0
Lord Fairfax Community College	3	0	4	0
New River Community College	0	0	1	0
Northern Virginia Community College	0	0	5	0

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Rappahannock Community College	0	0	7	0
Tidewater Community College	1	0	4	0
Virginia Military Institute	2	0	1	0
Virginia Polytechnic Institute and State University	1	1	0	0
Virginia State University	6	0	0	0
<b>Executive Offices</b>				
Attorney General and Department of Law	0	4	0	0
<b>Finance</b>				
Department of Planning and Budget	0	1	0	0
Department of the Treasury	1	0	0	0
<b>Health and Human Resources</b>				
Department of Behavioral Health and Developmental Services	4	1	1	0
Department of Health	0	1	2	0
Department of Medical Assistance Services	0	2	0	0
Department of Social Services	7	5	0	0
Department for the Blind and Vision Impaired	0	3	0	0
<b>Independent Agencies</b>				
Virginia Lottery	0	0	4	0
<b>Labor</b>				
Virginia Employment Commission	0	0	2	1
<b>Public Safety and Homeland Security</b>				
Department of Corrections	0	0	2	0
Department of Fire Programs	0	3	0	2
Department of State Police	0	10	0	1
Virginia Alcoholic Beverage Control Authority	8	0	0	0
<b>Transportation</b>				
Department of Motor Vehicles	1	0	0	0
<b>TOTALS</b>	51	50	50	5



## *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: 2020**

**Finding 20-02:** Develop and Implement Surplus Tracking System

**Status:** Consultant retained for a two-phase approach. Phase I will begin in the next week and last 5-6 weeks as they dive into current policies and DGS prior audit finding to determine the needs for Phase II and making corrections to existing processes, if needed.

**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:** Corrective action is ongoing.

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

#### **Department of Small Business and Supplier Diversity (DSBSD)**

**Audit Year: 2021**

**Finding 21-01:** Ensure Proper Monitoring over Outsourced Programmatic Functions. **This is a Material Weakness.**

**Status:** The corrective action has been completed.

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

## Education

### Christopher Newport University (CNU)

Audit Year: 2021

**Finding 21-01:** Develop and Implement Database Configuration Procedures

**Status:** IT Services has completed the configuration of software CIS Compliance scans and documented the vendor specified deviations from the industry standard. The benchmarks will be reviewed annually beginning in November 2023.

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

**Finding 21-02:** Develop and Implement a Process to Maintain Oversight over Service Providers

**Status:** The University's Executive Steering Committee approved the Third-Party Vendor Risk Management Standard and procedures on September 9, 2022.

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

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

**Status:** CNU has an active engagement with third-party vendor to conduct a GLBA assessment in February of 2023 to identify and document GLBA data and the departments responsible for it.

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

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

Audit Year: 2019

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

**Status:** Chief Information Security Officer is still waiting on access to the SIEM tool for evaluation of logs and set up.

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

### Norfolk State University (NSU)

Audit Year: 2021

**Finding 21-04/20-01/17-01/16-01:** Continue to Improve Information Security and Risk Management and Contingency Programs. **This is a Partial Repeat Finding.**

**Status:** NSU hired a 3rd party technology (audit) company to perform risk assessments on all the University's sensitive systems. The assessments for all systems are complete.

NSU has completed the DRP as well as the Continuity of Operations Plan (COOP).

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

**Finding 21-06/20-02/17-03/16-03/15-02:** Continue to Upgrade End-of-Life Technology. **This is a Partial Repeat Finding.**

**Status:** The corrective action has been completed.

**Status Summary:** Completed (Delayed)

**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 include 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:** In Progress (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:** In Progress (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:** In Progress (Delayed)

#### **Old Dominion University (ODU)**

##### **Audit Year 2021**

**Finding 21-01:** Improve the Financial Reporting Process. **This is a Material Weakness.**

**Status:** Management of the Office of Finance is implementing the following corrective actions:

1. Develop a review control checklist to enhance high-level review. (In Progress)
2. Conduct more robust flux analysis and reasonableness analysis review at the transaction level and through the year-end reporting process. (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. (In Progress)
7. Conduct SWOT Analysis, evaluate organizational structure and allocate resources to realign responsibility, accountability and professional skill set of the Office of Finance. (In Progress)

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

**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 (On Schedule)

**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 21-05:** Promptly Return Unearned Title IV Funds to Department of Education



**Status:** SFA management plans to engage the third-party vendor in 2023 to ensure all available System resources have been applied to the Return of Title IV Funds processing. (In Progress - engagement contract has been signed)

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

**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 a third-party 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 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 for all parts except unofficial withdrawals. Due to NSLDS outages resulting from the launch of the NSLDS Professional Access website in Summer 2022, OAAS was unable to verify the accuracy and timeliness of Spring 2022 unofficial withdrawals. OAAS will test Fall 2022 unofficial withdrawals in Spring 2023, with verification scheduled to be complete by April 30, 2023. No changes from prior submission.

**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 are currently being reviewed and validated.

**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 now has an active IT Governance Committee that convened February 2023. The committee charter will be approved March 2023. Additionally, RBC has a signed MOU with the VITA ISO Services Team. That MOU includes:

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

Policy review has been initiated. Business impact development and system security plan and risk assessment management and development remain ongoing. The ISO is currently working with 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 Virginia (UVA/AD)**

**Audit Year 2021**

**Finding 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:** A risk rated approach around Segregation of Duties and Access Provisioning and De-Provisioning has been taken, and the cross-functional team established continues to make progress now that the system implementation is complete. Significant deficiencies associated with User Access and Provisioning Rights continue to be addressed. Work in this area will be ongoing through FY23.

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

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

**Status:** EVP-COO, UHR and Provost have been developing a preventative approach to address the specific population most effected by the onboarding process and I-9 compliance requirements. Decisions at the UVA leadership level are forthcoming regarding changes to internal procedures and compliance requirements, with impact to operations within and between UHR and schools/business units.

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

**Finding 21-03:** Complete Annual Review Over user Access to University Information Systems

**Status:** The University is taking a collaborative approach into FY2023, now that UVA/AD new finance system has been implemented, to address the entire control environment over university systems and user access. This includes Request-Based Access initiative, Segregation of Duties identification and review, establishment of a System Access Working Group.

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

**Finding 21-04:** Implement Information Security Program Requirements for the Gramm-Leach-Bliley Act

**Status:** The Academic Division continues to progress towards full implementation of all required components of the Gramm-Leach-Bliley Act. The Academic Division's external vendor conducted risk assessments on all five systems containing nonpublic customer information in October 2022 as planned. Upon receipt and review of the external vendor's report, the Academic Division will develop a remediation plan to mitigate identified risks. The plan is expected to be developed in early 2023.

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

**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:** A risk rated approach around Segregation of Duties and Access Provisioning and De-Provisioning has been taken, and the cross-functional team established continues to make progress, now that the system implementation is complete. Significant deficiencies associated with User Access and Provisioning Rights continue to be addressed. Work in this area will be ongoing through FY23.

