

REPORT ON STATEWIDE COMPLIANCE

**FOR THE QUARTER ENDED
SEPTEMBER 30, 2018**



OFFICE OF THE COMPTROLLER

DEPARTMENT OF ACCOUNTS

Prepared and Published by
Department of Accounts
Commonwealth of Virginia
P. O. Box 1971
Richmond, VA 23218-1971

*Text and graphics were produced using
Microsoft Word for Windows in Arial
and Times New Roman fonts.*

TABLE OF CONTENTS

REPORT ON STATEWIDE COMPLIANCE

Quarter Ended September 30, 2018

	Page
STATEMENT OF PURPOSE	2
COMPLIANCE.....	3
Auditor of Public Accounts Reports - Executive Branch and Independent Agencies	3
Audit Reports.....	3
Audit Findings	5
Risk Alerts	10
Special Reports.....	10
Other Audit Reports.....	11
Summary of Prior Audit Findings	13
Status of Prior Audit Findings	15
Annual Summary of APA Audit Findings.....	32
Compliance Monitoring	33
ARMICS Compliance.....	33
Certification of Agency Reconciliation to Cardinal Reports.....	35
E-Commerce.....	36
<i>Travel Check Charges</i>	36
Payroll Controls.....	37
<i>CIPPS/PMIS Payroll Audit</i>	37
<i>CIPPS/PMIS Exceptions</i>	40
<i>Payroll Certification</i>	41
<i>Health Care Reconciliations</i>	43

STATEMENT OF PURPOSE

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

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

This *Quarterly Report* includes information for the quarter ended September 30, 2018, and comparative FY 2018 data.

David A. Von Moll, CPA, CGFM
Comptroller



Virginia Department of Accounts

Financial Accountability. Reporting Excellence.

COMPLIANCE

Auditor of Public Accounts Reports - Executive Branch and Independent Agencies

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

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

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

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

Audit Reports – Quarter Ended September 30, 2018

The APA issued 10 reports covering 24 State Agencies for the Executive Branch and no reports for the Independent Agencies. The last column indicates whether the CAW has been received as of the date of this publication for each agency with audit findings. Note that in some cases, the CAW may not have been received because it is not yet due.

	New Findings	Repeat Findings	Total Findings	CAW Received
Administration				
Department of General Services ⁽¹⁾	0	0	0	N/A
Agriculture and Forestry				
None				
Commerce and Trade				
Department of Mines, Minerals, and Energy	0	0	0	N/A
Innovation and Entrepreneurship Investment Authority	0	0	0	N/A
Education				
Virginia Community College System – Central Office ⁽²⁾	4	0	4	YES

	New Findings	Repeat Findings	Total Findings	CAW Received
Virginia Community College System –Shared Services Center	4	0	4	YES
Blue Ridge Community College	5	0	5	YES
Central Virginia Community College	0	2	2	YES
Eastern Shore Community College	7	1	8	YES
Germanna Community College	0	1	1	YES
J. Sargeant Reynolds Community College	2	0	2	YES
John Tyler Community College	0	1	1	YES
Northern Virginia Community College	4	0	4	YES
Paul D. Camp Community College	4	1	5	YES
Rappahannock Community College	3	0	3	YES
Southside Virginia Community College	8	1	9	YES
Southwest Virginia Community College	0	1	1	YES
Thomas Nelson Community College	9	1	10	YES
Virginia Highlands Community College	0	1	1	YES
Executive Offices				
None				
Finance				
None				
Health and Human Resources				
Disability Services Agencies ⁽³⁾⁽⁵⁾	1	2	3	YES
Independent Agencies				
None				
Natural Resources				
Department of Conservation and Recreation ⁽⁴⁾	2	0	2	YES
Department of Game and Inland Fisheries	6	0	6	YES
Public Safety and Homeland Security				
Department of Emergency Management ⁽⁵⁾	3	2	5	YES
Department of State Police ⁽⁶⁾	29	9	38	YES
Technology				
None				
Transportation				
None				
Veterans and Defense Affairs				
Department of Veterans Services ⁽⁴⁾	4	0	4	NO

- (1) The Department of General Services audit included the Division of Consolidated Laboratory Services and Parking Services.
- (2) The Virginia Community College System audit included 23 Community Colleges, the Virginia Community College System (VCCS) Central Office, and Shared Services Center (VCCS/SSC).
- (3) The Disability Services Agencies included the Department for Aging and Rehabilitative Services (including Wilson Workforce Rehabilitation Center), the Department for the Blind and Vision Impaired (including Virginia Industries for the Blind and Virginia Rehabilitation Center for the Blind and Vision Impaired), the Department for the Deaf and Hard-of-Hearing, and the Virginia Board for People with Disabilities.
- (4) Audit of Capital Assets
- (5) Audit of Select Cycles
- (6) Audit of Select Business Cycles



Audit Findings - Quarter Ended September 30, 2018

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

Education

Blue Ridge Community College

1. Ensure Accuracy in Reporting Accrued Payroll
2. Perform Monthly Reconciliations Between the Benefits System and Other Systems
3. Improve Controls over Employee Terminations
4. Obtain Commonwealth Purchasing System Acceptable Use Agreements
5. Properly Monitor Revenue Contract Deliverables

Central Virginia Community College

1. Improve Compliance over Enrollment Reporting. **This is a Repeat Finding.**
2. Perform and Document Monthly Reconciliations of Direct Loans. **This is a Repeat Finding.**

Eastern Shore Community College

1. Improve Benefits System Reconciliation Process
2. Improve Process over Employee Terminations. **This is a Repeat Finding.**
3. Improve Human Resources Data Reporting Procedures
4. Improve Documentation of Policies and Procedures
5. Improve Fixed Asset Controls
6. Properly Approve P-3 Forms
7. Properly Maintain Faculty Records
8. Improve Reporting to National Student Loan Data System

Germanna Community College

1. Improve Compliance over Enrollment Reporting. **This is a Repeat Finding.**

J. Sargeant Reynolds Community College

1. Improve Process over Petty Cash
2. Improve Internal Controls over Terminated Wage Employees

John Tyler Community College

1. Improve Compliance over Enrollment Reporting. **This is a Repeat Finding.**

Northern Virginia Community College

1. Document Justification for Prepaying Expenses
2. Report Missing Assets
3. Develop Procedures for Identifying Terminated Wage Employees

