

REPORT ON STATEWIDE COMPLIANCE

**FOR THE QUARTER ENDED
SEPTEMBER 30, 2024**



OFFICE OF THE COMPTROLLER

DEPARTMENT OF ACCOUNTS

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STATEMENT OF PURPOSE

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

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

This *Quarterly Report* includes information for the quarter ended September 30, 2024, and comparative FY 2024 data.

Scott Adams, CPA
Comptroller



Virginia Department of Accounts

Financial Accountability. Reporting Excellence.

COMPLIANCE

Auditor of Public Accounts Reports - Executive Branch and Independent Agencies

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

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

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

The APA also issued several Special and Other Reports during the quarter. These reports are listed following the Risk Alerts section. The full text of these reports is available at www.apa.virginia.gov.

Audit Reports – Quarter Ended September 30, 2024

The APA issued 6 reports covering 8 State Agencies for the Executive Branch and no report for the Independent Agencies. The last column indicates whether the CAP has been received as of the date of this publication for each agency with audit findings. Note that in some cases, the CAP may not have been received because it is not yet due.

	New Findings	Repeat Findings	Total Findings	CAP Received
Administration				
None				
Agriculture and Forestry				
None				
Commerce and Trade				
None				
Education				
Christopher Newport University	1	1	2	YES
Richard Bland College ⁽¹⁾	5	4	9	YES
The College of William and Mary in Virginia ⁽¹⁾	1	0	1	YES
University of Mary Washington	3	0	3	YES

	New Findings	Repeat Findings	Total Findings	CAP Received
Virginia Institute of Marine Science ⁽¹⁾	0	0	0	N/A
Virginia Military Institute	3	3	6	YES
Executive Offices				
None				
Finance				
Virginia Board of Accountancy	0	0	0	N/A
Health and Human Resources				
None				
Independent Agencies				
None				
Labor				
None				
Natural Resources				
None				
Public Safety and Homeland Security				
None				
Technology				
None				
Transportation				
Virginia Port Authority	0	0	0	N/A
Veterans and Defense Affairs				
None				

⁽¹⁾ The APA issued one report titled, "The College of William and Mary in Virginia for the year ended June 30, 2023."



Audit Findings - Quarter Ended September 30, 2024

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

Education

Christopher Newport University

- 2023-01: Improve Operating System Security. **This is a Repeat Finding.**
- 2023-02: Improve IT Risk Management and Contingency Planning Program

Richard Bland College

- 2023-01: Improve Firewall Security. **This is a Repeat Finding.**
- 2023-02: Develop and Implement a Service Provider Oversight Process. **This is a Repeat Finding.**
- 2023-03: Improve Database Security. **This is a Repeat Finding.**
- 2023-04: Improve IT Risk Management Program. **This is a Repeat Finding.**
- 2023-05: Improve Reporting to National Student Loan Data System
- 2023-06: Properly Perform Return of Title IV Calculations
- 2023-07: Return Unearned Title IV Funds Timely
- 2023-08: Implement Information Security Program Requirements for the Gramm-Leach-Bliley Act
- 2023-09: Improve Controls for Accounting and Reporting for Right-to-Use Subscription Assets

The College of William and Mary in Virginia

- 2023-01: Improve IT Service Provider Oversight

University of Mary Washington

- 2023-01: Improve IT Risk Management and Contingency Process
- 2023-02: Improve IT Change Control and Configuration Management Process
- 2023-03: Assess and Classify Systems Based on Data Sensitivity

Virginia Military Institute

- 2023-01: Improve Controls over Reporting of Subscription Based Information Technology Arrangements. **This is a Material Weakness.**
- 2023-02: Ensure Proper Documentation of Bank Reconciliations. **This is a Repeat Finding.**
- 2023-03: Improve Information Technology Risk Management and Contingency Planning Program
- 2023-04: Improve Physical and Environmental Security Program Documentation
- 2023-05: Improve Controls over Terminated Employees. **This is a Repeat Finding.**
- 2023-06: Conduct Information Technology Security Audits. **This is a Repeat Finding.**



Risk Alerts – Quarter Ended September 30, 2024

No APA Reports containing “Risk Alerts” were received.

Special Reports – Quarter Ended September 30, 2024

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

Commonwealth of Virginia General Fund Preliminary Annual Report – Report on Applying Agreed-Upon Procedures for the year ended June 30, 2024

Department of Human Resource Management GASB No. 75 Schedules:

Department of Human Resource Management Commonwealth of Virginia State Health Plans Program for Pre-Medicare Retirees for the year ended June 30, 2023

Virginia Retirement System GASB 68 and 75 Schedules:

Pension Plans:

- Political Subdivision Retirement Plans for the plan year ended June 30, 2023
- State Employee Retirement Plan for the plan year ended June 30, 2023
- Teacher Retirement Plan for the plan year ended June 30, 2023

OPEB Plans:

- Disability Insurance Program for the plan year ended June 30, 2023
- Group Life Insurance Plan for the plan year ended June 30, 2023
- Political Subdivision Health Insurance Credit Plans for the plan year ended June 30, 2023
- State Health Insurance Credit Plan for the plan year ended June 30, 2023
- Teacher Health Insurance Credit Plan for the plan year ended June 30, 2023
- Line of Duty Act Program for the plan year ended June 30, 2023

Virginia Retirement System Management’s Assertions Related to Census Data for Pension Plans for the year ended June 30, 2022

Virginia Retirement System Management’s Assertions Related to Census Data for OPEB Plans for the year ended June 30, 2022

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

Report on Collections of Commonwealth Revenues by Local Constitutional Officers for the year ended June 30, 2023

Other Audit Reports – Quarter Ended September 30, 2024

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

Virginia Commercial Space Flight Authority for the year ended June 30, 2024

Virginia Lottery – Reports on Applying Agreed-Upon Procedures for the period April 1, 2023 through March 31, 2024:

- Cash4Life
- Mega Millions
- Megaplier
- Powerball
- Power Play

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

Office of the Executive Secretary of the Supreme Court of Virginia for the year ended June 30, 2023

Virginia Innovation Partnership Authority for the year ended June 30, 2023

Internal Control Questionnaire Reviews - Quarter Ended September 30, 2024

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

Assistive Technology Loan Fund Authority Internal Control Questionnaire Review as of July 2024

Commonwealth’s Attorneys’ Services Council Internal Control Questionnaire Review Results as of July 2024

Department of Agriculture and Consumer Services Internal Control Questionnaire Review as of July 2024

Department of Energy Internal Control Questionnaire Review as of August 2024

Department of Professional Occupation and Regulation Internal Control Questionnaire Review Results as of August 2024

New College Institution Internal Control Questionnaire Review Results as of July 2024

Science Museum of Virginia Internal Control Questionnaire Review Results as of June 2024

Virginia Department of Fire Programs Internal Control Questionnaire Review as of July 2024

Virginia School for the Deaf and Blind Internal Control Questionnaire Review Results as of August 2024

Virginia Tourism Corporation Internal Control Questionnaire Review Results as of June 2024



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, which may produce a repeat finding. 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 section.

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Administration				
Department of General Services	0	2	0	0
Department of Human Resource Management	1	0	0	0
Education				
Department of Education/Direct Aid to Public Education	1	1	0	0
Frontier Culture Museum of Virginia	0	2	0	1
George Mason University	1	0	0	0
James Madison University	1	0	1	0
Longwood University	1	3	1	0
Old Dominion University	0	5	0	0
Radford University	4	1	0	1
University of Virginia	0	3	0	0
Virginia Community College System – System Office	0	1	3	0
Central Virginia Community College	0	1	1	0
Dabney S. Lancaster Community College	0	0	1	0
Eastern Shore Community College	0	1	0	0
Germanna Community College	0	0	2	0
John Tyler Community College	0	1	2	0
Lord Fairfax Community College	0	1	2	0
New River Community College	0	0	1	0
Southside Virginia Community College	1	1	0	0
Virginia Highlands Community College	0	1	0	0
Virginia Commonwealth University	0	1	0	0
Virginia Military Institute	0	0	0	1
Virginia Polytechnic Institute and State University	0	2	0	0

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Virginia State University	0	2	0	0
Executive Offices				
Attorney General and Department of Law	1	3	0	0
Finance				
Department of Planning and Budget	1	0	0	0
Department of Taxation	0	1	1	0
Health and Human Resources				
Department for Aging and Rehabilitative Services	0	3	0	0
Department of Behavioral Health and Developmental Services	10	3	0	0
Department of Health	4	3	0	0
Department of Medical Assistance Services	0	3	0	0
Department of Social Services	9	5	7	0
Department for the Blind and Vision Impaired	0	6	0	0
Independent Agencies				
Virginia Alcoholic Beverage Control Authority	0	2	0	0
Virginia College Savings Plan	0	0	1	0
Virginia Retirement System	1	0	1	0
Labor				
Virginia Employment Commission	0	1	0	0
Public Safety and Homeland Security				
Department of State Police	0	7	0	0
Technology				
Virginia Information Technologies Agency	1	1	0	0
Transportation				
Department of Motor Vehicles	5	0	0	0
Department of Transportation	1	1	4	0
Veterans and Defense Affairs				
Department of Military Affairs	0	1	0	0
TOTALS	43	69	28	3



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: 2023**

Finding 23-01/22-01: Improve Internal Controls over Financial Reporting of Leases under GASB Statement No. 87. **This is a Material Weakness and a Repeat Finding.**

Status: DGS has received draft policies and procedures from the consultant for improving internal controls over financial reporting under GASB 87. The policies and procedures are currently under internal review.