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

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

**Status:** EVP-COO, UHR and Provost have been developing a preventative approach to address the specific population most effected by the onboarding process and I-9 compliance requirements. Decisions at the UVA leadership level are forthcoming regarding changes to internal procedures and compliance requirements, with impact to operations within and between UHR and schools/business units.

**Status Summary:** In Progress (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:** A risk rated approach around Segregation of Duties and Access Provisioning and De-Provisioning has been taken, and the cross-functional team established continues to make progress now that the system implementation is complete. Significant deficiencies associated with User Access and Provisioning Rights continue to be addressed. Work in this area will be ongoing through FY23.

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

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

**Status:** EVP-COO, UHR and Provost have been developing a preventative approach to address the specific population most effected by the onboarding process and I-9 compliance requirements. Decisions at the UVA leadership level are forthcoming regarding changes to internal procedures and compliance requirements, with impact to operations within and between UHR and schools/business units.

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

**Virginia Commonwealth University (VCU)**

**Audit Year 2022**

**Finding 22-01:** Improve IT Asset Management Process

**Status:** VCU will coordinate an effort within all of its units to strengthen the IT asset management process across the university and ensure IT assets are adequately tracked and maintained throughout the lifecycle.

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

**Finding 22-02:** Improve Firewall Security

**Status:** VCU has corrected all identified weaknesses and will improve controls and monitoring procedures to minimize the likelihood of recurrence.

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

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

**Status:** VCU will further clarify the change control form to specify the requirement for including test plans within the change request form. Additionally, VCU will review and update, as necessary, its change management process documentation to include additional guidance on testing of changes. VCU will include an indicator on the change management form to track any documentation updates, including whether a change requires a documentation update and if so, then a brief description of the update.

**Status Summary:** In Progress (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:** Fiscal Services has implemented a monthly administrative services workgroup meeting with College Business Managers to discuss various accounting topics. Training is ongoing and Fiscal Services will continue to provide guidance to the colleges to ensure consistent reporting. The date for corrective action has been extended to July 1, 2023, consistent with the dual enrollment finding.

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

**Finding 21-02:** Improve Policy and Procedures for Capital Assets

**Status:** Management recognizes the need to improve procedures as well as documentation to properly track, record and report capital assets. The system office will work on updating this documentation as well as incorporating all CAPP documentation necessary. This documentation will also be communicated to the colleges.

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

**Finding 21-03:** Continue to Develop Comprehensive Policies and Procedures for Reviewing and Reacting to System and Organization Controls Reports. **This is a Repeat Finding.**

**Status:** Fiscal Services will develop specific procedures for the compilation and review of System Organizational Control (SOC) reports for the VCCS System. These procedures will include:

- 1) Instructions for the colleges to assist in identifying a Service Provider Organization.
- 2) Instructions on obtaining an SOC report from a Service Provider Organization, and.
- 3) A checklist to assist the colleges in reviewing an SOC report.

The colleges will be instructed to forward this information to the VCCS Controller for a reasonability review. A complete list of Service Provider Organizations will be kept by the VCCS Controller and updated annually.

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

**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:** Facing obstacles from JLARC and the VDOE have delayed this implementation. The goal for the VCCS System Office to record a “gross-up” entry for the FY23 year-end and have procedures in place for the colleges to start recording their own entries beginning July 1, 2023. This timeline will be dependent on additional guidance and instructions from JLARC and the VDOE.

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

**Finding 21-05:** Address Inconsistencies in Employee Personnel Records. **This is a Repeat Finding.**

**Status:** The VCCS recognizes the inconsistencies in the personnel records for the system when comparing to other official records and/or policies and their impact on the calculation of the VCCS’ leave liability.

These inconsistencies will be reviewed and addressed as follows:

- The System Office will communicate audit finding concerns to Chief Human Resource Officers of all VCCS agencies to support their review and correction of personnel records that show inconsistencies with other systems and policies.
- Include this item of concern as a standing agenda item for the bi-weekly Chief Human Officer (CHRO) calls (system-wide) through the corrective action date. This concern was communicated to CHROs during the July 7, 2021, bi-weekly CHRO meeting.
- Review and develop system-wide policies and or procedures to support the correct input, update, and reconciliation of data into the system concerning the inconsistencies noted above.
- Communicate and train all employees involved with the review, input, and reconciliation of this data.

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

**Virginia Community College System – Shared Services Center (VCCS-SSC)**

**Audit Year: 2021**

**Finding 21-06:** Develop and Implement Policies and Procedures Over Payroll Certifications and Reconciliations

**Status:** FICA exempt student wages. Due to system limitations within the system, special pay code 090 and 091 were unable to be programmed within the system. Due to this limitation, Shared Services Center utilized payroll frequency 41 and 42 to determine Student FICA Exempt wages, which are displayed on the 10-edit report in order to balance the FICA taxable wages. However, the U092 report

does not recognize pay frequencies and only recognizes pay codes. The U092 report includes payroll frequency 41 and 42 in the Gross Wages but cannot effectively deduct the FICA tax exempt wages by using this method. SSC utilizes payroll frequency 41 and 42 to provide an audit trail to ensure they can accurately reduce the gross wages for any items that should be FICA tax exempt. With the implementation of Human Capital Management system, the Shared Services Center Payroll Manager will implement new policies and procedures based on guidelines provided in the CAPP Manual as well as DOA guidelines.

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

**Finding 21-07:** Continue to Improve Information Available to Community Colleges Related to Prepayments. **This is a Repeat Finding.**

**Status:** Shared Services Center Management agrees with the findings of the need of sharing prepayment information from the document management system. Although Shared Services Center does not have the capability to run a report from the document management system, Shared Services Center Finance Operations will work with Systems Office IT personnel that do have the capability to run a detail report from the document imaging system. Effective for Fiscal Year End 2022, Shared Services Center will work with the Systems Office in providing a report to all agencies for any invoices processed by Shared Services Center that meet the qualifications of a prepayment when it is clearly stated on the invoice documentation provided by the vendor or agency. This first report will be distributed no later than July 15, 2022, to all agencies serviced by Shared Services Center. Since this prepayment report may not contain all prepayment information for all agencies, Shared Services Center will disclose this when distributing the report and that this report should be used as a tool to assist the agencies in their reporting of the prepayments balance at fiscal year-end. Shared Services Center will also notate the fields that will need to be utilized within the report to assist the agencies in their calculations for the prepayments to be reported on the financial statements. Shared Services Center Finance Operations will work on a policy regarding the prepayment report being utilized as tool to assist the agencies with their prepayment amounts for fiscal year-end as well as a procedure for how the information is extracted from the document management system.

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

**Finding 21-08:** Improve the Effectiveness of the Annual Systems Access Certification. **This is a Repeat Finding.**

**Status:** The Shared Services Center's management will continue to review and improve system access in a timely manner.