4. Improve Document Retention for Payroll

Paul D. Camp Community College

1. Ensure Revenue Contracts Are Valid
2. Ensure Leave Liability Report is Complete
3. Implement Proper Procedures for Classifying Missing Assets
4. Establish Chain of Custody Protocol for Critical Documentation
5. Improve Compliance over Enrollment Reporting. **This is a Repeat Finding.**

Rappahannock Community College

1. Improve Reporting to National Student Loan Data System
2. Properly Perform Title IV Calculations
3. Identify and Address Reconciling Items Timely

Southside Virginia Community College

1. Reconcile Benefits System to Other Systems
2. Improve Human Resources Data Reconciliation Procedures
3. Improve Internal Controls over Terminated Employees
4. Deactivate Terminated User Access Timely. **This is a Repeat Finding.**
5. Maintain Legal Agreements
6. Improve Fixed Asset Inventory and Tracking
7. Verify Daily Cash Settlement Reports Timely
8. Ensure Revenue Journal Entries Are Approved Timely
9. Improve Controls over Payroll Processing

Southwest Virginia Community College

1. Improve Compliance over Enrollment Reporting. **This is a Repeat Finding.**

Thomas Nelson Community College

1. Ensure Everyone Knows How to Send Sensitive Information Securely
2. Comply with Prompt Payment Requirement
3. Improve Segregation of Duties between Human Resources and Payroll
4. Ensure Terminated Employees Are Properly Classified in the Payroll System
5. Perform Small Purchase Charge Card Reconciliations in Accordance with Commonwealth Requirements
6. Deactivate Terminated User Access Timely. **This is a Repeat Finding.**
7. Ensure Employee Clearance Forms Are Completed at Termination
8. Ensure Access to Commonwealth's Retirement Benefits System is Controlled Across the System
9. Ensure Reconciling Inventory Items Are Properly Classified

10. Report Allowance for Doubtful Accounts Quarterly

Virginia Community College System – Central Office

1. Improve Effectiveness of System Access Controls
2. Improve Software Patching and Vulnerability Mitigation Processes
3. Improve Web Application Security
4. Complete a Risk Assessment for Each Sensitive System

Virginia Community College System – Shared Services Center

1. Encourage the Communication of Responsibilities for Shared Services
2. Through a Separate Evaluation, Monitor the Internal Controls of the Shared Services Center
3. Confirm that No Reconciliation is Appropriate
4. Retain Supporting Documentation for Payments

Virginia Highlands Community College

1. Improve Compliance over Enrollment Reporting. **This is a Repeat Finding.**

Health and Human Resources

Disability Service Agencies

1. Comply with the Commonwealth Neurotrauma Initiative Trust Fund Requirements
2. Improve Documentation and Reconcile Checks Received. **This is a Partial Repeat.**
3. Improve Documentation and Timeliness of the Commonwealth's Benefit System Reconciliations. **This is a Partial Repeat.**

Natural Resources

Department of Conservation and Recreation

1. Improve the Timeliness of Recording Fixed Asset Additions
2. Improve Property Asset Tagging

Department of Game and Inland Fisheries

1. Improve Quarterly Access Review of the Commonwealth's Purchasing System
2. Improve Controls Surrounding the SPCC Program
3. Enforce Timeliness of Employee Travel Reimbursement Requests
4. Improve the License Revenue Reconciliation Process
5. Improve Logical Access Controls
6. Improve Budget Development and Management Process

Public Safety and Homeland Security

Department of Emergency Management

1. Continue to Strengthen Internal Controls over Time and Effort Reporting for Federal Grants. **This is a Repeat Finding.**
2. Strengthen Internal Controls over Journal Entries. **This is a Repeat Finding.**
3. Improve Controls over Payroll Adjustments
4. Improve Process for Allocating Overhead Costs
5. Continue to Improve Management of the Radiological Emergency Preparedness Fund

Department of State Police

1. Continue to Upgrade and Replace End-of-Life Technology. **This is a Repeat Finding.**
2. Align Information Technology Security Audits with Current Sensitive Systems
3. Perform Information Technology Security Audits
4. Improve Business Impact Analysis
5. Improve Disaster Recovery Plan
6. Improve Risk Assessments
7. Continue to Improve Web Application Security. **This is a Repeat Finding.**
8. Obtain, Review, and Document Service Organization Control Reports of Third-Party Service Providers
9. Strengthen User Access Policies and Procedures. **This is a Repeat Finding.**
10. Timely Remove Terminated Employee Access to the Commonwealth's Lease Accounting System
11. Timely Remove Terminated Employee Access to the Commonwealth's Fixed Asset System
12. Timely Remove Terminated Employee Access to the Commonwealth's Purchasing System
13. Deactivate Access to the Commonwealth's Purchasing System
14. Align Fixed Asset Accounting Policies with Code of Virginia and CAPP Manual Best Practices. **This is a Repeat Finding.**
15. Enter Assets into the Commonwealth's Fixed Asset System in a Timely Manner
16. Capitalize Fixed Assets in Accordance with Commonwealth and State Police Policy
17. Complete Fixed Assets Physical Inventories. **This is a Repeat Finding.**
18. Develop a Methodology for Estimating Useful Lives
19. Develop a Method for Estimating Salvage Value
20. Update the Commonwealth's Fixed Assets System to Reflect Asset Disposals. **This is a Repeat Finding.**
21. Adequately Document Fixed Asset Reconciliations. **This is a Repeat Finding.**
22. Publish Updated Internal Procurement Policies and Procedures Manual
23. Improve Documentation of Sole Source Contract Procurements
24. Perform Contract Management Responsibilities
25. Align Internal Purchase Card Policies with CAPP Manual Best Practices
26. Perform Purchase Card Program Administrator Responsibilities. **This is a Partial Repeat Finding.**
27. Retain Adequate Documentation to Support Purchase Card Program
28. Complete Purchase Card Reconciliations Timely
29. Complete Cardholder and Supervisor Training Annually

30. Submit Indirect Cost Rate Proposals Timely
31. Document Treasury Loan Policies and Procedures
32. Align Internal Policies and Procedures with the Virginia Debt Collection Act and Commonwealth Accounting Policies and Procedures
33. Improve Accounts Receivable Collection Process
34. Improve Accounts Receivable Tracking Process
35. Improve Processes over Work Zone Project Billings. **This is a Repeat Finding.**
36. Document Detailed Reconciliation Policies and Procedures
37. Confirm Retirement Contribution Snapshots Timely
38. Document Retirement Benefits System Reconciliations

Department of Veterans Services

1. Improve Capital Asset Accounting Policies and Procedures
2. Improve Controls over Capital Assets
3. Properly Record Capital Asset Additions
4. Perform Physical Inventory



Risk Alerts – Quarter Ended September 30, 2018

No “Risk Alerts” were issued.