Status Summary: In Progress (Delayed)

Audit Year: 2020

Finding 20-02: Develop and Implement Surplus Tracking System

Status: DGS is in receipt of the consultant's assessment of the feasibility of implementing a surplus inventory tracking system and internal review is underway.

Status Summary: In Progress (Delayed)

Department of Human Resource Management (DHRM) **Audit Year: 2023**

Finding 23-02: Improve IT Risk Management and Contingency Planning Program

Status: DHRM did not purchase the disaster recovery plan in place from VITA.

Status Summary: In Progress (On Schedule)

Education

Department of Education/Direct Aid to Public Education (DOE/DAPE) **Audit Year: 2023**

Finding 23-02: Improve IT Risk Management Program

Status: DOE has completed Risk Assessments and SSP's for nine of the DOE sensitive systems and will complete the remainder by the end of 2024. DOE security staff is working through the controls in the system for late 4th quarter or 1st quarter 2025 implementation. Each risk assessment will continue to be done on paper.

Status Summary: In Progress (On Schedule)

Finding 23-03: Improve Third-Party Service Provider Process

Status: DOE security has written two procedures and a third-party risk management manual on how to do this work. DOE has worked with the PMO to enhance the Software Request to include all products. DOE has two proofs of concept in the system and is working through the process to ensure no steps are missed and that all are tracked. The responsible party is aware of their part in the process. This has been a significant undertaking. DOE is still tracking to have a completed 3rd party risk program by the end of 2024.

Status Summary: In Progress (Delayed)

Frontier Culture Museum of Virginia (FCMV)

Audit Year: 2021

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

Status: FCMV is still awaiting VITA's Risk Assessment report which was submitted by the Agency COO in November. Formal documentation of existing framework and related policy statements has begun in coordination with other initiatives. Long-term, FCMV is hoping to hire a dedicated IT staff member.

Status Summary: In Progress (Delayed)

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

Status: Agency COO and staff have identified and selected a vendor/system for replacement of current point-of-sale system. A new vendor and system have been submitted to VITA's ECOS for assessment. Formal documentation of information systems, providers, and partner assessments with VITA will be formally documented as part of Findings 21-01 and 21-03.

Status Summary: Completed (Delayed)

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

Status: Policy statements have been completed for Capital Outlay, Payroll/HR, and other significant fiscal processes including reconciliations. Procedures have been documented where no documentation existed previously, and existing documentation continues to be reviewed and revised as needed. The Finance Director and Chief Operations Officer will coordinate to draft an Information System Security policy statement.

Status Summary: In Progress (Delayed)

George Mason University (GMU)

Audit Year: 2023

Finding 23-01: Improve IT Risk Management and Contingency Planning Program

Status: George Mason University has engaged a third-party consulting company to assist and is working through the remediation activities.

Status Summary: In Progress (On Schedule)

James Madison University (JMU)

Audit Year: 2023

Finding 23-01: Improve Firewall Management

Status:

- 1) Upgraded the device to support release during JMU's Spring Break.
- 2) Determined new method that monitors end-of-life and vulnerabilities.
- 3) Documented new approach in the Network Services Hardware and Software Lifecycle Management Standard.

Status Summary: Completed (On Schedule)

Finding 23-02: Improve Virtual Private Network Security

Status:

- 1) Upgraded security suite to maximize security.
- 2) During fall semester 2024, JMU will communicate to campus a deadline for requesting VPN access. Those requests will follow the current process of obtaining supervisor approval and employee attestation.
- 3) Revise the communications to employees and supervisors attached to the attestation/approval emails to clarify process and requirements.
- 4) Document remote access procedure including VPN request process.
- 5) Document the process for management of the VPN by IT Security, including regularly scheduled review of VPN groups in Active Directory.

Status Summary: In Progress (On Schedule)

Longwood University (LU)

Audit Year: 2023

Finding 23-03/22-03: Conduct Information Technology Security Audits. **This is a Repeat Finding.**

Status: The Information Technology Security Program changes have been passed by the BOV and is on track to meet the 'Revised Estimated Completion Date' of September 30, 2024.

Status Summary: In Progress (Delayed)

Finding 23-05: Perform an Evaluation of Student Information System Access Roles for University Personnel

Status: This has been instituted with the annual IT process and semi-annual process. This process is in Longwood's procedures document to ensure it occurs semi-annually.

Status Summary: Completed (On Schedule)

Finding 23-06: Promptly Reconcile Federal Accounts

Status: Student Accounts, Finance, and Financial Aid are working to determine the best methodology for reconciling the grant systems as Longwood does weekly reconciliations on Thursdays and can only pull reports from one of two systems by month.

Status Summary: In Progress (Delayed)

Finding 23-08/22-05: Improve Process for Timely Removal of Terminated Employee System Access. **This is a Repeat Finding.**

Status: Human Resources has successfully established a procedure for recording separations before an employee's last day and is currently developing an internal process to ensure timely entries of these separations.

Status Summary: In Progress (On Schedule)

Finding 23-10: Ensure Statement of Economic Interest Filers Complete Required Training

Status: Human Resources will ensure timely follow-up to guarantee that all filers complete Statement of Economic Interest training annually.

Status Summary: In Progress (Delayed)

Old Dominion University (ODU)

Audit Year: 2022

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

Status:

1. A review control checklist was created to enhance high-level review. Implementation is ongoing. (In Progress)
2. Conduct periodic analytical reviews to identify:
 - a. Unusual or unexpected financial correlations (reasonableness analysis), (In Progress), and

- b. Material variances in activities from year to year. (Complete)
- 3. Increase methodology documentation of key financial reporting processes. (In Progress)
- 4. Develop effective data validation steps to mitigate the risk of error which may be caused by an over reliance on system-generated reports. (In Progress)
- 5. Expand engagement with internal and external partners when incorporating new program and new funding resources in the financial reporting process. (Complete)
- 6. Allocate resources to improve system functionality, efficiency and the financial reporting process. (Complete)
- 7. Conduct SWOT Analysis, evaluate organizational structure and allocate resources to realign responsibility, accountability, and professional skill set of the Office of Finance. (Complete)

Status Summary: In Progress (Delayed)

Finding 22-02: Improve Controls over Financial Reconciliations

Status:

- 1. Management of the Office of Finance is developing monthly close schedules to ensure timely review and action on outstanding items.
 - a. Capital Asset Reconciliation - Implementation of process improvements and controls, including timely and accurate reconciliations is on-going and projected completion by March 31, 2025. (In Progress)
 - b. Non-capital Asset Reconciliation - This project is ongoing with a completion goal date of March 31, 2025. (In Progress)
- 2. Management is actively researching reconciling items in two of the accounts between the University's accounting system and bank balances that have existed since fiscal year 2001 when the University upgraded its accounting system, including the modification of system coding for University bank accounts. Analysis of process changes to eliminate realignment entries is underway. The completion goal date for reconciliation of prior entries and process updates is March 31, 2025. (In Progress)

Status Summary: In Progress (Delayed)

Finding 22-03: Improve Accounting for Accounts Payable

Status:

- 1. Implement an invoice fiscal year identification procedure for each invoice entered by Accounts Payable. (Complete)
- 2. Develop a report which utilizes the invoice fiscal year identification data in the system to account for invoice payment by its correct fiscal year. Reports will be generated monthly beginning July 31st through the end of audit fieldwork to ensure accurate reporting. (Complete)
- 3. Perform sampling review to ensure proper fiscal year assignment from the population of:
 - a. All invoices greater than \$20,000 between May and June (In Progress)
 - b. All invoices greater than \$50,000 between July and December (In Progress).

Status Summary: In Progress (Delayed)

Audit Year: 2021

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

Status:

- 1. The University (Office of Finance) has promptly returned unclaimed aid to the Department of Education. (Complete)
- 2 & 3. The Office of Finance has updated its formal procedure 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 attempts 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. Information Technology Services (ITS) is currently testing a revised aging report to further improve monitoring effectiveness. (In Progress)
Status Summary: In Progress (Delayed)

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

Status:

- 1 & 2. Some of the errors the auditors had found were caused by defects in the enrollment reporting job itself and reported to the vendor. While no new compliance issues were identified by the review process, based on the consultant's recommendation, the Office of Registrar is making the following changes to improve consistencies and accuracies in managing enrollment status effective dates at the campus and program levels:
- a. Development stage - change the major declaration process to make curriculum changes effective with the start of the following term, (Complete)
 - b. Implementation stage - Use the on-the-fly time status calculation to update enrollment status effective dates as registration activity takes place. (Complete)
 - c. The University (Office of the Registrar) is waiting for the vendor to address 'defects' identified and reported by the University. (In Process)
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: 2023

Finding 23-01: Dedicate Additional Resources to Financial Reporting. **This is a Repeat Finding.**

Status: The University has funded and posted for a new Financial Reporting Accountant position. Financial reporting software was purchased and implemented with completion of implementation by December 2024.