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

#### **John Tyler Community College (JTCC)**

**Audit Year: 2021**

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

**Status:** Reconciliation will be properly documented at the Fiscal Year 2023 (FY23) year-end process.

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

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

**Status:** An accurate FISAP will be submitted for the FY23 year-end financial aid.

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

**Finding 21-42:** Improve Reporting to the Common Origination and Disbursement System

**Status:** Reporting to the Common Origination and Disbursement System is being reconciled monthly and completed by the FY23 year-end.

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

**Finding 21-43:** Promptly Return Unclaimed Aid to Department of Education

**Status:** Unclaimed federal financial aid is being reconciled and completed by the end of FY23.

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

**Finding 21-44:** Properly Perform Return of Title IV Calculations

**Status:** Proper calculations for Return of Title IV calculation are being processed routinely during each month.

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

**Finding 21-45:** Improve Federal Direct Loan Reconciliations

**Status:** New reports and reconciliations are in process to improve this process.

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

**Finding 21-46:** Perform an Evaluation of Student Information System Access Roles for Financial Aid Office Employees

**Status:** Review of roles are done with each new employee and annually per college policy.

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

**Finding 21-47:** Perform Risk Assessment as Required by the Gramm-Leach-Bliley Act

**Status:** Management will review its policies and procedures surrounding the Gramm Leach Bliley Act and update all corresponding documentation.

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

#### **Audit Year: 2020**

**Finding 20-01:** Perform Capital Asset Inventory, Record Capital Assets Timely, and Reconcile Inventory Counts

**Status:** On target for completion on June 30, 2023.

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

#### **J. Sargeant Reynolds Community College (JSRCC)**

#### **Audit Year: 2021**

**Finding 21-19:** Strengthen Communications and Procedures Related to Terminated Employees. **This is a Repeat Finding.**

**Status:** Management will develop and implement new procedures to utilize the system for onboarding and offboarding of employees. By using this system, JSRCC will ensure that the Shared Services Center payroll staff is notified to terminate employees in the Commonwealth's payroll system.

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

**Finding 21-20:** Ensure Terminated Employees are Properly Terminated in the Commonwealth's Payroll System

**Status:** Management will develop and implement new procedures to utilize the system for onboarding and offboarding of employees. By using this system, JSRCC will ensure that the Shared Services Center payroll staff is notified to terminate employees in the Commonwealth's payroll system.

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

**Finding 21-21:** Properly Accrue Prepaid Expenses

**Status:** A spreadsheet will be created to reflect the start and end date for each order to help ensure accurate prepaid data. The tracking spreadsheet will be used to calculate prorated expenses as needed for year-end reporting. Reynolds Community College will design and implement a reconciliation process for prepaid expense, including review of these reconciliations by a position other than the preparer. Reynolds will continue to maintain compliance with all policies outlined by the CAPP Manual, VCCS and Shared Services. The College will also utilize updates distributed by the Department of Accounts, VCCS and Shared Services to update desktop procedures and ARMICS documentation accordingly. In addition, Financial Operations will gather information from other VCC institutions for best practices.

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

**Finding 21-22:** Develop and Implement Policies and Procedures to Comply with 1,508 Rule for Wage Employees

**Status:** Reynolds Community College will develop formal procedures to notify managers of wage employees on a monthly basis on hours worked. The "1500-hour report" is provided monthly to Human Resources from the Accounting Manager. Human Resources will provide a notification to each manager of employees who have worked at least 900 hours. Thereafter, for each increment of 100 hours, the managers will also receive notification, up to the 1,400 hours worked. After 1,400 hours, the Office of Human Resources will notify manager on a bi-weekly basis of their employees impending maximum allotment of work hours. This will ensure sufficient notification to the manager of the employees approaching the 1508 maximum hours.

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

**Finding 21-23:** Improve Internal Controls over New Hire Documentation

**Status:** Reynolds Community College is currently utilizing an Onboarding system that was implemented by the VCCS. All new employees, full-time and part-time, except for Community College Workforce Allowance (CCWA) adjunct faculty, are hired through this system. Capabilities allows employees to complete their new hire paperwork including the I-9 document and upload their acceptable and applicable identification documents. Human Resources receives email notification from the Onboarding system once the I-9 form is complete. This verification process is performed daily. Once verified, the I-9 is sent immediately through the E-Verify process. The implementation of this Onboarding system will ensure that the verification process of I-9's is conducted within the three-business day deadline. Human Resources will create procedures and communicate these procedures with CCWA to ensure the I-9 document and supporting documents are received by Human Resources in order to complete the verification process of adjunct faculty within the deadline.

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

**Finding 21-24:** Retain Documentation Related to Reconciliation Processes Between the Human Resource and Retirement System

**Status:** Human Resources proposes the following changes and corrective action to review of the systems Cancelled Records Report. Reynolds Community College will continue to perform the monthly reconciliation of the VRS snapshot. Human Resources will now run the systems Cancelled Records Report on a weekly basis to ensure any errors are corrected before performing the monthly reconciliation process. Documentation of the weekly report along with any corrections made will be maintained. Reynolds Community College will maintain compliance with the Commonwealth Accounting policies and procedures and with the Virginia Retirement Systems (VRS) policies and procedures.

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

#### **Lord Fairfax Community College (LFCC)**

**Audit Year: 2021**

**Finding 21-25:** Continue to Improve System Access Controls. **This is a Repeat Finding.**

**Status:** Management will ensure:

- Research, Analytic, and Data Systems (RADS) and HR will partner to conduct a review of HR system access on an annual basis.
- Access roles for the employee responsible for updating payrolls will have their access adjusted from edit to view only for unneeded modules in the HR system.
- Two employees who have conflicting roles in the System's human resource system will have their Time Approver Access Removed and it will be communicated out to supervisors that only managers in the chain of command will be able to approve time and leave.
- The system security officer and the Director of Finance will partner to conduct an annual

review of system access.

- Access roles for employees will be cross referenced to ensure no employee has conflicting access in order that segregation of duties is adequately maintained. Removal of access will be utilized where office coverage allows or the proper compensating controls will be documented where staffing does not allow removal of access.
  - RADS and the Director of Finance will partner to conduct an annual review of SIS access.
- Status Summary:** In Progress (On Schedule)

**Finding 21-26: Perform Federal Aid Program Reconciliations. This is a Repeat Finding.**

**Status:** While the college was not performing monthly reconciliations, spot reconciliations were being performed while working closely with the Financial Aid Office to confirm that various accounting systems were all in order. The necessary year end reconciliations were also performed for the Financial Aid Office to complete the Federal Aid year close out in the one of the systems. During the audit process, the Grant Fiscal Manager revisited LFCC procedures for the monthly reconciliation and worked towards compiling a more automated process for completing these monthly reconciliations. The College has identified the parties responsible for these reconciliations and documentation and began testing procedures in June 2022. The College intends to have this process in place and working properly by September 30, 2022. This will allow the College to confirm the monthly process is working for both the Academic Year 2022 close out and the initial disbursements for the 2023 Academic year.