Special Reports – Quarter Ended September 30, 2018

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

Progress Report on Implementation of JLARC Recommendations as of June 2018

Report on Compliance – NCAA Subsidy Percentage Requirements for the year ended June 30, 2017

Report to the Joint Legislative Audit and Review Commission for the quarter April 1, 2018 through June 30, 2018

Virginia Retirement System GASB 68 Schedules:

- Political Subdivision Retirement Plans for the fiscal year ended June 30, 2017
- State Employee Retirement Plan for the fiscal year ended June 30, 2017
- Teacher Retirement Plan for the fiscal year ended June 30, 2017

Virginia Retirement System GASB 75 Schedules:

- Department of Human Resource Management – Commonwealth of Virginia State Health Plans Program for Pre-Medicare Retirees for the year ended June 30, 2017
- Disability Insurance Program for the fiscal year ended June 30, 2017
- Group Life Insurance Plan for the fiscal year ended June 30, 2017
- Political Subdivision Health Insurance Credit Plans for the fiscal year ended June 30, 2017
- State Health Insurance Credit Plan for the fiscal year ended June 30, 2017
- Teacher Health Insurance Credit Plan for the fiscal year ended June 30, 2017
- Virginia Retirement System – Line of Duty Act Program for the year ended June 30, 2017

Virginia Retirement System Management’s Assertions Related to Census Data for OPEB Plans for the year ended June 30, 2016

Virginia Retirement System Management’s Assertions Related to Census Data for the year ended June 30, 2016

Other Audit Reports – Quarter Ended September 30, 2018

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

Clerk of the Supreme Court of Appeals in Virginia for the year ended June 30, 2017

Clerk of the Supreme Court of Virginia for the year ended June 30, 2017

Richard Bland College Review as of June 30, 2017

Virginia Board of Bar Examiners for the year ended June 30, 2017

Virginia Commercial Space Flight Authority for the year ended June 30, 2018

Virginia Land Conservation Foundation – Audit of Revenue and Other Transfers – for the year ended June 30, 2017

Virginia Lottery – Reports on Applying Agreed-Upon Procedures for the period April 2017 through March 2018:

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

Virginia State Bar for the year ended June 30, 2017

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

Judicial Branch – Audit of Capital Assets and Information Technology Project Management – for the year ended June 30, 2017

Potomac River Fisheries Commission for the year ended June 30, 2018

Internal Control Questionnaire Reviews for the Week Ended September 30, 2018

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

Department of Professional and Occupational Regulation Internal Control Questionnaire Review Results as of May 2018

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

Commonwealth’s Attorneys’ Services Council Internal Control Questionnaire Review Results as of March 2018

New College Institute Internal Control Questionnaire Review Results as of April 2018

Virginia Museum of Fine Arts Internal Control Questionnaire Review Results as of June 2018



Auditor of Public Accounts Reports - Executive Branch Agencies

Summary of Prior Audit Findings

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

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

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Administration				
Department of General Services	0	1	0	0
Department of Human Resource Management	3	1	0	1
Commerce and Trade				
Virginia Employment Commission	4	5	0	0
Education				
Christopher Newport University	1	0	1	0
Department of Education	0	5	0	0
George Mason University	2	1	0	1
James Madison University	1	0	1	0
Longwood University	8	0	0	0
Norfolk State University	5	1	1	0
Old Dominion University	1	0	0	0
Richard Bland College	12	0	2	0
Southern Virginia Higher Education Center	0	1	0	0
The College of William and Mary in Virginia	0	0	1	0
University of Mary Washington	2	0	3	0
University of Virginia	0	2	0	0
University of Virginia Medical Center	0	3	0	0
Virginia Commonwealth University	0	1	1	1
Virginia School for the Deaf and Blind	2	0	0	0
Virginia State University	2	0	2	0
Finance				
Department of Accounts	1	0	0	0
Department of the Taxation	5	0	0	0
Department of the Treasury	0	2	1	1
Health and Human Resources				
Department of Behavioral Health and Developmental Services	0	3	0	0
Department of Health	0	1	0	0

	IN PROGRESS		COMPLETED	
	On Schedule	Delayed	On Schedule	Delayed
Department of Medical Assistance Services	0	4	2	1
Department of Social Services	0	0	1	2
Natural Resource				
Department of Game and Inland Fisheries	1	0	1	1
Public Safety and Homeland Security				
Department of Alcoholic Beverage Control	0	1	0	0
Department of Corrections	0	0	0	1
Department of State Police	0	4	0	0
Transportation				
Department of Motor Vehicles	1	4	0	0
TOTALS	51	40	17	9



Status of Prior Audit Findings

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

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

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

Administration

Department of General Services (DGS)

Audit Year: 2015

Finding 15-01: Improve Information Security Program

Status: BIA Policy has been created. VITA has been engaged to assist with vulnerability scanning and DGS is at the top of their list to begin scans. DGS started working with the project managers and VITA to resolve the inconsistencies in sensitive systems. Initial conversations have been made regarding attaching the roles and responsibilities to DGS EWP's. DGS has begun the planned 2018 risk assessments. One SOR was kicked off in May 2018. The second SOR selection process is complete and work is expected to begin by December 31, 2018.

Status Summary: In Progress (Delayed)

Department of Human Resource Management (DHRM)

Audit Year: 2017

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

Status: Implementation in Progress.

Status Summary: In Progress (On Schedule)

Finding 17-02/16-01/15-01: Improve IT Risk Management and Disaster Recovery Planning. **This is a Partial Repeat Finding.**

Status: Analysis is in progress.

Status Summary: In Progress (Delayed)

Finding 17-03/16-02/15-02: Improve Security Awareness and Training. **This is a Repeat Finding.**

Status: Corrective action plan has been completed.

Status Summary: Completed (Delayed)

Finding 17-04: Improve Vulnerability Identification and Mitigation Process

Status: Hiring has been completed. A Data Security Analyst is now working on the implementation of a solution to address this finding.

Status Summary: In Progress (On Schedule)

Finding 17-05: Improve Database and Application Security

Status: Hiring has been completed. A Data Security Analyst is now working on the implementation of a solution to address this finding.