Status Summary: In Progress (On Schedule)

Finding 23-02: Improve Timeliness of Bank Reconciliations

Status: The University's Office of Audit & Advisory Services (OAAS) has tested the preparation side of the bank reconciliation and continues to test the reviews of the changed procedures.

Status Summary: In Progress (On Schedule)

Finding 23-03: Improve IT Risk Management and Contingency Planning Documentation

Status: Implementation, review, and testing are ongoing.

Status Summary: In Progress (On Schedule)

Finding 23-04: Improve IT Asset Management

Status: Implementation, review, and testing are ongoing.

Status Summary: In Progress (On Schedule)

Audit Year: 2021

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

Status: OAAS tested Spring 2024 unofficial withdrawals and found an exception which appeared to be related to the student being in a fast-track program. Financial Aid is working with the Registrar's Office on a resolution to that process. OAAS will perform testing of Fall 2024 unofficial withdrawals in Spring 2025.

Status Summary: In Progress (Delayed)

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

Status: OAAS tested multiple periods without exception and the corrective action has been closed.

Status Summary: Completed (Delayed)

University of Virginia (UVA/AD)

Audit Year: 2023

Finding 23-01: Improve Governance Structure and Resources Surrounding Financial Reporting Process. **This is a Material Weakness and a Repeat Finding.**

Status: The University of Virginia has:

- Established audit readiness remediation with multiple deployed workstreams, in progress through FY24 year-end close.
- Implemented a segmented financial statement to include both Academic and Medical Center, with a supplementary schedule within the consolidated annual report.
- Established an audit liaison for both Academic and Medical Center audits.

The University continues to meet with leadership, including the President and Audit Chair, to provide updates on all related aspects of the financial reporting environment. In addition, UVA continues to use third-party expertise as part of this corrective action. The University continues to meet regularly with the APA in preparation for, and during, the FY2024 audit.

Status Summary: In Progress (Delayed)

Finding 23-07: Perform Complete Physical Inventory

Status: Physical scanning and inventory are complete for 2024, and departmental reporting is in process as of September 2024.

Status Summary: In Progress (Delayed)

Finding 23-09: Improve Processes over Employment Eligibility Verification. **This is a Repeat Finding.**

Status: Human Resources implemented procedures ensuring new hires are timely entered into the Payroll and Human Resources System by each decentralized department responsible for hiring and compliance with I-9 requirements. Corrective actions will be evaluated by the APA as part of the FY2024 audit, which is in progress as of September 2024.

Status Summary: In Progress (Delayed)

Virginia Community College System – System Office (VCCS-SO)

Audit Year: 2022

Finding 22-02: Improve Database Security

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Finding 22-03: Improve Policies and Procedures for Capital Assets. **This is a Repeat Finding.**

Status: The System Office is still in the process of revising the manual and will have it completed and distributed to the colleges by December 31, 2024. Corrective action is on target for completion by said date.

Status Summary: In Progress (Delayed)

Finding 22-04: Properly Report Current and Noncurrent Prepaid Expenses

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Finding 22-05: Continue to Develop Comprehensive Policies and Procedures for Reviewing and Reacting to System and Organization Controls Reports. **This is a Repeat Finding.**

Status: Each year, the System Office updates the “memo” that goes out to colleges and VCCS-SO has developed a “new” process that has the Shared Services Center analyzing contracts and requesting SOC reports for the system.

Status Summary: Completed (On Schedule)

Central Virginia Community College (CVCC)

Audit Year: 2022

Finding 22-67: Implement Information Security Program Requirements for the Gramm-Leach-Bliley Act

Status: Corrective action is on target for completion by December 31, 2024.

Status Summary: In Progress (Delayed)

Finding 22-70: Perform an Evaluation of Student Information System access Roles for Financial Aid Office Employees

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Dabney S. Lancaster Community College (DSLCC)^

Audit Year: 2022

Finding 22-61: Implement Information Security Program Requirements for the Gramm-Leach-Bliley Act

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

^These findings were issued to Dabney S. Lancaster Community College which has now changed its name to Mountain Gateway Community College.

Eastern Shore Community College (ESCC)

Audit Year: 2022

Finding 22-42: Improve Internal Controls over Financial Reporting of Leases under GASB Statement No. 87

Status: Corrective action expected completion date is now January 1, 2025.

Status Summary: In Progress (Delayed)

Germanna Community College (GCC)

Audit Year: 2022

Finding 22-34: Improve Internal Controls over Financial Reporting of Leases under GASB Statement No. 87

Status: Corrective action was completed on July 15, 2024.

Status Summary: Completed (On Schedule)

Finding 22-37: Perform an Evaluation of Student Information System Access Roles for College Personnel

Status: The Separation of Duties (SOD) review is conducted at each ongoing instance of an authentication creation or change request to prevent new SOD conflicts. All reviews and audits are conducted with assistance from the System Office information security personnel. The System Data Owner review has been completed and remediated with four internal role changes still in progress.

Status Summary: Completed (On Schedule)

John Tyler Community College (JTCC)^

Audit Year: 2022

Finding 22-18/20-01: Perform Capital Asset Inventory, Record Capital Assets Timely, and Reconcile Inventory Counts. **This is a Repeat Finding.**

Status: Corrective action is on target for completion by June 30, 2025.

Status Summary: In Progress (Delayed)

Finding 22-19: Perform Annual Access Review of the Commonwealth's Retirement Benefits System
Status: Corrective action has been completed.
Status Summary: Completed (On Schedule)

Finding 22-20: Comply with Employment Eligibility Requirements
Status: Corrective action has been completed.
Status Summary: Completed (On Schedule)

^These findings were issued to John Tyler Community College which has now changed its name to Brightpoint Community College.

Lord Fairfax Community College (LFCC)

Audit Year: 2022

Finding 22-26: Improve Federal Direct Loan Reconciliations
Status: Corrective action has been completed.
Status Summary: Completed (On Schedule)

Finding 22-27: Improve Notification Process for Federal Awards to Students
Status: Corrective action has been completed.
Status Summary: Completed (On Schedule)

Audit Year: 2021

Finding 21-27: Continue to Ensure Proper Capitalization and Retention of Records for Capital Assets.
This is a Repeat Finding.
Status: Corrective action is on target for completion by December 30, 2024.
Status Summary: In Progress (Delayed)

New River Community College (NRCC)

Audit Year: 2022

Finding 22-53: Strengthen the Schedule of Expenditures of Federal Awards Review Process
Status: NRCC has a correction in place to ensure all journal entries are reviewed.
Status Summary: Completed (On Schedule)

Southside Virginia Community College (SVCC)

Audit Year: 2022

Finding 22-38: Implement Information Security Program Requirements for the Gramm-Leach-Bliley Act
Status: Estimated completion date is December 31, 2024.
Status Summary: In Progress (On Schedule)

Finding 22-40: Improve Reporting to National Student Loan Data System
Status: As indicated in the summary, everything is underway. There is a completion date for the SVCC area, but this will be an ongoing project and task each semester. A workgroup has been initiated to review the NSC records between systems. SVCC has documented issues found in the sessions and made corrections where possible. SVCC could only meet once a semester during the past year due to the timing. In the 2024-25 year, meetings will be expanded to twice a semester, as mentioned in the SVCC response. Additionally, SVCC changed the submission schedule to be more frequent with NSC to help defer issues. This means that once the first file is submitted for the term, another file is submitted within a 2-to-3-week window. SVCC has at least one representative attending most of the VCCS Working Group meetings for NSC. In addition, the Director of Institutional Effectiveness and Strategic Initiatives has attended the NSC Working Group meeting multiple times throughout the year

to increase the number of SVCC representatives in attendance. Estimated completion date is March 31, 2025.

Status Summary: In Progress (Delayed)

Virginia Highlands Community College (VHCC)

Audit Year: 2022

Finding 22-76: Improve Internal Controls over Financial Reporting of Leases under GASB Statement No. 87

Status: Partial corrective action has taken place but has not been completed for the findings. Corrective action is on target for completion by December 30, 2024.

Status Summary: In Progress (Delayed)

Virginia Commonwealth University (VCU/AD)

Audit Year: 2023

Finding 23-02: Improve Security Awareness Training

Status: Security awareness training for general population was deployed for Spring 2024. A 99% completion rate is achieved. The Personnel Security Standard has been updated to define successful training completion as 85% or above. VCU Information Security Office is working with VCU HR and other compliance areas to develop ramifications for non-completion of mandatory trainings. The ramifications are planned to be put in place at the next VCU training cycle. Role-based security awareness trainings are deployed to all employees in the IT job family with a 100% completion rate.

Status Summary: In Progress (Delayed)

Virginia Military Institute (VMI)

Audit Year: 2022

Finding 22-04: Conduct Information Technology Security Audits

Status: The required audit, performed by a third-party vendor, was completed on July 15, 2024.