**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:** The college has developed an inventory handbook over the past two years. However, due COVID and attrition, the inventory was never completed. Training is underway for the new Administrative Specialist III and Receiving Clerk so that they will be able to follow the handbook, complete the inventory processing, and prepare and sign the required documentation. The College is committed to redirecting resources with a renewed focus on getting the inventory process completed accurately and timely following the completion of two substantial capital projects that have taken place over the past two years.

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

**Finding 21-28: Ensure Compliance with Cash Management Requirements**

**Status:** Management will develop additional procedures to address stale dated checks. These procedures will address remitting funds to the proper establishments in a timely manner to ensure compliance with all applicable laws.

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

**Finding 21-29: Strengthen Communications and Procedures Related to Terminated Employees**

**Status:** The college continues to make improvements to the termination process, most notably for LFCC contingent adjunct workforce. In the past three years LFCC has established an internal process to ensure employees are being processed by human resources for offboarding in LFCC event management system. The test findings indicate that while the employees' offboarding are being launched in LFCC event management system timely, tasks within the system did not occur or did not occur timely (such as access to systems and collection of fixed assets). Description of actions to be taken:

- Provide training to managers and other task assignees to reinforce the importance of timely completion of tasks assigned within LFCC event management system.
- Research reporting options in LFCC event management system for incomplete off boarding event tasks to ensure tasks are being completed in a timely fashion. Training will be completed by the end of the fall semester and monitoring controls will be implemented at completion of research and efforts will be ongoing.

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



**Finding 21-30: Improve Internal Controls over Accounts Receivable Reporting**

**Status:** Management will update all procedures related to accounts receivables and record retention. Currently, the college maintains all records for the State prescribed timeframes, however the college will address these procedures to ensure individuals in the business office understand the requirements. The college will also work to develop a system to monitor that all internal controls are working properly.

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

**Finding 21-31: Retain Documentation Related to Reconciliation Processes Between the Human Resource and Retirement Systems**

**Status:** The college does reconcile transactions related to data elements, such as new hires and terminations, through documented transactions and records on the reconciliation spreadsheet. Each transaction is received by the payroll analyst and key data elements must be reviewed before the analyst signs off on that transaction as having been reviewed. If the credible compensation does not tie to the reconciliation spreadsheet, the Snapshot would not be confirmed until the error was corrected and credible compensation ties back to the reconciliation spreadsheet. A change in the title of a report "Cancelled Records Report: resulted in the college no longer running that report. However, fundamentally the review of data elements did occur each month to ensure the data and compensable credit was accurate on each snapshot via LFCC transaction documentation, sign off process and the reconciliation spreadsheet.

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

**New River Community College (NRCC)**

**Audit Year: 2021**

**Finding 21-32: Strengthen Communications and Procedures Related to Terminated Employees**

**Status:** Management (Human Resources and Information Technology) have developed a new process to minimize the timing difference between termination and access removal. HR is now required to enter a termination date for every employee that is leaving. The HR office will be responsible for submitting a ticket to the Help Desk system to notify the Security Administrator when a termination has been entered. The Security Administrator will promptly change the user's access and complete the appropriate documentation by signing and dating.

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

**Northern Virginia Community College (NVCC)**

**Audit Year: 2021**

**Finding 21-09: Improve the Monitoring of Critical System Access**

**Status:** For staff members identified during the audit with unnecessary system access or roles not needed, NVCC has or will follow NVCC process to revise or remove unnecessary access. NVCC will also review NVCC copy-id's and if necessary, create new copy-id's with limited navigation to just the data or screens needed to perform a job function. For NVCC fiscal year 2022 annual IT security review, NVCC revised the process. Using automation tools, an initial email plus three follow up emails are sent to managers asking them to confirm access for staff members or submit requests for changes. If additional follow up is necessary, NVCC will work on a process to send out an additional follow up notice to both the managers who still have not responded and their supervisor. In addition, NVCC plans to develop a listing of navigation paths for NVCC copy-id's to assist managers in determining if staff members have appropriate access.

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

**Finding 21-10: Continue to Strengthen Interdepartmental Communications Related to Terminated Employees. This is a Repeat Finding.**

**Status:** Northern Virginia Community College (NOVA) follows DHRM policies regarding termination of full-time employees; however, because wage and adjunct employees don't fall under the Virginia Personnel Act and are not covered, the College is developing a policy to terminate wage and adjunct employees. As the NOVA HR is not currently responsible for nor has access to terminate system

access for all classification of employees, NOVA HR and IT are collaborating to define roles and responsibilities to ensure termination of employment and system access is timely and concurrent. This includes automatic termination for adjunct faculty at the end of their contract period and immediate termination for inactive wage employees. Additionally, supervisory training has been established and is being facilitated by NOVA HR to include accountability and disciplinary action, as appropriate. NOVA HR will continue to provide supervisor training, which includes regular reminders to supervisors to ensure Employee Separation Notification form is completed on time by the departing employees or the supervisor to ensure timely access removal. The HR Data Ops Team will run quarterly reports to identify inactive employees. Information will be sent to IT so building and system access are deactivated. Supervisors will also be contacted so that the college property and IDs are retrieved. NOVA HR will continue to strengthen interdepartmental communications related to terminated employees by regular reminders to supervisors in the HR newsletter, college daily notifications, and increased communications with leadership.

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

**Finding 21-11: Reconcile Federal Assistance Programs**

**Status:** The Assistant Director of Pell Grants and Loans Programs will provide copies of the School Funding Information page from COD to the Associate Controller monthly. The Associate Controller or staff member will reconcile the School Funding Information page from COD against NVCC internal records. The College Financial Aid Office and the Controller's Office will work to resolve discrepancies found during this process. A shared folder will be created to document the monthly reconciliation of both offices.

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

**Finding 21-12: Improve Notification Process for Federal Loan Awards to Students**

**Status:** Northern Virginia Community College concurs that the College Financial Aid Office did not notify two students that were awarded Federal Direct Loans the weeks of November 11, 2020, and March 2, 2021. This is an automated process and through further research with the VCCS Financial Aid Office it was found that the query language being used was outdated. Since the finding the Financial Aid Office is currently using the updated query language to select the proper group of students. The Financial Aid Office have also implemented a weekly trace process, which will send a listing of the students who received the loan notification to a staff member. This staff member will be responsible for verifying that the notifications were sent to all students who meet the weekly criteria.

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

**Finding 21-13: Improve Compliance over Enrollment Reporting. This is a Repeat Finding.**

**Status:** The following quality control guidelines will be implemented immediately:

- The College Records Office (CRO) make necessary corrections in the Student Status Confirmation Report (SSCR) within thirty to sixty days of the findings.
- Management and all responsible parties will review and discuss current enrollment reporting policies and procedures.
- Responsible parties will be granted access to make corrections in NSLDS by the NSLDS System Administrator.
- Retain data file uploaded to National Student Clearinghouse (NSC).
- Create a departmental SSCR schedule calendar, which identifies the file submission upload dates to the Clearinghouse.
- Collaborate with NVCC Financial Aid to address and resolve key issues.
- Financial Aid will provide the appropriate assistance in making corrections.
- Implement a monthly inspection process of the SSCR and collaborate with Financial Aid to review random samples of students who have withdrawn and received financial aid.
- Create a query to check Title IV graduates.
- Review graduate-only files (random check) for quality control and conformity with Student Information System (SIS).
- Responsible parties will maintain internal control to comply with applicable laws and regulations.