Status Summary: In Progress (On Schedule)

Commerce and Trade

Virginia Employment Commission (VEC)

Audit Year: 2017

Finding 17-01/16-01: Continue to Upgrade Unsupported Technology. **This is a Repeat Finding.**
Status: NG is scheduled to complete their portion of the work on July 11, 2018. The cable vendor has over-allocated themselves and has not been able to fulfill their portion either. VEC is expecting this to be completed by October 1, 2018.

Status Summary: In Progress (Delayed)

Finding 17-02/16-02/15-03/14-03: Continue to Improve Oversight over IT Risk Assessments. **This is a Repeat Finding.**

Status: VEC is in the process of documenting sensitive system Risk Assessments.

Status Summary: In Progress (On Schedule)

Finding 17-03/16-03/15-06: Continue to Improve Oversight over Third-Party Service Providers. **This is a Repeat Finding.**

Status: The vendor is working on a SOC 2 Type 2 Report. A formal Policy for third-party providers is being developed.

Status Summary: In Progress (On Schedule)

Finding 17-04: Continue to Improve Database Security. **This is a Repeat Finding.**

Status: The virtual to physical conversion was completed on May 31, 2018. Since then the Finance team has been focused on State year-end close out and does not want to introduce any additional changes into the environment until this is complete. VEC expects the database upgrade to be complete by December 31, 2018.

Status Summary: In Progress (Delayed)

Finding 17-05: Evaluate, Revise, and Implement the Change Management Process

Status: The Information Technology Division has drafted changes to the Change and Configuration Management Plan to incorporate the suggestions of the APA. As VEC is in the process of changing or creating all Information Security Policies, the Change and Configuration Management Plan was modified to fit within the new agency template for Policies. The Configuration Management Policy will replace the Change and Configuration Management Plan after approved by the Commissioner. As an interim step, the Information Technology Division has adopted the suggestions of the APA in its daily practices of firewall rule changes. VEC expects the new policy to be approved by the Commissioner when the next set of policies is forwarded for approval by October 31, 2018.

Status Summary: In Progress (Delayed)

Finding 17-06: Risk Management and Contingency Planning Documentation

Status: The Continuity Plan was updated April 30, 2018. Risk assessments are in progress in accordance with the Risk Assessment Plan. The DRP, BIA and Data Sensitivity Classifications will be updated in 2018.

Status Summary: In Progress (On Schedule)

Audit Year: 2016

Finding 16-06/15-04: Continue Improving Physical and Environmental Security. **This is a Repeat Finding.**

Status: Physical access to the facility is controlled by a badge access and a 24/7 security guard contingent. Electronic and paper logs are reviewed on a monthly basis, including Data Center. Fire suppression installation is on hold due to potential data center relocation.

Status Summary: In Progress (Delayed)

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

Status: VEC is working on a Separation of Duties (SoD) matrix for each mission essential system. SoD's for VABS and VUIS-Tax are complete.

Status Summary: In Progress (On Schedule)

Audit Year: 2015

Finding 15-02: Obtain Approval to Use End-of-Life Operating Systems

Status: VEC is in the process of converting its LAN infrastructure to a VITA-managed service. This is the last piece of unsupported technology. A VITA work order has been created (VEC 7614) for this effort.

Status Summary: In Progress (Delayed)

Education

Christopher Newport University (CNU)

Audit Year: 2017

Finding 17-01: Perform Periodic Vulnerability Scans

Status: Conduct periodic vulnerability scans on mission critical and sensitive systems and subsequently evaluate the results and remediate any vulnerabilities on a timely basis.

Status Summary: Completed (On Schedule)

Finding 17-02: Improve Controls over Purchasing System Access

Status: Departments have met, determined the best course of action to fulfill this requirement, and have begun necessary changes to procedures and coordination between the departments.

Status Summary: In Progress (On Schedule)

Department of Education (DOE)

Audit Year: 2017

Finding 17-06: Drawdown Federal Grant Funds as Instructed and Update Loan Request with Important Facts

Status: Developed New Grant Program Application Approval Form to be completed by Program Offices to ensure proper notification of new sources of federal grant funding being received by DOE (other than USED and USDA). Part A of the form will be routed by the Program Office with all required supporting documentation prior to grant applications being submitted to awarding entities for consideration; Part B of the form will be routed by the Program Office upon notification of grant funding, ensuring proper follow-up for grant terms and instructions including Fiscal Services drawdown access accounts (other than existing/recurring USED and USDA grant awards), and acknowledgment by Program Offices of responsibilities for financial reporting. (Completed March 2017; implemented August 2017) Improved Fiscal Services processes to include immediate notification to the Director and Associate Director for any federal payments made for which immediate drawdown has not been made, including explanation/justification for delay in drawdowns. Current SOPs updated to document improved processes. (Completed April 2018)

Macro/queries are being re-written to facilitate review process. Manual processes are being developed. During the interim, compensating controls are in place to ensure timely draws of federal grant funds. (In Progress) Provided DOA with explanation for why DOE was placed in restricted status with HHS (SAMHSA), resulting in the request for the TRS Loan of \$1.6 million. (Completed December 2017)

Status Summary: In Progress (Delayed)

Finding 17-10/16-05: Continue to Improve Information Security Program and IT Governance. **This is a Repeat Finding.**

Status: Gap Analysis of Information Security Program and three-year mitigation plan nearing completion has been completed and received. The plan has been presented to the Superintendent for review and comment. VITA Audit Services delivery of Final IT Audit Report General Security

Controls has been completed and received. VITA Audit Services is unable to complete delivery of the Final IT Audit Report Test Work by CY 2018 Q2/Q3. Superintendent to meet with VITA to determined options moving forward. Risk assessments of sensitive systems have been completed and received.

Status Summary: In Progress (Delayed)

Finding 17-11/16-06: Improve Database Security. **This is a Repeat Finding.**

Status: Gap Analysis of Information Security Program and three-year mitigation plan nearing completion has been completed and received. The plan has been presented to the Superintendent for review and comment. VITA Audit Services delivery of Final IT Audit Report General Security Controls has been completed and received. VITA Audit Services is unable to complete delivery of the Final IT Audit Report Test Work by CY 2018 Q2/Q3 - Superintendent to meet with VITA to determined options moving forward.

Status Summary: In Progress (Delayed)

Audit Year: 2015

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

Status: Gap Analysis of Information Security Program and three-year mitigation plan nearing completion has been completed and received. The plan has been presented to the Superintendent for review and comment. VITA Audit Services delivery of Final IT Audit Report General Security Controls has been completed and received. VITA Audit Services is unable to complete delivery of the Final IT Audit Report Test Work by CY 2018 Q2/Q3 - Superintendent to meet with VITA to determined options moving forward.