Status Summary: Completed (Delayed)

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 work is ongoing and highlights the need to move away from the current instance so VPISU/ID can rely on vendor delivered reporting tools. Because of the custom system setup, changes made to the reporting files continue to have had unforeseen impacts. As a result, VPISU/ID has stopped making additional changes to the file and is handling any needed changes through the warning and error process with the National Student Clearinghouse to ensure proper NSLDS reporting.

Status Summary: In Progress (Delayed)

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 work is ongoing and highlights the need to move away from the current instance so VPISU/ID can rely on vendor delivered reporting tools. VPISU/ID continues to adjust NSC reporting files in order to ensure a proper status start date. However, due to the custom application setup, changes to the files have had unforeseen impacts. On a positive note, the system only file is working as expected. The Enrollment file, however, presents an ongoing challenge as changes to deliver the desired status start date have increased the number of errors and warnings when submitted. VPISU/ID is currently adjusting these errors and warnings manually to ensure proper NSLDS reporting.

Status Summary: In Progress (Delayed)

Virginia State University (VSU)

Audit Year: 2022

Finding 22-02/21-09/20-08: Improve Access and Account Management Controls. **This is a Partial Repeat Finding.**

Status: This finding status has been marked FOIA Exempt (FOIAE) under §2.2-3705.2 (9.) of the Code of Virginia.

Status Summary: In Progress (Delayed)

Finding 22-07/21-16/21-01: Report Student Status Enrollment Changes Accurately and Timely to National Student Loan Data System. **This is a Repeat Finding.**

Status: Monthly meetings continue to be held with the Office of Financial Aid. The University has also completed updating the unofficial withdrawals with the NSC but is continuing to work with NSC to ensure graduated students who return later are properly reported. The previous NSLDS outage delayed progress and the ability to validate data as originally planned leading to an extended timeframe to complete the full corrective action.

Status Summary: In Progress (Delayed)

Executive Offices

Attorney General and Department of Law (OAG)

Audit Year: 2022

Finding 22-01: Improve Controls Over Payroll

Status: Human Resources (HR) and Finance are working on policies and procedures (P&P).

Status Summary: In Progress (Delayed)

Finding 22-04/21-02/20-03: Continue to Improve Virtual Private Network Security Controls. **This is a Partial Repeat Finding.**

Status: The VPN client was updated to remediate a known vulnerability. IT continues to work internally and with contractors to remediate this finding and plans to move to another VPN. Preliminary results from the contractors have provided a solution to move forward with replacement of the existing VPN. This solution would move OAG from a subscription-based model. The CISO and CFO are in discussion to determine the proper way of procurement. The CISO, CFO and IT Contract Manager are working to get this addressed.

Status Summary: In Progress (Delayed)

Finding 22-05: Independently Align the Information Security Officer

Status: The Chief Financial Officer is in the process of taking training to ensure knowledge foundation. Additionally, the CFO is working to transfer knowledge of ISO duties. Currently, the CFO is working alongside the IT department on all ISO duties.

Status Summary: In Progress (On Schedule)

Finding 22-07/21-01: Improve Information Security Program and IT Governance. **This is a Partial Repeat Finding.**

Status: OAG engaged a risk management firm to assist in the development of policies and has completed its IT Policies. The policies have been published on the agency SharePoint site. IT is working with the firm to build out the security program and IT Governance. The CISO, ISO, and Director of HR met with contractor to formally plan out the next steps of the plan. A four-day workshop will be held in the next several weeks to formally draw up the plan and put it into action. In the coming weeks, the committee will be working on the rough draft/skeleton of the plan. The committee is still working through the rough draft.

Status Summary: In Progress (Delayed)

Finance

Department of Planning and Budget (DPB)

Audit Year: 2023

Finding 23-01: Improve IT Risk Management and Contingency Planning Documentation

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

Status Summary: In Progress (On Schedule)

Department of Taxation (TAX)

Audit Year: 2023

Finding 23-01: Develop and Implement a Third-Party Service Provider Oversight Process

Status: Progress has been made building out the Supply Chain Risk Management Policy, Standards, and Procedures to comply with recommendation. Applicable Commonwealth policies have been developed and approved. While Tax has a list of providers, it has not yet implemented written procedures for maintaining the list to ensure it is accurate and complete. Training and roll-out on other aspects of the Third-Party Service Provider Oversight Process needs to be completed.

Status Summary: In Progress (Delayed)

Finding 23-02: Revoke System Access for Separated Employees in a Timely Manner

Status: The Human Resources Director has reminded supervisors of the importance of the timely revocation of systems access for separated employees. Additionally, the Employee Separation Checklist was revised so that responsible supervisors are instructed to enter the revocation of systems access upon the notice of separation rather than the actual separation.

Status Summary: Completed (On Schedule)

Health and Human Resources

Department for Aging and Rehabilitative Services (DARS)

Audit Year: 2022

Finding 22-01: Improve Internal Controls Over Financial System Reconciliations. **This is a Partial Repeat Finding.**

Status: DARS continues to make significant progress toward reconciliation. While the agency had filled the GL manager position, an internal transfer created a vacancy, which DARS will be working to recruit.

Status Summary: In Progress (Delayed)

Finding 22-02: Improve Internal Controls Surrounding General Ledger Journal Transactions

Status: This continues to be on the list of items to address. The agency filled the GL manager position earlier in the spring, but an internal transfer created a vacancy in the position, which DARS will be working to recruit.

Status Summary: In Progress (Delayed)

Finding 22-03: Monitor Small Purchase Charge Card Activity on a Monthly Basis. **This is a Partial Repeat Finding.**

Status: The Small Purchase Charge Card (SPCC) coordinator is currently doing monthly reviews of SPCC activity and communicating deficiencies with card holders. DARS is currently working on a formalized training for card holders, which will be recorded and posted to allow employees to review the material as needed.

Status Summary: In Progress (Delayed)

Department of Behavioral Health and Developmental Services (DBHDS)

Audit Year: 2023

Finding 23-01/22-02: Improve Vulnerability Management Process. **This is a Repeat Finding.**

Status: DBHDS continues working with VITA on the triage of vulnerabilities assigned to ensure DBHDS is tracking the appropriate vulnerabilities in a timely manner.

Status Summary: In Progress (On Schedule)

Finding 23-02/22-03: Conduct Information Technology Security Audits over Sensitive Systems. **This is a Repeat Finding.**

Status: All scheduled audits for FY24 were completed on time. DBHDS is submitting a revised plan to VITA every quarter due to application changes. As of the most recent update submitted to VITA on September 10, 2024, the total in-production and sensitive applications on the audit plan are 43. DBHDS requested additional IT Audit staff in the most recent budget request; however, that was not approved. DBHDS will try again when the next opportunity opens.

Status Summary: In Progress (Delayed)

Finding 23-03/22-11/21-10/20-11/19-04/18-04: Develop Baseline Configurations for Information Systems. **This is a Repeat Finding.**

Status: The security office has redirected assigned FTE personnel to focus on the security program. This BIA effort is key to the success of the security of all applications and the overall security program of the agency and security maturity posture of the organization.

Status Summary: In Progress (On Schedule)

Finding 23-04/22-12: Continue to Improve Database Security. **This is a Repeat Finding.**

Status: As of September 2, 2024, SOW has been approved and the vendor has provided a PM. Project is on track for completion by June 30, 2025.

Status Summary: In Progress (On Schedule)

Finding 23-05/22-05: Continue to Improve Offboarding Procedures. **This is a Repeat Finding.**

Status: CHRO will work with new process/improvement position within HR to begin documentation and workflow to create the form and transition to a better electronic form. There was a meeting held September 18, 2024 to begin discussing this topic. DBHDS has collected all existing platforms and is analyzing them to create the next steps to move to an electronic platform. DBHDS will be setting up meeting with IT for October to discuss next steps.

Status Summary: In Progress (On Schedule)

Finding 23-08/22-15/21-11/20-13: Continue to Implement Compliant Application Access Management Procedures. **This is a Repeat Finding.**

Status: Working with contracting agency for pricing and engagement timeline for the FY25 budget. This initiative through an OTA was not approved by Finance. Researching alternative solutions to achieve this; will propose funding in the next FY cycle. Currently, the Information Security Office budget for FY25 cannot support an additional SSO expert due to the need for security officer support for projects. DBHDS is working with the EPMO and finance to bill back the hours of the contract personnel to the assigned projects in an effort to recoup the costs of supporting the projects and to bring on an SSO expert to make all DBHDS existing applications SSO compliant. This will effectively allow for the off boarding of personnel in a timely manner as the SSO will be tied to Active Directory.

Status Summary: In Progress (On Schedule)

Finding 23-09/22-10/21-09/20-10/19-02/18-02/17-02: Improve IT Contingency Management Program. **This is a Repeat Finding.**

Status: The security office in partnership with the Emergency Management office is working together to have all facilities update their COOPs to a standardized plan. Additionally, the two offices are working together to build out a COOP TTX schedule for the facilities. Initially, the security office wanted to conduct an agencywide COOP exercise that would include all facilities but was notified that each

facility would require their own exercise. This will be extremely difficult to conduct due to the current resource allocation and workload. This would require running a TTX per facility per month to close this finding. The Emergency Management and Security offices are looking at holding multiple TTX in the first 12-15 weeks of the calendar year to satisfy this finding. DBHDS will not be able to meet the current estimated completion date due to the amount of work that is currently being done and the required work to prep for and conduct twelve TTX exercises every year.