- Responsible parties will provide a monthly update to College Dean, Office of Recruitment & Admissions.

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

### **Rappahannock Community College (RCC)**

**Audit Year: 2021**

#### **Finding 21-33: Ensure Annual Review of Account Systems is Performed**

**Status:** Management will have assigned individuals (such as the account creator and permissions reviewer) who will coordinate at least once a month to review accounts and permission sets. This will now occur regardless of which college department these two individuals are assigned. A recommendation to college leadership and HR that the individual (and concurrent duty position) responsible for verifying AIS and SIS permission sets be immediately transferred to the Budget and Finance Office from the Department of Academic Affairs. This would match what Tidewater Community College has in place and would ensure that the Budget and Finance Office maintains oversight on this important audit area.

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

#### **Finding 21-34: Improve Internal Controls over Timing of Cash Collection Deposits**

**Status:** In the absence and vacancy of a Controller to manage the day-to-day operations of the Business Office personnel and transactions, the Vice President of Finance and Administration will oversee and ensure compliance with all VCCS and federal/State regulatory requirements of the Department. Policies and procedures will be developed to properly account for, report and manage deposits of state receipts in the manner prescribed by the State Treasurer and in accordance with the Code of Virginia, (§2.2 et seq.), and the CAPP Manual Topic 20205. A meeting has been scheduled for July 21, 2022, with the Department of Treasury to review RCC's deposit history, and to aid the college in the development of a process that meet the requirements of CAPP 20205. All staff that are responsible for managing and processing deposits for RCC will be included on this call, along with RCC VCCS representative. Further, this will be an opportunity for RCC Staff to receive firsthand guidance and training on the proper procedures for processing deposits and outstanding checks through the state treasury system. In addition, staff will gain clarification from the Department of Treasury, VCCS and on when to settle deposits in the system. All deposit forms will be signed off on by the Controller to ensure that all deposits follow the one-to-one match regardless of methodology.

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

#### **Finding 21-35: Update Policies and Procedures for Cash Management Requirements. This is a Repeat Finding.**

**Status:** To ensure compliance with VCCS Policy Manual, Section 4.2.2 (a), which states that all activity for local and agency funds shall be accounted for within the System's accounting system, RCC will close the petty cash account as previously noted in the FY2018 APA audit, and by VCCS in FY2015. Based on the minimal number of transactions detailed in the petty cash account over the past two years, it has been determined that closing the petty cash account would not impact operations. If the need arises, a local account will be established in accordance with VCCS guidance, to process any and all petty cash activity. In addition, RCC will no longer utilize the petty cash account for Financial Services system transactions. A separate account will be established for Financial Services system disbursements. Further, RCC will revise its Cash Management Policies and Procedures, to ensure that the college is in compliance with the Code of Virginia § 55-210.9. The procedures will provide guidance to Business Office staff regarding unclaimed property of any kind, including checks. The revised procedures will also address when these checks should be remitted to the Department of Treasury's Division of Unclaimed Property as required. In addition, all federal funds for unclaimed student financial aid will be returned promptly to the U.S. Department of Education following guidance in the current Federal Student Aid Handbook. All staff charged with cash management duties will receive adequate training on the new procedures for outstanding checks, bank reconciliation, and petty cash. A shared folder will be created on the Business office intranet, where new regulatory requirements or changes in VCCS procedures will be shared with Staff.

Trainings and compliance will continue to be a requirement of all Business Office staff's professional development plan and EWP.

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

**Finding 21-36:** Strengthen Communications and Procedures Related to Terminated Employees

**Status:** The HR department recently filled the assistant role and one of the responsibilities of this position moving forward is to email at the time HR is notified the Exit form to supervisors who have an employee separating. This form includes the checklist of items the supervisor must confirm (see below).

The assistant will follow up with the supervisor if the form is not submitted within 24 hours of the termination date.

- Supervisor confirms, Tech-01 form, to terminate computer access, has been completed and submitted to campus IT.
- Supervisor confirms, keys and ID card that were issued to employee have been returned to the campus facilities manager.
- Supervisor confirms, all College property (equipment, uniforms, etc.) has been returned.
- Supervisor confirms, employee has completed and submitted their final timesheet.
- Supervisor confirms, employee has submitted all hours worked on their timesheet.
- If full-time employee, an exit interview was held with HR prior to separation.

The Payroll Officer will email supervisors and copying the faculty support specialists/assistants at the beginning and end of each semester and direct them to complete the HR31 for all adjunct faculty and student employees who are not returning to work or to teach the next semester. The HR Assistant will audit records in June annually to confirm all non-active adjunct employees and student employees have a completed Exit form on file in the HR department. The IT department developed a process May 2022 with a form for IT to use to track internally who was issued a laptop and when it is returned. IT is now keeping track of this in the collaboration site. Each form will be labelled for the individual user, and IT can go back and edit the form to show the returned date information when they leave. This will allow IT to at any time requested find the users form and see if they returned the laptop.

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

**Finding 21-37:** Improve the Annual Access Review of the Human Resources System to Ensure Appropriateness of System Access

**Status:** As part of the year end processes, the Director of Human Resources will contact the appropriate member of the IT department annually to confirm that the access to HCM for each member of Human Resources is accurate and appropriate for their role to assure the required separation of duties. This verification will be over email and will be retained electronically.

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

**Finding 21-38:** Perform and Document Reconciliation of Commonwealth's Retirement Benefits System

**Status:** The payroll officer documents each full-time employee's semi-monthly VRS costs on an Excel spreadsheet. These spreadsheets are used to verify the monthly totals that are generated on the snapshot for each employee. The salaries that are reflected in the Navigator feed directly from payment system.

Per CAPP 50410, RCC believes RCC's reconciliation process is accurate but may not have been presented fully. Per the recommended reconciliations, the college reviews all payroll accounting system reports that are generated at the beginning of each month and throughout the month. These reports identify new employees, as well as show any retroactive actions or errors. The payroll officer

also generates the payment system Cancelled report each Friday afternoon. Any discrepancy that appears is forwarded to the HR analyst to be investigated and or corrected. The reports have not been saved in the past, but RCC can see where this may be viewed as an internal weakness. Going forward, the payroll officer will retain these weekly reports in the VRS electronic file.