Status Summary: In Progress (Delayed)

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

Status: Gap Analysis of Information Security Program and three-year mitigation plan nearing completion has been completed and received. The plan has been presented to the Superintendent for review and comment. VITA Audit Services delivery of Final IT Audit Report General Security Controls has been completed and received. VITA Audit Services is unable to complete delivery of the Final IT Audit Report Test Work by CY 2018 Q2/Q3 - Superintendent to meet with VITA to determined options moving forward.

Status Summary: In Progress (Delayed)

George Mason University (GMU)

Audit Year: 2017

Finding 17-01: Improve Information Security Policies and Procedures

Status: New structure for policy and standards is being evaluated, based on NIST standards. Current policies are being reviewed for compatibility; physical environment and access standards are being updated. Primary responsibility to ensure that university IT Security policies are up to date and providing appropriate protections added to CISO position description May15, 2018.

Status Summary: In Progress (On Schedule)

Finding 17-02: Improve Firewall Security

Status: This finding is FOIA Exempt. The Initial response for this finding has been submitted directly to APA.

Status Summary: In Progress (On Schedule)

Audit Year: 2016

Finding 16-01: Improve Database Security

Status: This finding is FOIAE. Status information for this finding submitted directly to APA.

Status Summary: In Progress (Delayed)

Audit Year: 2015

Finding 15-02: Develop and Incorporate Information Transfer Policies, Procedures, and Agreements into the University's Information Security Program

Status: Corrective action plan has been completed.

Status Summary: Completed (Delayed)

James Madison University (JMU)

Audit Year: 2017

Finding 17-01: Improve Infrastructure Device Security

Status: Completed review of security standard. Developed standards for vulnerability, patch and change management. Consultants were evaluated and a qualified vendor is available but JMU decided not to use the consultant to review these three items.

Status Summary: Completed (On Schedule)

Finding 17-02: Assess and Classify Systems Based on Data Sensitivity

Status: Hired IT Risk and Compliance analyst

Reviewed existing model and assigned new data and system classifications. Re-evaluating systems in light of new classification model to create new list of sensitive systems. Working on new process to solicit, evaluate and review SOC II and/or other independent security assessments for third-party vendors.

Status Summary: In Progress (On Schedule)

Longwood University (LU)*

Audit Year: 2017

Finding 17-01: Improve Database Security and Information System Access Controls. **This is a Material Weakness.**

Status: No initial corrective action plan received.

Status Summary: In Progress (On Schedule)

Finding 17-02: Improve Capital Asset Policies and Procedures That Support Financial Reporting. **This is a Material Weakness and a Repeat Finding.**

Status: No initial corrective action plan received

Status Summary: In Progress (On Schedule)

Finding 17-03: Properly Estimate Scholarship Allowance

Status: No initial corrective action plan received

Status Summary: In Progress (On Schedule)

Finding 17-04/15-04: Continue to Improve Oversight of Third-Party Service Providers. **This is a Repeat Finding.**

Status: No initial corrective action plan received

Status Summary: In Progress (On Schedule)

Finding 17-05/16-04: Continue to Improve Continuity of Operations Planning. **This is a Repeat Finding.**

Status: No initial corrective action plan received

Status Summary: In Progress (On Schedule)

Finding 17-06: Continue to Improve Virtual Private Network Security. **This is a Partial Repeat Finding.**

Status: No initial corrective action plan received

Status Summary: In Progress (On Schedule)

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

Finding 17-07/16-05: Continue to Improve Server Operating System Security. **This is a Partial Repeat Finding.**

Status: No initial corrective action plan received

Status Summary: In Progress (On Schedule)

Finding 17-08/16-02: Continue to Develop a Process for Tracking Federal Grant Time and Effort Reporting. **This is a Repeat Finding.**

Status: No initial corrective action plan received

Status Summary: In Progress (On Schedule)

Norfolk State University (NSU)

Audit Year: 2017

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

Status: NSU Information Technology Services (ITS) continues to make progress in this area. NSU is in progress of employing a CISO, and Security Analysts. In the area of development of NSU's Security Program, VITA ISO has validated NSU IT Policies to include Information Security Program Policies, Information Security Roles & Responsibility Policy and IT Configuration Management Policy. ITS Internal Business Impact Analysis remains in progress. This includes steps on documenting critical systems, validating inventory list, and developing security plans for critical systems. The update and consolidation of current security policies and procedures are in progress. This includes reduction efforts to consolidate existing IT Policies (140) to (29) IT Policies. There are several policies in the approval cycle. The development of the contingency program is pending. ITS has gathered lessons learned from COOP exercise conducted during the hurricane warning and rewriting plan to address gaps. The expected outcomes include the following: Adequate staffing to support the Security Program, promulgate updated IT policy and procedures for implementation, perform internal IT audits quarterly to verify newly developed policies and procedures, perform period plan walk-throughs and exercises for continuous improvement, and monitor continuous improvement.

Status Summary: In Progress (On Schedule)

Finding 17-02/16-02/15-02: Conduct Information Technology Security Audits on Sensitive Systems. **This is a Repeat Finding.**

Status: NSU ITS is currently under an agreement with VITA CSRM Security Audit Services to conduct a full SEC501 IT Security Audit. NSU is on schedule to begin the security audit in December 2018. NSU ITS is in progress with establishing internal audits to align with the development of the security program and developing a continual monitoring model to support security risk identification. The expected outcomes include mitigating findings from audits and schedule quarterly internal IT audits and monthly vulnerability scans in concert with the security program. NSU target for the IT internal audits is to be complete by March 2019.

Status Summary: In Progress (On Schedule)

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

Status: NSU ITS continues to replace off of End of Life technology. ITS is in progress with the datacenter migrating applicable physical hardware to virtual environments, upgrading legacy systems operating system, migrating workstations from WIN7 to WIN10 and developing a plan with legacy system owners to migrate off of end-of life technology. The expected outcomes include updated policies to reflect IT refresh plan for end-of-life hardware and software and in concert with Security Program, evaluate legacy system to determine university risk acceptance

Status Summary: In Progress (On Schedule)

Finding 17-04: Improve IT Asset Surplus and Sanitization Controls. **This is a Repeat Finding.**

Status: NSU is in progress of documenting surplus process and procedures and training support staff. The expected outcomes includes updated policies and procedures and conduct internal audits quarterly to validate adherence to policy and procedures.