Status Summary: In Progress (Delayed)

Finding 23-10/22-13: Continue to Improve Risk Assessment Process. **This is a Repeat Finding.**

Status: The security office has redirected assigned FTE personnel to focus on the security program. This BIA effort is key to the success of the security of all applications and the overall security program of the agency and security maturity posture of the organization.

Status Summary: In Progress (On Schedule)

Finding 23-11/22-09: Continue Dedicating Resources to Support Information Security Program. **This is a Repeat Finding.**

Status: DBHDS has requested funding for additional positions to support the move to a cloud initiative allowing current information security personnel to continue focusing on the security program. Additionally, all new and future projects will require funding of contract ISO support. Currently there are two contract personnel supporting projects that are funded from the operational budget of the Information Security Office.

Status Summary: In Progress (On Schedule)

Finding 23-12: Improve Change Management Process for Information Technology Environment

Status: Reviewed change record samples; awaiting post review responses.

Status Summary: In Progress (On Schedule)

Finding 23-13: Improve Security Awareness Training Program

Status: Corrective action continues.

Status Summary: In Progress (On Schedule)

Finding 23-14/22-07: Continue to Improve Controls Over the Retirement Benefits System Reconciliation. **This is a Repeat Finding.**

Status: CO is adding some benefit duties to the new Clinical Recruiter that is currently in recruitment as of June 2024. This will be one of the topics that position will train and champion.

Status Summary: In Progress (On Schedule)

Finding 23-15/22-16/21-06: Ensure Compliance with the Conflict of Interests Act. **This is a Repeat Finding.**

Status: The oversight measures currently in place appear to be successful based on the SOEI results for January 2024. DBHDS will monitor SOEI for 2025 and change the estimated completion date to February 28, 2025, for full completion.

Status Summary: In Progress (Delayed)

Department of Health (VDH)

Audit Year: 2023

Finding 23-01/22-05/21-01: Strengthen Controls over Financial Reporting. **This is a Material Weakness and a Repeat Finding.**

Status: Documented end to end processes of SEFA Attachment 15. Developed layout and format for SOP for Attachment 21. No updates in the last month.

Status Summary: In Progress (On Schedule)

Finding 23-02/22-02: Improve Controls Over Journal Entries. **This is a Repeat Finding.**

Status: Researched agency specific guidance on the proper processes for recording and correcting journal entries. Drafted journal entry policy to describe the requirements for booking journal entries within VDH's financial system. Drafted journal entry training materials and speaker notes to train key stakeholders on best practices for recording journal entries. Interviewed key stakeholders in OFM (Office of Financial Management) and AP (Accounts Payable) to understand challenges and pain points surrounding journal entries to inform training materials. Delivered journal entry training to OFM business managers.

Status Summary: In Progress (On Schedule)

Finding 23-04: Improve Vulnerability Management

Status: ISO have weekly meetings on Monday with the OIM Technical Point of Contact (POC) to review current vulnerabilities and ensure they are being remediated promptly. The scan is a recurring process. The last scanned vulnerabilities are addressed.

Status Summary: In Progress (Delayed)

Finding 23-05: Conduct Information Technology Security Audits

Status: Three internal audits were completed as of June 30, 2024, by the new IT Auditor staff. OIA contracted with the vendor to conduct four IT audits, which were completed by June 30, 2024.

Status Summary: In Progress (Delayed)

Finding 23-06/22-09: Continue Strengthening the System Access Removal Process. **This is a Repeat Finding.**

Status: VDH is always seeking ways to improve, and for the system, VDH has added a single sign-on feature, it was in production as of March 29, 2024. This should all enhance timely system access removal. Additionally, ISO gets an email from HR for immediate termination, and ISO terminates the employee using a SailPoint application. Finally, ISO will start the Identity Access Review campaign for the system.

Status Summary: In Progress (On Schedule)

Finding 23-07: Improve Internal Controls over Employee Offboarding Process

Status:

1. & 2. Multiple meetings with Regional Trainer to revise Separations for Supervisors training including new format, updated narrative, and addition of Separation Checklist.

4. Separations Policy is created and is pending approval.

Status Summary: In Progress (Delayed)

Finding 23-08: Improve System Access Procedures

Status: No update from Initial response. The system is working on the access request application that currently is in unit testing. In the meantime, users have to request roles via paper forms that have to be signed by all the appropriate levels and submitted via ITSS portal.

Status Summary: In Progress (On Schedule)

Department of Medical Assistance Services (DMAS)

Audit Year: 2023

Finding 23-01: Improve Information Security Program and Controls. **This is a Material Weakness and a Repeat Finding.**

Status: SSP - All SSPs are completed, signed, and now going through an annual review process which includes modification to encompass SEC530. Policies - All policies are completed, signed and now going through the annual review process. Procedures - All procedures are completed, signed and now going through the annual review process. Vulnerability and Configuration Compliance Scanning are now occurring and DMAS has the artifacts for the scans.

Status Summary: In Progress (Delayed)

Finding 23-03/22-01: Improve Third-Party Oversight Process. **This is a Repeat Finding.**

Status: The third-party management procedure is reviewed and signed by ISO. DMAS is continuing to make progress towards getting vendors on VITA Enterprise Cloud Oversight Services (ECOS).

1. Identify vendors that have completed ECOS assessment in past but not currently under oversight - Complete
2. Requesting conditional approval emails from COVRAMP team - Complete
3. Obtain updated SOC 2 reports from each vendor identified in #1 - Complete
4. Submit required security exceptions - Complete
5. Verification of cloud terms and conditions that are part of the vendor contracts. - Complete
6. Submit for oversight -awaiting VITA approval of submitted exceptions (September 6th all exceptions were signed by the agency head and submitted). Once approved, final submission for oversight will be performed.

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: The RFP for the system has been approved. Role-based access account privileges are included as a requirement in the RFP. The FAS RFP was posted to the purchasing system as of September 19, 2024; the solicitation closes on December 20, 2024.

Status Summary: In Progress (Delayed)

Department of Social Services (DSS)

Audit Year: 2023

Finding 23-02/22-02/21-03/20-10: Perform Responsibilities Outlined in the Agency Monitoring Plan. **This is a Material Weakness and a Repeat Finding.**

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

Status Summary: In Progress (Delayed)

Finding 23-03: Implement Internal Controls over TANF Federal Performance Reporting. **This is a Material Weakness and a Repeat Finding.**

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

Status Summary: In Progress (On Schedule)

Finding 23-04: Obtain Reasonable Assurance over Contractor Compliance with Program Regulations. **This is a Material Weakness.**

Status: The DSS was not furnished a specific document for Performance Reporting that indicated the actions of the LIHWAP contractor each week during the program. However, DSS was consistently informed using the weekly payment, refund, call center, and application processing reports as well as the regularly scheduled (daily then eventually twice weekly) meetings of DSS and contractor staff. Additionally, DSS worked with the contractor to ensure that records were provided for review by DSS and to address questions by the contractor to ensure that the contractor administered the LIHWAP federal grant program in accordance with federal statutes, regulations, and the terms and conditions of the federal award. The funds for the program were exhausted (and applications were no longer being accepted) in January 2024, so the weekly reports and meetings were ceased. Final reports for the program were provided to HHS as required in July 2024.

Status Summary: Completed (On Schedule)

Finding 23-06/22-21/21-08/20-13/19-10/18-10: Continue Developing Record Retention Requirements and Processes for Electronic Records. **This is a Repeat Finding.**

Status: DSS anticipates the first of a series of changes to address this finding to be implemented in

the Information Technology Services release.

Status Summary: In Progress (On Schedule)

Finding 23-07/22-04/21-17/20-14/19-12: Improve Web Application Security. **This is a Repeat Finding.**

Status: Work continues in this area.

Status Summary: In Progress (On Schedule)

Finding 23-08/22-23/21-06/20-15/19-13: Continue Improving IT Change and Configuration Management Process. **This is a Repeat Finding.**

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Finding 23-09/22-05: Upgrade End-of-Life Technology. **This is a Repeat Finding.**

Status: Work continues in this area.

Status Summary: In Progress (On Schedule)

Finding 23-11/22-07/21-10/20-16: Monitor Internal Controls to Ensure Timely Removal of System Access. **This is a Repeat Finding.**

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

Status Summary: Completed (On Schedule)

Finding 23-13: Evaluate Separation of Duty Conflicts within the Case Management System

Status: Efforts are underway to complete this examination by December 31, 2024.

Status Summary: In Progress (On Schedule)

Finding 23-14: Perform Annual Review of Case Management System Access

Status: Efforts are underway to complete this examination by December 31, 2024.