Prior to a payroll being certified, the payroll officer checks the VRS spreadsheets against the report 10. If a discrepancy is found, the payroll officer consults with the HR analyst to identify the possible error and correct it; this is done prior to confirming the snapshot. If the college cannot resolve the error, VRS is contacted for assistance. The day after a payroll is certified, the payroll officer again reconciles the VRS totals to the Excel spreadsheet, the report 10 and report 21. Changes, if any, are addressed immediately. Certification reports are retained for five years or until audited. Once RCC snapshot has been generated, the totals on the snapshot and the summary spreadsheet are compared against the monthly summary report. Discrepancies between payroll accounting system and the navigator will generate error reports. These reports are stored in system. By performing the necessary reconciliation steps between the payroll system and navigator, which is fed by a payment management system, RCC believes the college is meeting this requirement. Errors are caught prior to payroll certification due to RCC reconciliation process. The spreadsheet DOA provides for VRS reconciliations contains the same information located on the payroll officer's spreadsheet. The only exception is that there is not a column documenting the reconciliation was performed. RCC process can be updated to show the salaries are being compared across varying systems. All payroll system reports are reviewed by the payroll officer on a daily basis. Changes in employment status or salary information are related to the payroll officer by the HR analyst so she's aware that a change may be coming. Changes that appear on report 1006 are also questioned. In the past, the payroll officer would printout all reports for the reconciliation month, but RCC moved away from that to save money on paper costs. This may give the appearance the reconciliations are not as thorough as they are. This can be rectified immediately by keeping a better paper trail. The college has followed the reconciliation process, as stated in the CAPP manual, in the past, but recognizes the need for an in-house reconciliation process to be documented. This process will be added to RCC next ARMICS overview, which occurs each summer semester.

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

**Finding 21-39: Assign Contract Administrator Responsibilities in Writing. This is a Repeat Finding.**

**Status:** Starting in 2017 RCC transitioned RCC procurement and contracting services to the Shared Services Center (SSC). The Procurement Officer for RCC during this time, did oversee this contract in conjunction with the SSC. As the point of contact for RCC with this vendor, the Procurement Officer provided the feedback for the annual survey. The Procurement Officer monitors these vendors' performances and communicates on a regular basis with the vendor regarding RCC snack machine price changes, and contract related issues.

The College will continue to work with SSC to ensure RCC processes and procedures are in compliance with The Commonwealth's Agency Procurement and Surplus Property Manual (APSPM) section 10.2.

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

**Tidewater Community College (TCC)**

**Audit Year: 2021**

**Finding 21-14: Improve Capital Asset Inventory and Tracking**

**Status:** Management agrees that the appropriate classification of capital assets is important. After researching the recommendation, it was determined that the misclassification was due to a keying error by an administrative staff member. The assets have since been re-classified appropriately, and further training and guidance has been provided to the administrative staff member.

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

**Finding 21-15: Continue to Strengthen Internal Controls Over Physical Inventory. This is a Partial Repeat Finding.**

**Status:** The College agrees that the appropriate classification of capital assets is important.

The College will ensure that all assets are located and tagged as appropriate, that all required signatures are obtained, and that processes are updated to prevent this issue from occurring in the future. The College will expedite locating and updating records for the audio-visual related assets.

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

**Finding 21-16:** Strengthen Communication and Procedures Related to Terminated Employees. **This is a Repeat Finding.**

**Status:** The College will continue to strengthen communications with Supervisors to ensure procedures are followed. As stated, the college's practice is to retain Supervisor Checklists and TCC will continue to do so. Each of the systems identified have compensating controls in place to ensure that inappropriate activity does not take place. These controls include Supervisor approvals of all purchases and time/leave entries.

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

**Finding 21-17:** Perform Risk Assessment as Required by the Gramm-Leach-Bliley Act. **This is a Repeat Finding.**

**Status:** Management will review its policies and procedures surrounding the Gramm Leach Bliley Act and update all corresponding documentation.

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

**Finding 21-18:** Report Student Status Enrollment Changes Accurately and Timely to National Student Loan Data System. **This is a Repeat Finding.**

**Status:** The College has undergone further training for staff and will continue to review and enhance TCC reporting processes to ensure data is accurate and timely.

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

#### **Virginia Military Institute (VMI)**

**Audit Year: 2021**

**Finding 21-01:** Ensure Proper Documentation of Bank Reconciliations

**Status:** All deposit and check activity has been reconciled to the bank statements through February 2023. VMI is currently researching some of the reconciling items that are preventing VMI from a total reconciliation to the bank statement. VMI goal is to have this process completed by the June 30 deadline.

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

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

**Status:** General Order #35 (Personnel Clearance Procedures Policy) is still undergoing review and revision before final mass publication. VMI HR Trainer (new position hired February 10, 2023) is developing supervisory training materials which will cover the onboarding and offboarding processes and procedures. The HR Trainer will also run a report each month which identifies employees who have not been paid for the last two pay periods. This process will help VMI identify those employees who need to be terminated in the system and for which an Exit Alert was not completed. Additional training will be conducted for those supervisors who are not completing the paperwork timely as required.

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

**Finding 21-03:** Ensure Compliance with Conflict of Interests Act

**Status:** VMI HR has established a process to track completion of training for applicable positions. All employees required to file the annual report have undergone the required training. The on-boarding checklist will include COIA training as part of the process for new employees hired into COIA subject positions.

**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 NSLDS report retrieval system has been down disabling the recon process. The team is working to identify alternatives.

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

**Virginia State University (VSU)**

**Audit Year: 2021**

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

**Status:** VSU has received access to the NSLDS for Registrar staff and working towards hiring an additional individual for enrollment reporting. Third-party consultants were procured and conducted training on additional jobs in System. Monthly meetings being held with Office of Financial Aid.

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

**Finding 21-02:** Promptly Return Unclaimed Aid to the 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:** In Progress (On Schedule)

**Audit Year: 2020**

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

**Status:** OHR is in the process of procuring a third party vendor to take over the administration of I-9s and E-Verify and anticipates having proper processes and procedures in place and implemented by June 2023.

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

**Finding 20-08:** Improve Access and Account Management Controls

**Status:** 1. The University's Technology Services Division has been working with Human Resources to improve the onboarding and off boarding 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 and 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 20-11: Properly Reconcile Student Account Collections**

**Status:** VSU will implement a process to create an efficient reconciliation process to ensure that student accounts receivable transactions trace to Finance accounts daily. A Senior Accountant will be hired to accomplish this. The Senior Accounting role is expected to be filled by November 2022 and will then begin taking on reconciliation duties.

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

**Finding 20-15: Improve Processes and Controls for Leave Activity**

**Status:** OHR intends to take a closer look at leave policy within the 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 the Human Capital Management System and will review the leave policy once implementation punch list issues have been resolved.

**Status Summary:** In Progress (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 Planning and Budget (DPB)**

**Audit Year: 2021**



**Finding 21-01:** Improve Information Technology Change and Configuration Management Policy and Process

**Status:** The Agency is working with VITA for additional technical assistance.

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

#### **Department of the Treasury (TD)**

**Audit Year:** 2021

**Finding 21-01:** Improve IT Risk Management and Contingency Planning Documentation

**Status:** Treasury has created the system security plans but not finalized the review.

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

### **Health and Human Resources**

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

**Audit Year:** 2021

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

**Status:** The 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. CO HR obtained training reports from the COVLC and the Ethics council and sent out reminders to all facility HRD to ensure that the 2-year requirement is completed.