Status Summary: In Progress (On Schedule)

Finding 17-05: Improve Firewall Management

Status: NSU ITS is in progress with updating security policy to align with the appropriate separation of duties, and documenting maintenance procedures and implement. NSU ITS has developed a firewall change request process. The expected outcomes includes updated policies and procedures and conduct internal audits quarterly to validate adherence to policy and procedures.

Status Summary: In Progress (On Schedule)

Finding 17-06: Improve Controls Over the Disposal of Fixed Assets

Status: NSU has implemented an updated disposal process which includes verification from NSU's central warehouse of when assets physical leave campus. The controller's office is in the process of updating the procedures to document the disposal process flow. Education to the campus community will continue through the Finance and Administration forums and newsletters.

Status Summary: Completed (On Schedule)

Finding 17-07: Improve Controls over Terminated Employees

Status: NSU's Office of Human Resources (OHR) has made progress in this area. The HR newsletter to supplement the training of the managers and supervisor across campus has been implemented. Along with the current clearance process, the monthly termination listing from PMIS have been provided ITS. The President's office continues to monitor compliance over this area. Moving forward, since OHR receives the employee separation form, prior to analyzing the form, OHR will communicate with the department to ensure the clearance form has been initiated. As the new terminations move through these established controls, compliance will be achieved.

Status Summary: In Progress (Delayed)

Old Dominion University (ODU)

Audit Year: 2017

Finding 17-01 Improve Enrollment Reporting Process. This is a Partial Repeat Finding.

Status: ODU through Ellucian has received additional guidance on program reporting for changes made mid-term. Ellucian is continuing to adapt the logic for the NSLDS/Clearinghouse reporting file.

Status Summary: In Progress (On Schedule)

Richard Bland College (RBC)*

Audit Year: 2017

Finding 17-01/16-01/15-01/14-02: Improve the Financial Reporting Process. This is a Repeat Finding and a Material Weakness.

Status: In partnership with CWM, RBC has hired a Chief Business Officer. RBC worked very closely with Finance staff at CWM to ensure statements were submitted on time and accurate. There continues to be some business processes that are in place that have created challenges around reconciling and resulting in numerous entries at year end. While RBC is confident in the progress RBC has made to date, this remains an area that will take some additional time to complete as addressed in the CAW FY 2017.

Status Summary: In Progress (On Schedule)

Finding 17-02/16-13: Strengthen Internal Controls over Capital Assets. This is a Repeat Finding and a Material Weakness.

Status: RBC completed a physical inventory on June 24, 2018. Capital assets have been identified and a procedure for tagging, tracking and disposing of capital assets is in development.

Status Summary: In Progress (On Schedule)

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

Finding 17-03: Improve Controls Surrounding the Reconciliation between the College's and the Commonwealth's Accounting and Financial Reporting Systems

Status: No initial corrective action plan submitted.

Status Summary: In Progress (On Schedule)

Finding 17-04: Require Documentation of Property Collection from Terminated Employees. **This is a Repeat Finding.**

Status: No initial corrective action plan received.

Status Summary: In Progress (On Schedule)

Finding 17-05: Continue to Address Findings Included in U.S. Department of Education's Program Review Report

Status: No initial corrective action plan received.

Status Summary: In Progress (On Schedule)

Finding 17-06: Strengthen Internal Controls over Verifications

Status: No initial corrective action plan received.

Status Summary: In Progress (On Schedule)

Finding 17-07: Implement Procedures for Monitoring Third-Party Servicers

Status: No initial corrective action plan received.

Status Summary: In Progress (On Schedule)

Finding 17-08: Strengthen Internal Controls over Federal Cash Management

Status: No initial corrective action plan received.

Status Summary: In Progress (On Schedule)

Finding 17-09: Improve Reconciliation Process of the Commonwealth's Retirement Benefits System. **This is a Repeat Finding**

Status: As of February 2018, RBC myVRS Navigator reconciliations were up-to-date. They have been completed every month and there are currently 1-2 discrepancies that need to be cleared. The action needed to clear these discrepancies relates to interface delays between the various systems. Once they all "catch-up", the discrepancies should clear. There is no further action required by RBC related to the current discrepancies.

Status Summary: Completed (On Schedule)

Finding 17-10: Develop Procedures for Proper Accrual of Accounts Payable

Status: No initial corrective action plan received.

Status Summary: In Progress (On Schedule)

Finding 17-11: Develop Policies and Procedures for the Write-off of Accounts Receivable

Status: No initial corrective action plan received.

Status Summary: In Progress (On Schedule)

Audit Year: 2016*

Finding 16-04/15-04: Improve Controls over Expenditure Vouchers. **This is a Repeat Finding.**

Status: RBC hired a temporary part-time analyst to assist in the reconciliations and year-end close. RBC has hired an Executive Director to begin in September 2018. RBC is currently completing ARMICS review in partnership with internal audit at CWM.

Status Summary: In Progress (On Schedule)

Finding 16-05/15-06/14-03: Continue to Improve Information Security Program. **This is a Repeat Finding.**

Status: Corrective action plan has been completed.

Status Summary: Completed (On Schedule)

Finding 16-13: Develop Policies and Procedures to Identify Potential Capital Assets
Status: RBC completed a physical inventory on June 24, 2018. Capital assets have been identified and a procedure for tagging, tracking and disposing of capital assets is in development.
Status Summary: In Progress (On Schedule)

Southern Virginia Higher Education Center (SVHEC)

Audit Year: 2016

Finding 16-01: Strengthen Fixed Asset Inventory and Related Documentation
Status: CFOO is working with Budget and Finance Administrator and Fiscal Technician to review CAPP Topic requirements for Fixed Assets. Budget and Finance Administrator and Fiscal Technician need additional training as they have not worked with fixed assets before. Fixed asset department policy is in draft status and will be reviewed and approved during the next quarter. CFOO will assume responsibility for implementing the department policy. The responsibility was previously assigned to the Accounting Manager (Budget and Finance Administrator). Some employees who were previously assigned to assist with department inventory and fixed asset management have resigned. This responsibility will need to be assigned to new employees who will be trained on the process.
Status Summary: In Progress (Delayed)

The College of William and Mary in Virginia (CWM)

Audit Year: 2017

Finding 17-01: Properly Classify Net Position Restrictions
Status: Financial reporting reviewed the quasi endowment net position balances and classified the amounts in accordance with GASB standards.
Status Summary: Completed (On Schedule)

University of Mary Washington (UMW)