Status Summary: In Progress (On Schedule)

Finding 23-15/22-10/21-04/20-11: Review Non-Locality Subrecipient Single Audit Reports. **This is a Repeat Finding.**

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

Status Summary: In Progress (Delayed)

Finding 23-16: Communicate Responsibilities to Subrecipient Monitoring Coordinators. **This is a Repeat Finding.**

Status: A Final Plan has been recreated and deployed.

Status Summary: Completed (On Schedule)

Finding 23-20: Monitor Case Management System Records to Ensure Compliance with TANF Eligibility Requirements

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Finding 23-21: Implement Internal Controls over TANF Federal Special Reporting

Status: Error reporting has been provided to the vendor to resolve the issues. A Change Request has been submitted to address these findings. Short term data fixes have been applied by the technical team until the CR can be implemented. The results of the implementation and effectiveness of the implemented changes will be analyzed. Desk aids have been created and distributed biweekly since January 2024 to ensure correct application of policy and to ensure correct data entry in the system. Ongoing state level trainings have been facilitated to address data entries for Federal Reporting. The

Regional Practice Consultants monitor agencies to ensure timeliness and accuracy, and report deficiencies as identified. Ad Hoc Reports are generated on a monthly basis to ensure checks and balances are in place so corrections can be made when needed. A new sanction report was designed and deployed in August 2024 for monitoring purposes and to ensure accuracy of application.

Status Summary: In Progress (On Schedule)

Finding 23-22: Obtain, Review, and Document System and Organization Controls Reports of Third-Party Service Providers. **This is a Repeat Finding.**

Status: Work Continues in this area. VITA has been contacted to request and provide the missing SOC reports.

Status Summary: In Progress (On Schedule)

Finding 23-23/22-15: Strengthen Internal Controls over FFATA Reporting. **This is a Repeat Finding.**

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Finding 23-24: Strengthen Internal Controls over Financial Reporting of Non-Reimbursement Grants

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Finding 23-25/22-19: Reconcile the Commonwealth's Retirement Benefits System. **This is a Repeat Finding.**

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

Status Summary: In Progress (Delayed)

Finding 23-27/22-14/21-15/20-07/19-02/18-01: Comply with TANF Requirement to Participate in the Income Eligibility and Verification System. **This is a Repeat Finding.**

Status: The needed changes in the Code of Virginia were not made during the most recent General Assembly session. A resubmission of the required changes will be provided for the upcoming General Assembly legislative session. The suggested implementation per the resubmission is identified as January 1, 2025.

Status Summary: In Progress (On Schedule)

Audit Year: 2022

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

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

Status Summary: In Progress (Delayed)

Audit Year: 2020

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

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

Status Summary: In Progress (Delayed)

Department for the Blind and Vision Impaired (DBVI)

Audit Year: 2022

Finding 22-01: Improve Information Technology Governance. **This is a Partial Repeat Finding.**

Status: The DARS ISO has created information security policies that meet or exceed VITA's SEC 530. Those Policies will be presented at the next IS Governance Steering Committee meeting for formal review and approval by DBVI leadership. These policies will address end of life technology as well as third party provider assurance.

Status Summary: In Progress (Delayed)

Finding 22-02: Develop and Implement Information Security Policies and Procedures. **This is a Partial Repeat Finding.**

Status: The DARS ISO has created information security policies that meet or exceed VITA's SEC 530. Those Policies will be presented at the next IS Governance Steering Committee meeting for formal review and approval by DBVI leadership. These policies will address end of life technology as well as third party provider assurance. DBVI and VIB staff are enrolled in an Information Security Awareness Training program that meets or exceeds VITA's SEC 527 (training standard) and speak to the requirements in SEC 530.

Status Summary: In Progress (Delayed)

Finding 22-03/20-07/18-08: Improve Oversight over Third Party Providers. **This is a Partial Repeat Finding.**

Status: The DARS ISO has reviewed SOC 2 Type 2s for the hosting vendors database and infrastructure provider for 2023. DBVI is still waiting for the SOC 2 Type 2 for the system as well as PCI-DSS compliance documentation for 2023. A formal procedure is being documented to ensure these documents are provided and reviewed annually.

Status Summary: In Progress (Delayed)

Finding 22-04/20-06/18-07: Improve information Security for Point-of-Sale System. **This is a Repeat Finding.**

Status: DBVI signed a software contract for a single, integrated, compliant, and accessible Platform as a Service (PaaS) enterprise resource planning (ERP) solution on November 30, 2023. This solution is the first ECOS-approved PaaS solution through VITA. A second solicitation for an implementer/host/support of the software is underway. Suppliers have been evaluated and DBVI has moved into negotiations with the preferred supplier. The goal is to have a contract signed with the implementer in September 2024. VITA's Project Management Division reports the project in "Green" status.

Status Summary: In Progress (Delayed)

Finding 22-05: Improve Controls over System Access. **This is a Partial Repeat Finding.**

Status: The DBVI Information Security Governance Group is working on procedures for granting, terminating, and managing user access. This would include periodic review and identifying conflicting roles within each system.

Status Summary: In Progress (Delayed)

Finding 22-06/20-05/18-06: Upgrade Manufacturing System. **This is a Partial Repeat Finding.**

Status: DBVI signed a software contract for a single, integrated, compliant, and accessible Platform as a Service (PaaS) enterprise resource planning (ERP) solution on November 30, 2023. This solution is the first ECOS-approved PaaS solution through VITA. A second solicitation for an implementer/host/support of the software is underway. Suppliers have been evaluated and DBVI has moved into negotiations with the preferred supplier. The goal is to have a contract signed with the implementer in September 2024. VITA's Project Management Division reports the project in "Green" status.

Status Summary: In Progress (Delayed)

Independent Agencies

Virginia Alcoholic Beverage Control Authority (ABC)

Audit Year: 2023

Finding 23-01: Improve IT Risk Management and Contingency Planning

Status: ABC has created a new IT Risk Management Policy, which is currently under review by the ABC legal team. Additionally, IT is reviewing and validating current system inventory and establishing standard documentation to note when a system restoration is performed. Finally, Information Security continues to perform risk assessments on sensitive systems. ABC has developed standard documentation and performed a table-top exercise to simulate a disaster recovery scenario. Based on the results, the team continues to review the process and make adjustments. The APA is currently reviewing progress on this finding.

Status Summary: In Progress (Delayed)

Finding 23-02/22-03/21-03/20-03: Continue Improving Oversight of Third-Party Service Providers. **This is a Repeat Finding.**

Status: ABC has created a new IT Risk Management Policy which contains a section regarding triggers for requiring risk assessments and SOC reports specific to third-party reviews. Additionally, the ABC Information Security team is working with Procurement to review the current process flow and has established a schedule for conducting/reviewing identified risk assessments. The APA is currently reviewing progress on this finding.

Status Summary: In Progress (Delayed)

Virginia College Savings Plan (VCSP)

Audit Year: 2023

Finding 23-01: Improve IT Risk Management Program and Contingency Planning

Status: Completed all work to update documentation with respect to IT risk management and contingency planning.

Status Summary: Completed (On Schedule)

Virginia Retirement System (VRS)

Audit Year: 2023

Finding 23-01: Improve IT Change Control and Configuration Management Process

Status: Change Management procedures have been published. The procedures will be updated, as needed, along with the implementation of the software. VRS Technology Solutions has completed the selection of software and is working with the Procurement Office to procure the tool. Once the software is procured, implementation will be carried out with a target completion date of December 2024.

Status Summary: In Progress (On Schedule)

Finding 23-03: Improve Retirement Benefit Calculations

Status:

1) Complete---Second Approver review has been implemented. Additionally, a checklist that each analyst uses for evaluating hazardous duty service has been developed and shared with the Service Retirement Team.

2) Complete ---ALM Report Request is completed. Service retirement receives a weekly report and reviews the report for possible salary increases that could impact the life insurance.

3) Complete---The Code Fix was implemented, and system now determines the correct group life insurance amount by referencing the month prior to date of death rather than month of death.

Status Summary: Completed (On Schedule)

Labor

Virginia Employment Commission (VEC)

Audit Year: 2023

Finding 23-01: Improve Change Controls Process

Status: Information Security (Finding 1a): The Information Security team has defined and documented a process for the types of changes that trigger a security impact analysis (SIA) and a request form for a security impact review. Additionally, the ISO conducted and documented its analysis of security impacts for change requests. The revised estimated completion date is December 31, 2024. Information Technology: Finding 1b has been completed. The Configuration Management Policy has been updated to reflect categories of tickets that do not require testing/validation prior to releasing. Internal Audit: This finding remains open until VEC tests the corrective action. VEC completed testing by September 30, 2024.

Status Summary: In Progress (Delayed)

Public Safety and Homeland Security

Department of State Police (VSP)

Audit Year: 2020

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

Status: IT has initiated a purchase order for professional services to upgrade the software. PO is in COV/Vendor negotiations with Terms and Conditions.

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: Asset resolution proposals, incorporating the accounting software value information, and FAACS asset master details are being finalized for management review and approval prior to updating asset records.

Status Summary: In Progress (Delayed)

Audit Year: 2019

Finding 19-01: Document Internal Policies and Procedures

Status: All the invoices are uploaded into the system. OEBS team is working on the project which can provide the data for AR quarterly report.