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

**Finding 21-07:** Continue to Ensure Consistent Application of Subrecipient Monitoring Controls. **This is a Partial Repeat Finding.**

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

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

**Finding 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 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.

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

**Finding 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 identity management platform authentication process. More and more applications are adhering to the MFA process. The application reduction project will need to drive the determine if how soon all of DBHDS applications will be fully compliant with the identity management platform and MFA.

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

**Finding 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 Human Capital Management System. The ARMICS reviews at DBHDS facilities (including the Petersburg Complex) will include significant review of controls applicable to Human Capital Management System.

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

#### **Department of Health (VDH)**

**Audit Year: 2021**

**Finding 21-01:** Strengthen Controls over Financial Reporting. **This is a Material Weakness.**

**Status:** Management has prioritized the filling of vacancies in the Office of Financial Management to ensure sufficient resources are available for financial oversight and reporting. As of March 10, the Deputy Director of General Accounting and A/R accountant positions have been filled.

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

**Finding 21-03:** Improve Service Provider Oversight

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

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

**Finding 21-04:** Improve Controls over Small Purchase Charge Cards

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

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

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

**Audit Year: 2021**

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

**Status:** The CISO is almost done with reviewing and revising the policies and obtaining the signatures. DMAS has completed the background check and will implement it in April 2023. The SSP for multiple systems is completed and needs to be signed by the agency director. CRMS is in progress for the SSP. One system will have a pen test and working with VITA on a full pen test, completed by a 3rd party. VITA is implementing a new tool for vulnerability scanning and DMAS will work with VITA to implement the scanning.

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

**Audit Year: 2017**

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

**Status:** 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: 2021**

**Finding 21-02:** Evaluate Subrecipients' Risk of Noncompliance

**Status:** A risk assessment tool was developed as part of the SFY2024 SRM Plan and will be implemented with the new plan.

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

**Finding 21-03/20-10:** Ensure Appropriate Oversight over Divisions' Monitoring Activities. **This is a Repeat Finding.**

**Status:** A Grants Management solution is being pursued by DSS in anticipation that it can be deployed with Subrecipient Monitoring capabilities needed to comply with these requirements.  
**Status Summary:** In Progress (Delayed)

**Finding 21-04/20-11:** Review Non-Locality Subrecipients' Audit Reports and Communicate Results Timely. **This is a Repeat Finding.**

**Status:** A Grants Management solution is being pursued by DSS in anticipation that it can be deployed with Subrecipient Monitoring capabilities needed to comply with these requirements.  
**Status Summary:** In Progress (On Schedule)

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

**Status:** The ITS organization: Operations and the Deputy CIO's Office is developing a timeline for updates to the Configuration and Change Management process to include Agile Change Management and Legacy Change Management policies. The milestone for "draft for comment" is expected the 2nd quarter 2023.

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

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

**Status:** A Change Request, for VaCMS was developed 2 years ago and DSS is reviewing the CR to determine a status. It was agreed by Line of Business and the DSS information system O&M provider that there will be an iterative approach to completing the record retention and purge rules for implementation in the information system.

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

**Finding 21-10/20-16:** Continue to Improve Access Controls over Child Care System. **This is Repeat Finding.**

**Status:** An agency-wide work group will be established to determine the exact processes need to implement the controls necessary to address this finding.

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

**Finding 21-13/20-17\*:** Comply with Federal Regulations for Documentation of Employment Eligibility. **This is a Repeat Finding.**

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

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

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

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

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

**Finding 21-15/20-07/19-02/18-01:** Improve Controls over Income Verification for the TANF Program. **This is a Repeat Finding.**

**Status:** Proposed changes to the Code of Virginia will be submitted for the next General Assembly session's consideration.

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

**Finding 21-16/20-02:** Continue to Communicate Subrecipient Monitoring Responsibilities to the Coordinators. **This is a Repeat Finding.**

**Status:** The final version of the agency's Monitoring Plan will be completed by June 30, 2023

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

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

**Status:** DSS is partnering with VITA to identify all public facing Web applications. The effort was created to ensure all state websites provide an accessible, trusted, and secure experience for all Virginians. Specifically, the program looks to aid agencies in meeting the COV web standards. The full schedule has yet to be established. The Website Modernization Program Management Office (Web

Mod PMO team), situated within VITA, will provide project governance and oversight support for this effort. The team works closely with the VITA Web Technologists team for accessibility and design standards. VITA's Commonwealth security and risk management (CSRM) team will continue to be the governing entity for web security in the Commonwealth, with support from the Web Mod PMO team. A full program cadence is set for monthly meeting. Completion date have not yet been published.

**Status Summary:** In Progress (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:** DSS is working to improve and update DSS internal processes of reconciling retirement contributions. Human Resources will review the CAPP Manual Topic 50410 and the Bureau's Scope of Services Manual to have an adequate understanding of the responsibilities in relation to reconciling retirement benefits systems information by October 1, 2023. If needed, DSS will also seek assistance from the Payroll Service Bureau to ensure reconciliations are completed as required. DSS will also review and revise DSS written policies and procedures to reconcile the Commonwealth's retirement benefits system including the monthly reconciliations between the Commonwealth's retirement benefits system and Cardinal and reviewing cancelled records report in Human Capital Management System.

**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 to a third-party vendor 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 review process. The third-party provider 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 to a third-party vendor 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 third-party provider 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 to a third-party vendor 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 third-party provider 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 Lottery (VAL)

**Audit Year:** 2022

**Finding 22-01:** Ensure System Access Adheres to Principles of Least Privilege

**Status:** User roles have been modified to restrict access and all updates have been deployed to production and tested.

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

**Finding 22-02:** Improve Virtual Private Network Security

**Status:** All employees have been “reauthorized” for remote access via the IT software, the annual review process has been developed and executed by Info Sec.

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

**Finding 22-03:** Improve IT Asset Management Process

**Status:** The IT software has been deployed to production and tested. Data collection of assets is in progress.

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

**Finding 22-04:** Improve Oversight of Third-Party IT Service Providers

**Status:** As of October 3, 2022, the Lottery has documented and implemented a formal process to document and maintain evidence of a more consistent oversight over third-party services providers. This process includes procedures to review SOC reports, communicate outcomes of the reviews, and to include final decisions and/or action items to the Lottery Security and Technology Architecture Review (STAR) committee. The outcomes of these reviews will be documented and maintained.

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

## Labor

### Virginia Employment Commission (VEC)

**Audit Year:** 2021

**Finding 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:** Completed (On Schedule)

**Finding 21-08/20-05:** Comply with Statutory Deduction Requirements. **This is a Repeat Finding.**

**Status:** The TOP Program is on track to be implemented in February 2023.

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

**Audit Year:** 2016

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

**Status:** The Department of ISO has created a Separation of Duties template with guidance that has been distributed to Sensitive System owners. The revised estimated completion date is January 31, 2023.