Audit Year: 2017

Finding 17-01/16-03: Complete Implementation of the Process for Granting and Restricting Elevated Workstation Privileges. **This is a Repeat Finding.**
Status: Work continues to remove local elevated privileges from non-authorized users.
Status Summary: In Progress (On Schedule)

Finding 17-02: Improve Controls over Financial System Access. **This is a Repeat Finding.**
Status: Enhanced processes have begun for restricting access to critical application processes based on the principle of least privilege.
Status Summary: In Progress (On Schedule)

Finding 17-03: Conduct Information Technology Security Audits on Sensitive Systems
Status: UMW's management has allocated additional resources to ensure comprehensive IT Security Audits are performed in accordance with the VITA's auditing standard. The sensitive systems have been incorporated in the Internal Audit Department's annual plan.
Status Summary: Completed (On Schedule)

Finding 17-04: Improve Enrollment Reporting Process
Status: Office of the Registrar implemented a process to identify unusual circumstances and take appropriate action. Office of Financial Aid will review and adjust Title IV accordingly.
Status Summary: Completed (On Schedule)

Audit Year: 2016

Finding 16-04: Improve IT Risk Management and Contingency Process
Status: Corrective action plan has been completed.
Status Summary: Completed (On Schedule)

University of Virginia (UVA/AD)

Audit Year: 2017

Finding 17-03: Improve Terminated Employee Procedures

Status: Workday implementation is still ongoing.

Status Summary: In Progress (Delayed)

Finding 17-04: Comply with Commonwealth Requirements for Wage Employees

Status: Workday implementation is still ongoing.

Status Summary: In Progress (Delayed)

University of Virginia Medical Center (UVAH)

Audit Year: 2017

Finding 17-01: Improve Database Security

Status: UVAH is still working with vendor to determine remediation.

Status Summary: In Progress (Delayed)

Finding 17-02: Improve IT Risk Management Process and Documentation

Status: Continued valuation of risk assessment.

Status Summary: In Progress (Delayed)

Finding 17-03: Improve Oversight of Third Party Service Providers

Status: UVAH is still working on developing a comprehensive risk assessment.

Status Summary: In Progress (Delayed)

Virginia Commonwealth University (VCU)

Audit Year: 2017

Finding 17-01: Improve Risk Management and Continuity Planning Documentation

Status: The VCU Server Provisioning Plan system is online. All new security plans are in the new system and existing plans are being migrated.

Status Summary: In Progress (Delayed)

Finding 17-04: Implement Newly Developed Policies over Information Technology Third-Party Service Providers

Status: Corrective action plan has been completed.

Status Summary: Completed (On Schedule)

Audit Year: 2016

Finding 16-02: Improve Oversight of Information Technology Third-Party Service Providers

Status: Corrective action plan has been completed.

Status Summary: Completed (Delayed)

Virginia School for the Deaf and Blind (VSDB)

Audit Year: 2017

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

Status: Work continues and it is estimated to take about two years to complete.

Status Summary: In Progress (On Schedule)

Audit Year: 2015

Finding 15-01: Document Firewall Policies and Procedures and Continue to Develop and Implement an Information Security Program. **This is a Repeat Finding.**

Status: Work continues and it is estimated to take about two years to complete.

Status Summary: In Progress (On Schedule)

Virginia State University (VSU)

Audit Year: 2017

Finding 17-02: Improve User Access Controls. This is a Partial Repeat Finding.

Status: Technology Services is working with Human Resources to modify the current on-boarding process. This control modification is progress. The Automated Access Request Form has been implemented. Guest access will continue to be a manual process in certain cases. The Identity Management System is currently in the planning phase. The ECOS form is in review at VITA. The system will employ both two factor authentication and a single sign on solution. The annual access review for all sensitive systems is in progress. The lists have been distributed to Data Owners and annual security role training is scheduled for the week of July 11, 2018.

Status Summary: In Progress (On Schedule)

Finding 17-03: Improve Documentation of Emergency and Sole Source Contract Procurements

Status: Office of Procurement has completed revising and completing the emergency and sole source checklist and discussed this with Purchasing Officers. Discussions have been held with all Purchasing staff regarding the use of the internal emergency and sole source requirement checklist.

Status Summary: In Progress (On Schedule)

Finance

Department of Accounts (DOA)

Audit Year: 2017

Finding 17-01: Ensure all Nonexempt Active Vendors in the Commonwealth's Accounting and Financial Reporting System Have a Form W-9

Status: CVG, with the assistance of Cardinal PPS, has deactivated nearly 89,000 vendors in Cardinal who have never been paid. CVG has found that there are approximately 39,000 vendors in Cardinal who have been paid and are not exempt. CVG is researching the best way to handle the magnitude of this project.

Status Summary: In Progress (On Schedule)

Department of Taxation (TAX)

Audit Year: 2017

Finding 17-01: Strengthen Access Controls

Status: AR roles have been recertified. In addition user access has been recertified.

Status Summary: In Progress (On Schedule)

Finding 17-02: Improve Service Account Management

Status: System Security plans are in the process of being updated and will include all service accounts and will be completed by September 30, 2018. Service Accounts will be managed in Sailpoint and Vaulted in Cyberark. Cyberark has been implemented and all service accounts will be added to the Cyberark process by April 30, 2019.

Status Summary: In Progress (On Schedule)

Finding 17-03: Address Uncorrelated Accounts

Status: Orphan accounts are the highest risk service accounts. All orphaned accounts have been removed, correlated to an identity or properly classified as a Service/System account. A process has been developed to monitor and mitigate new orphan accounts. Remainder of uncorrelated accounts on track for resolution by July 31, 2019.

Status Summary: In Progress (On Schedule)

Finding 17-04: Improve Documentation over Financial Reporting System Security Functions and Features

Status: The documentation will take three forms: End User Guide, Developers Guide, User guide specifically on the "Re-certification tool". A draft of the End User Guide has already been completed. Training on the "Re-certification Tool." has been completed. On track for the September 30, 2018 completion.

Status Summary: In Progress (On Schedule)

Finding 17-05: Perform Annual Access Review

Status: AR roles have been recertified. In addition user access has been recertified.

Status Summary: In Progress (On Schedule)

Department of the Treasury (TRS)

Audit Year: 2017

Finding 17-01: Improve Financial Reporting of Unclaimed Property Activity. **This is a Material Weakness.**

Status: Corrective action plan has been completed.

Status Summary: Completed (On Schedule)

Finding 17-02/16-01: Improve Accounting and Financial Reporting Control Environment of Trust Accounting. **This is a Repeat Finding.**

Status: Corrective action plan has been completed.