Status Summary: In Progress (Delayed)

Audit Year: 2017

Finding 17-06: Improve Risk Assessments

Status: CISO has completed the Business Impact Analysis (BIA) including business functions and associated applications across the organization in July 2024. ISOs are performing data classifications and system inventory and documents for on premises and third-party applications.

Status Summary: In Progress (Delayed)

Finding 17-15: Improve Disaster Recovery Plan

Status: Interim DR (Disaster Recovery) plan is complete. VSP is beginning system cloud migration with Operational Readiness Testing being conducted. In the coming months, IT will focus resources to migrate workloads out of VSP's Data Center to the system and create necessary DR configurations within the system.

Status Summary: In Progress (Delayed)

Finding 17-35/14-08: Improve Processes over Work Zone Project Billings. **This is a Repeat Finding.**
Status: VDOT revised the log sheet as of September 2024. The System Administrator is working on the proposal for the timesheet project.
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. With the implementation of the management system, PSB has delayed the sending of this reconciliation.
Status Summary: In Progress (Delayed)

Technology

Virginia Information Technologies Agency (VITA)

Audit Year: 2023

Finding 23-01: Improve Controls over Identifying, Tracking, Recording, and Reporting Right-to-Use Assets. **This is a Material Weakness and a Repeat Finding.**

Status: There is an ongoing effort to proactively address these findings by maintaining communication with DOA and APA staff. Specifically, DOA staff are directly partnering with the newly hired Finance Accounting staff regarding the completion of critical Attachments. To ensure continuous improvement in the areas cited, VITA has hired dedicated resources (industry-leading external resources and internal resources), provided professional development to all new and current staff, and increased quality assurance over critical accounting processes. VITA is automating core processes, has established an accounting transformation program, and has requested through a budget decision package, resources to address the limitations of the legacy financial management system.
Status Summary: In Progress (On Schedule)

Finding 23-02: Continue to Ensure ITISP Suppliers Meet all Contractual Requirements. **This is a Repeat Finding.**

Status: VITA has deployed significant new software and reporting solutions to improve security and security standards compliance oversight. The new cybersecurity tools and contractual provisions for compliance are in place and the security program is working. A new cybersecurity organization has been created to train agency cybersecurity personnel on the new tools and capabilities. Problems originally noted in this finding – with respect to vulnerability remediation and agency access to security information – are still being methodically addressed. Providing agency access to security information and remediating the vulnerabilities that can be addressed through VITA managed processes (such as patching) have been addressed. But in the Commonwealth’s decentralized IT environment, many vulnerabilities are the responsibility of agencies, and many of those agencies are limited in their ability to modernize and maintain their applications to address security vulnerabilities. For example, upgrading a server from an unsupported operating system may not be possible because applications are too old to run. The legacy applications support critical agency functions, so application retirement is not an option and insufficient agencies resources exist to purchase a new application or re-platform/upgrade the legacy application. VITA has requested that agencies submit budget packages for application modernization as part of the FY26 cycle to address this vital issue.
Status Summary: In Progress (Delayed)

Transportation

Department of Motor Vehicles (DMV)

Audit Year: 2023

Finding 23-01: Implement a Process to Annually Review User Access

Status: Account reviews are on-going as DMV evaluates additional security data.

Status Summary: In Progress (On Schedule)

Finding 23-02: Improve Database Security. **This is a Repeat Finding.**

Status: Database patching has fallen behind. DMV will reach out to manager to address the issue.

Status Summary: In Progress (On Schedule)

Finding 23-03: Improve Web Application Security Controls

Status: Backup verification process is complete. Restoration testing is DMV's next effort.

Status Summary: In Progress (On Schedule)

Finding 23-04/22-03/21-01: Continue to Update End-of-Life Technology. **This is a Repeat Finding.**

Status: The storage array at DMV HQ is at end of support and DMV will not meet the target of migrating by November 2024. This is a very heavy effort and requires participation and commitment from all Business areas and users in HQ. This is not just an IT effort. All user home drives migrated. Currently working with departments when they are available to locate and migrate data.

Status Summary: In Progress (On Schedule)

Finding 23-05: Conduct Timely IT Security Audits

Status: The contract has been finalized with the vendor to complete the nine system audits that are past due. The audit for the first set of systems began September 9, 2024, with a plan to complete all nine system audits by the end of the first quarter of 2025. There was a kick-off meeting for the first two audits with a third audit kick-off planned before the end of the fourth quarter, 2024.

Status Summary: In Progress (On Schedule)

Department of Transportation (VDOT)

Audit Year: 2023

Finding 23-01: Improve Offboarding Process. **This is a Repeat Finding.**

Status:

- Engaged the full HR community to work with local supervisors to move all active/incomplete existing separation journeys (offboarding checklists) in the system to completed status for audit review period July 1, 2023 - June 30, 2024. That effort is now completed. All prior periods are now closed/completed.
- Developed reporting functionality in the system to enable tracking of all current and future separation journeys; however, VDOT is still working to resolve system access issues to allow these to be run at any point-in-time as well as ensuring permissions for local HR staff to access. Workaround developed for HRIM team to run static reports and push updates to HR Community in interim to track progress. A solution to the reporting issue within the system was identified and is currently in testing with target to push to production by October 14, 2024, or earlier.
- Convened project team in late April to examine opportunities for streamlining and improving the current separation journey process. New journeys went live on July 16th in the system (Agency-wide communication) with updated User Guides and Training resources.
- New e-learning module deployed on July 16th with Agency communication which articulates why completing the journeys (checklists) is important and address supervisory accountability for completion. Through VDOT University, all supervisors in the Department were auto-assigned this training on July 22nd and given 90 days to complete (mandatory). Reminders are set to occur to those who have not yet completed at 30 days from due date, 20 days from due date, 10 days from due date and 1 day from due date. The training is also auto assigned to new supervisors upon entry

into their role or new hire. Within the first week of training deployment, VDOT has a 47% completion rate and is continuing to monitor as VDOT nears the 90-day due date.

- A separate (non-mandatory) e-learning module was also deployed on July 16th which provides all current and new users a general overview of the functionality and navigation of the system site for new users (employee or supervisor).
- The change in completion due date is to allow for testing time related to the permissions issue for the report. VDOT has met all criteria but is moving to closeout by the first month in order to enable the final planned deliverable versus the workaround and to allow for the full 90 days of training completion.

Status Summary: In Progress (Delayed)

Finding 23-02: Improve Database Security

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Finding 23-03: Upgrade End-of-Life Technology

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Finding 23-04: Conduct IT Risk Assessments and Develop System Security Plans

Status:

1. Risk assessment is current as of June 30, 2024.
2. Risk assessment and system security plan for sensitive systems is in draft form.
3. New Risk Assessment Policy is drafted; currently being reviewed by Division Administrators. VDOT's new goal for publishing is November 30, 2024.

Status Summary: In Progress (On Schedule)

Finding 23-05: Continue Improving Service Provider Oversight. **This is a Repeat Finding.**

Status: Internal COVRAMP (formally ECOS) policy to codify the requirements implemented for previous years is complete and published.

Status Summary: Completed (On Schedule)

Finding 23-06: Improve Change Control Process. **This is a Repeat Finding.**

Status: Corrective action has been completed.

Status Summary: Completed (On Schedule)

Veterans and Defense Affairs

Department of Military Affairs (DMA)

Audit Year: 2022

Finding 22-03: Improve Contract Administration

Status: All tasks are completed with the exception of delegation letters; once delegation letter process is complete, next step will include test work of delegation and agency head sign off.

Status Summary: In Progress (Delayed)



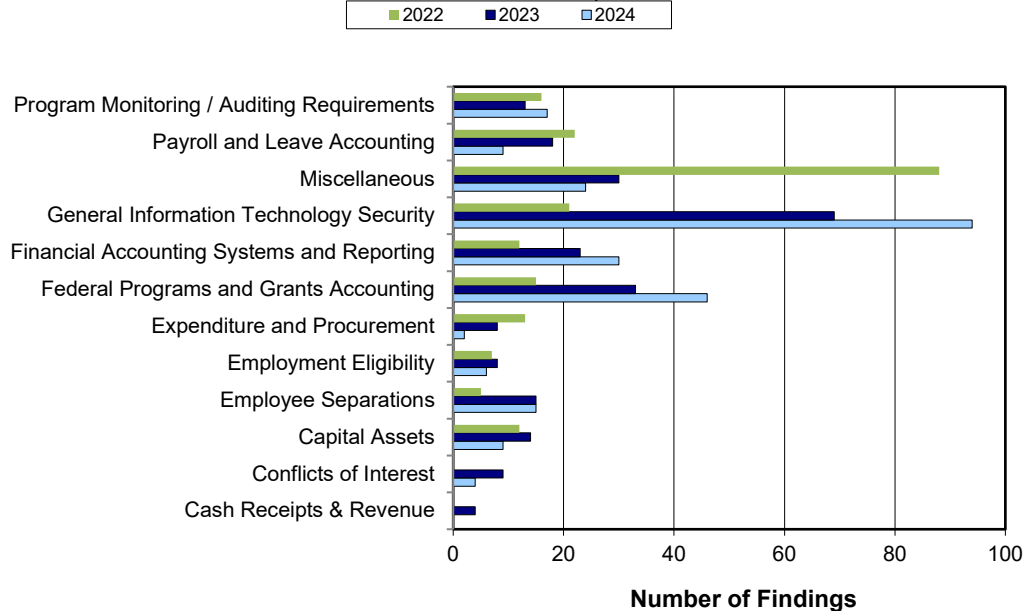
Annual Summary of APA Audit Findings

As of September 30, 2024, the Auditor of Public Accounts issued 31 audit reports in the fiscal year ended 2024. These 31 audits covered 75 Executive Branch and Independent agencies. Of these reports, 11 reflected no internal control weaknesses or compliance findings. The APA identified 256 audit findings that cited internal control weaknesses and instances of noncompliance. For the fiscal year ending 2023, 26 of 34 reports contained findings and 244 total findings were reported.