**Status Summary:** Completed (Delayed)

## Public Safety and Homeland Security

### Department of Corrections (DOC)

**Audit Year: 2022**

**Finding 22-01:** Deactivate Access to the Commonwealth's Purchasing System Timely. **This is a Repeat Finding.**

**Status:** Annual notification has been sent, generation of separation report reviews has re-initiated and is performed on a weekly basis. Documentation has been updated and the desktop procedure has been completed.

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

**Finding 22-02:** Implement Internal Controls to Terminate Benefits for Employees Convicted of a Felony

**Status:** The DOC operating procedures have been updated, the tracking system is in place and the memorandum has been issued per the initial action plan.

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

### Department of Fire Programs (DFP)

**Audit Year: 2020**

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

**Status:** DFP needs its ISO to be hired to have the resources in place to identify the outdated software issues. DFP plans to finalize its approach for addressing the technical steps and associated timeline once the ISO position is filled. The ISO position was posted on March 25th, 2023, and the hiring process is underway.

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

**Finding 20-02/19-21:** Continue to Improve Database Security. **This is a Partial Repeat Finding.**

**Status:** Image Trend has been implemented and provided the capability needed to address database security issues.

**Status Summary:** Completed (Delayed)

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

**Status:** The changeover to the SIEM platform is ongoing not yet completed. The additional time will help ensure all needed capabilities are appropriately implemented. DFP plans to finalize its approach once the ISO position is filled. The ISO position was posted on March 25th, 2023, and the hiring process is underway.

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

**Finding 20-05:** Continue to Improve Security Awareness Training. **This is a Partial Repeat Finding.**

**Status:** DFP has implemented the training program and finalized its policies and procedures that provide a formalized process for tracking compliance.

**Status Summary:** Completed (Delayed)

**Audit Year: 2019**

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

**Status:** DFP has been approved for funding for its ISO position. DFP has finalized the position description and employee work plan. DFP formally posted the job announcement on March 25th, 2023 to fill this position and the hiring process is underway.

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

#### **Department of State Police (VSP)**

##### **Audit Year: 2020**

**Finding 20-01:** Continue to Upgrade and Replace End-of-Life Technology. **This is a Repeat Finding.**

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

**Status Summary:** Completed (Delayed)

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

**Status:** Network Transformation continues to progress. IT is submitting VITA paperwork to establish server infrastructure. Agency is balancing transformation, agency projects and daily operations.

**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. Asset accounting 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:** Waiting the ISO approval which the collection company needs to access 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:** Progress was made with the dunning letters process and quarterly AR reporting, but the project is still in continuous process. Internal control structure and procedures are in the development stage as staffing is still ongoing some of VSP accounting and finance areas.

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

##### **Audit Year: 2017**

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

**Status:** Risk assessments are progressing to meet the stated due date.

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

**Finding 17-15:** Improve Disaster Recovery Plan

**Status:** VSP received funding to engage vendor for DRP work. Transformation activities are consuming IT resources that are necessary for this effort. VSP will develop a timeline once SOW is signed, which is awaiting final signatures.

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

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

**Status:** Working with IT to resolve "current" Outstanding Timesheets. Working with Division staff to follow up on VDOT Activities. Billing Accountant rely on VSP offsite divisions / areas for SP286 and SP309 when creating the WZ 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 Statewide accounting 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 continues to work with ABC's security and risk management professionals to ensure all policies, procedures, and administrative documents are updated to ensure compliance with NIST standards.

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

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

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

**Status:** The responsible team continues to assess the separation process, as well as working with those divisions that routinely complete a large number of separation duties.

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

**Finding 22-08:** Retain Inventory Documentation

**Status:** The authority continues to retain the appropriate inventory evidence as FY23 physical inventories are completed.

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

## Transportation

### Department of Motor Vehicles (DMV)

**Audit Year: 2021**

**Finding 21-01:** Update End-of-Life Technology

**Status:** Cloud database upgrades completed. Work has begun to migrate CSC staff to cloud storage that will permit DMV to retire the legacy local storage arrays. VITA security exception was approved to carry DMV through December 2023. With the exception DMV is compliant with COV standards while DMV works through replacements and data migrations.

**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 9/30 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 March 31, 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**:

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

<b>Agency Name</b>	<b>Reason for Non-Compliance</b>	<b>Initial Corrective Action Plan Received</b>	<b>Status of Corrective Action</b>
Gunston Hall	Certified Non-Compliant	Yes	Agency states internal control assessments will be completed by March 31, 2023. Quarterly status update not 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.

## 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 December and January were due on 01/31/2023 and 02/28/2023, respectively.

### Certifications Late or Outstanding *As of April 14, 2023*

Agency	Dec	Jan
Department of Environmental Quality	03/29/2023	-
Virginia Cannabis Control Authority	04/12/2023	04/12/2023

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

## 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 March 31, 2023, all responses have been received within an acceptable timeframe, except as noted below.

Mountain Empire Community College failed to submit an updated Corrective Action Workplan (CAW) for the quarter-ended March 2023, as required in CAPP Manual Topic 10205, *Agency Response to APA Audit*.

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

- Department of Criminal Justice Services
- Department of Emergency Management
- Department of Environmental Quality

### **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 December, January and February, the following agencies failed to respond timely, make corrective action and/or provide additional information.

### **Trial Balance Review**

*As of April 14, 2023*

<b>Agency</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>
Virginia Information Technology Agency	<b>X</b>	-	-
Department of State Police	-	<b>X</b>	<b>X</b>
Department of Conservation and Recreation	<b>X</b>	<b>X</b>	-
Department of Health	<b>X</b>	<b>X</b>	<b>X</b>

### 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 December, January and February, the following agencies failed to respond timely, make corrective action and/or provide additional information.

### Credit Cash, Excess Expenditures, and Expenditure Credits

*As of April 14, 2023*

<b>Agency</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>
Mountain Empire Community College	-	X	X
Department of Health	X	-	-



*E-Commerce**Travel Check Charges*

In accordance with Chapter 2, 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 third 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**

<b>Agency by Secretarial Area</b>	<b>Quarter Ended March 31, 2023</b>	<b>Fiscal Year 2023 To-date Charges</b>
<b>Education</b>		
Virginia Military Institute	\$105.00	\$140.00
Cooperative Extension and Agricultural Research Services	\$0.00	\$15.00
<b>Judicial</b>		
General District Courts	\$15.00	\$35.00
Juvenile and Domestic Relations District Courts	\$20.00	\$30.00
<b>Public Safety and Homeland Security</b>		
Haynesville Correctional Center	\$5.00	\$65.00
Virginia Alcoholic Beverage Control Authority	\$5.00	\$10.00
<b>Transportation</b>		
Department of Motor Vehicles	\$45.00	\$115.00
<b>Natural and Historic Resources</b>		
Department of Conservation and Recreation	\$0.00	\$25.00