<u>Category</u>	<u>New Findings</u>	<u>Repeat Findings</u>	<u>Total Findings</u>
General Information and Technology Security	61	33	94
Federal Programs and Grants Accounting	36	10	46
Financial Accounting Systems and Reporting	19	11	30
Miscellaneous	11	13	24
Program Monitoring / Auditing Requirements	6	11	17
Employee Separations	6	9	15
Capital Assets	3	6	9
Payroll and Leave Accounting	4	5	9
Employment Eligibility	4	2	6
Conflicts of Interest	2	2	4
Expenditure and Procurement	2	0	2
	154	102	256

Statewide Findings by Category

FY 2022 - FY 2024 Comparison



Compliance Monitoring

Agency Risk Management and Internal Control Standards (ARMICS) Compliance

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

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

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

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

1. Late completion of the ARMICS annual certification in the ARMICS Certification System (ACS) (without DOA authorization) will result in citation in the current year's 12/31 Comptroller's Quarterly Report (QR).
2. Certification status of Compliant or Partially-Compliant with the documentation of processes required for successful completion of ARMICS found to be insufficient; therefore, the agency's ARMICS certification status was rejected by DOA. This will result in citation in the QR until the agency has submitted and completed a CAP. The status of the agency's submitted CAP will be reported until completion has been certified.
3. Certification status of Non-Compliant, which states that the agency has not complied with ARMICS, will result in continued citation in the QR until the agency complies with the ARMICS standards. The status of the agency's submitted Corrective Action Plan (CAP) will be reported until completion has been certified.
4. Failure to complete the ARMICS annual certification in the ACS will result in citation in the QR until the agency has submitted and completed a CAP. The status of the agency's submitted CAP will be reported until completion has been certified.
5. Substantial non-compliance with the processes required for the successful completion of ARMICS (based on a QAR performed by DOA) will result in continued citation in the QR until the agency has complied with ARMICS and has submitted an ARMICS certification. The status of the agency's submitted CAP will be reported until completion has been certified.–.

DOA is currently reviewing agency certification submissions. As of September 30, 2024, 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 2023 and submitted a Non-Compliant Certification Statement:

Agency Name	Certification Status	Initial Corrective Action Plan Received	Status of Corrective Action
Department of Health	Certified Non-Compliant	Yes	Agency update states internal control deficiencies will be remedied/completed by December 31, 2024.
Department of State Police	Certified Non-Compliant	Yes	Agency update stated internal control deficiencies will be remedied/completed by November 30, 2024.
Frontier Culture Museum of Virginia	Certified Non-Compliant	Yes	Agency update states internal control deficiencies will be remedied/completed by December 31, 2024.
Gunston Hall	Certified Non-Compliant	Yes	Agency update states internal control deficiencies will be remedied/completed by December 31, 2024.
Virginia Racing Commission	Certified Non-Compliant	Yes	The agency corrective action plan does not identify the deficiencies and/or the actions designed to correct the areas of non-compliance. The quarterly update was requested but not received.

The following agencies certified compliant with ARMICS in FY 2023 but did not submit a final approved Corrective Action Plan addressing the prior year deficiencies:

Agency Name	Certification Status	Initial Corrective Action Plan Received	Status of Corrective Action
Department of Criminal Justice Services	Certified Compliant	Yes	This Agency certified non-compliant for FY 2022 and submitted an initial corrective action plan. DOA requested updates to report the progress of the corrective actions, but updates were not received.
Department of Environmental Quality	Certified Compliant	Yes	This Agency certified non-compliant for FY 2022 and submitted an initial corrective action plan. DOA requested updates to report the progress of the corrective actions, but updates were not received.
Department of Military Affairs	Certified Compliant	Yes	This Agency certified non-compliant for FY 2022 and submitted updates through the quarter ended December 31, 2023. The last update stated internal control deficiencies will be remedied/completed by December 31, 2023. DOA requested updates to report the progress of the corrective actions, but updates were not received.

The following agency was not in compliance with the ARMICS process in FY 2023 based on a QAR performed:

Agency Name	Reason for Non-Compliance	Initial Corrective Action Plan Received	Status of Corrective Action
Department of Emergency Management	Non-compliance with ARMICS Agency-level Assessment	Yes	Agency corrective action plan stated that this had already been completed and dated the completion as of September 30, 2024.

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 July and August, the following agencies failed to respond timely, make corrective action and/or provide additional information.

Credit Cash, Excess Expenditures, and Expenditure Credits

As of September 30, 2024

Agency	Jul	Aug
Department of Environmental Quality	X	
Department of General Services	X	X

E-Commerce

Travel Check Charges

In accordance with Chapter 2, 2024 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 first quarter of FY 2025.

Agencies are highly encouraged to sign up board and commission members and other non-employees that receive travel reimbursements on a recurring basis.

Agency Non-Compliance Travel Check Charges

Agency by Secretarial Area	Quarter Ended September 30, 2024	Fiscal Year 2025 To-date Charges
Education		
Virginia Military Institute	\$5.00	\$5.00
Judicial		
General District Courts	\$25.00	\$25.00
Juvenile and Domestic Relations District Courts	\$35.00	\$35.00
Public Safety and Homeland Security		
Corrections--Employee Relations and Training	\$5.00	\$5.00

Payroll Controls

Payroll Certification

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

Differences between the amount certified by the agency to be disbursed based on final edit reports and the amount calculated for payment by the payroll system at confirmation are identified manually. Agencies are required to submit explanations and/or reconciliations of the gross pay differences identified by the end of the day following confirmation. Differences result from agency payroll errors,

miscalculations, data entry errors, and HR changes following data freeze. Although differences do not result in undetected incorrect payments, such errors are avoidable and are not consistent with sound internal control over payroll.

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

Agencies are required to submit payroll certifications by **1:00 pm** the day of confirmation.

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

Payroll Certification Compliance

Agency	Variance Amount (a)	Submitted Late (b)
Administration		
Virginia Management Fellows Program Administration	\$45,980*	
Commerce and Trade		
Department of Energy	704,225*	
Tobacco Region Revitalization Commission	53,194*	
Education		
State Council of Higher Education for Virginia	248,515*	
Southern Virginia Higher Education Center	147,229*	
Executive Offices		
Selected Agencies	2,272,992*	
Health and Human Resources		
Catawba Hospital	81,158*	
Southeastern Virginia Training Center	26,978*	
Independent		
Virginia Worker's Compensation Commission	1,020,407*	
Legislative		
Joint Legislative Audit and Review Commission	625,113*	
Public Safety		
Department of Criminal Justice Services	578,425*	
Transportation		
Department of Motor Vehicles	34,985,648*	
Motor Vehicle Dealer Board	420,204*	
Veterans and Defense Affairs		
Department of Military Affairs	863,060*	

Columns show the following:

- (a) Variance in dollars for agencies whose certified amounts varied from actual computed amounts if the variance is more than \$20,000 for any payrolls processed during the quarter or the explanation for gross pay difference was submitted late.
- (b) The number of certifications that were submitted after the 1:00 pm deadline.
- (*) Agency did not submit certification documentation as required.



Quarterly Payroll Certifications

All employers who pay wages subject to payroll taxes must file an IRS Form 941 (Employer's Quarterly Federal Tax Return) at the end of each quarter. DOA State Payroll Operations prepares and submits Form 941 for each agency using HCM.

Reconciliations of agency totals must be validated, and exceptions identified by the agency. This responsibility can be met by comparing totals that are maintained by the agency with totals in HCM quarterly reports.

Agencies are required to resolve and explain differences within established deadlines to ensure accurate and timely reporting. Signed and completed certifications of quarterly payroll totals are due to State Payroll Operations by the close of business on the first Friday after the quarter ends.

The table below lists agencies and institutions that have failed to comply with the requirement for accurate and timely submission of the quarterly certification.

Agency #	Agency	Late	Incomplete
440	Department of Enviromental Quality	X	
154	Department of Motor Vehicle	X	
143	Division of Debt Collection	X	
417	Gunston Hall	X	
506	Motor Vehicle Dealer Board	X	
141	Office of the Attorney General	X	