Status Summary: Completed (Delayed)

Finding 17-03: Improve Database Security

Status: Controls are being implemented to improve database security.

Status Summary: In Progress (Delayed)

Finding 17-04: Improve Information System Access Controls

Status: TRS implemented a temporary mitigating detective measure to improve the controls related to potential fraud and errors within the Unclaimed Property claims process. Since February 2018, TRS has produced a monthly report to identify claims where the same employee performed a review at multiple levels, and claim workflow steps without an identified reviewer. Unclaimed Property analyzes the report monthly and exceptions are investigated to ensure fraud or errors have not occurred.

Status Summary: In Progress (Delayed)

Health and Human Resources

Department of Behavioral Health and Developmental Services (DBHDS)

Audit Year: 2017

Finding 17-02: Improve IT Contingency Management Program

Status: DBHDS is currently engaging VITA on cost estimates for the COOP and DRPs for affected servers. DBHDS IT Security has identified the servers that need to be updated and the related costs were sent to VITA. VITA has put a hold on this project, due to the continued focus on the disentanglement. DBHDS expects that by December 2018, UNISYS will be able to offer the services and projected costs will be determined at that time.

Status Summary: In Progress (Delayed)

Finding 17-03/16-03/15-02: Continue to Upgrade Unsupported Technology. **This is a Repeat Finding.**

Status: DBHDS had 67 outdated technology servers and 70 applications to updated. DBHDS has removed 48 outdated technology servers and 60 outdated applications. DBHDS will be removing 16 outdated technology servers within the next two weeks. The remaining three outdated technology servers: two servers are dependent on procuring a replacement to an outdated application (i.e. Blood Glucose Monitoring Application) and one server on the closure of a training center (SWVTC) which will occur June 2018. Substantial progress has been made towards mitigation of the Unsupported Technology audit finding. As of today there are 11 servers remaining that contain unsupported technology. Activities this quarter included the submission of decommission requests for the following servers: DMHMRSAS26, DMHMRSAS27, DMHMRSAS51, DMHMRSAS22. The remaining systems consists of two Kronos servers that support the previous version of Kronos and are scheduled for decommission at the end of October 2018, two Blood Glucose servers which can be decommissioned once new servers have been procured, one server at SWVTC (facility closing) for which decommission preparations are in progress, and 6 (six) Seclusion and Restraint Servers which can be decommissioned after the application has completed testing and is implemented in production. DBHDS will continue to provide Internal Audit with updates as the process to remove Unsupported Technology proceeds.

Status Summary: In Progress (Delayed)

Finding 17-09: Improve Controls over Payroll

Status: The payroll findings were at different facilities than the facilities cited in 2015 and in 2016, thus this is not a repeat for the facilities cited in FY 2017. Follow-ups will be completed to determine compliance. Follow-ups were completed in August 2018 and three of the four facilities tested had repeat findings. There will be a Payroll finding as part of the FY 2018 APA audit.

Status Summary: In Progress (Delayed)

Department of Health (VDH)

Audit Year: 2017

Finding 17-01: Improve Timely Removal of Critical Access. **This is a Repeat Finding.**

Status: Initial corrective action implemented, but not sufficient to prevent a repeat finding in FY17. VDH Process Improvement Analyst has formed a team to review the HR14 process, and multiple solutions are under review by the process improvement team and Deputy Leadership Team. The chosen solution will be utilized to address the recommendation and mitigate as much human error and intervention as possible for terminating user access.

Status Summary: In Progress (Delayed)

Department of Medical Assistance Services (DMAS)

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: External consultant from Assura has completed documentation of roles within the current MMIS system. He is working with Accenture on mapping these roles to the defined roles within the new MES OPSS system.

Status Summary: In Progress (Delayed)

Finding 17-02: Remove Access to the Current Claims Processing System in a Timely Manner. **This is a Material Weakness.**

Status: Exit Clearance Automation workflow process complete and ready for production as of June 30, 2018. Waiting for HR to take the training and launch the workflow.

Status Summary: In Progress (Delayed)

Finding 17-05/16-04: Review and Document Service Organization Control Reports of Third-Party Service Providers. **This is a Repeat Finding.**

Status: SOC Reports received are reviewed, documented and significant findings tracked to completion by DMAS OCS for MES Vendors and Current MMIS Fiscal Agent. Process in place for

review of SOC Reports from MES Vendors also by VITA ECO. SOC Reports received from third - party service providers were reviewed and documented to complete the ARMICS certification process. Determining the value of the contract for which a SOC report shall be made a requirement in the contract. PCM to consistently include contract language requiring SOC Reports. Contract Monitors to follow up and obtain SOC Reports from vendor on a timely basis and share it with OCS to complete the review process.

Status Summary: In Progress (Delayed)

Finding 17-06: Ensure Employees have Proper Access Roles within the Commonwealth's Procurement System

Status: Corrective action plan has been completed.

Status Summary: Completed (Delayed)

Finding 17-08: Develop Procedures and Performance Expectations for Resolving Social Security Number Discrepancies

Status: Corrective action plan has been completed.

Status Summary: Completed (On Schedule)

Finding 17-09: Improve Collective Knowledge of Annual Accrual Reporting. **This is a Material Weakness.**

Status: Corrective action plan has been completed.

Status Summary: Completed (On Schedule)

Finding 17-10/16-06: Improve the Accounts Receivable Collection Process. **This is a Repeat Finding.**

Status: There are no updates for the workflow process improvement. Program Integrity partnered with Information Management to leverage Medicaid Enterprise Systems to meet their needs with case management and analytics. Program Integrity is introducing a new system called the Fraud & Abuse Detection System (FADS) that will serve as an analytical tool to manage cases. FADS goes live in November 2018 and will replace FAIR. After the FADS goes live, Fiscal will partner with Program Integrity to discuss the system enhancements of electronic reporting or the capability to interface with TPLRS to further automate the member receivable process. For new caseloads there are no updates for new cases as DMAS has been compliant with AR guidelines since QE June 30, 2018.

Status Summary: In Progress (Delayed)

Department of Social Services (DSS)

Audit Year: 2017

Finding 17-03/16-02: Improve Policies, Procedures, and Plans for Backup and Restoration. **This is a Repeat Finding.**

Status: Corrective action plan has been completed.

Status Summary: Completed (Delayed)

Finding 17-04/16-03: Continue Improving Oversight of Third-Party Service Providers. **This is a Repeat Finding.**

Status: Corrective action plan has been completed.

Status Summary: Completed (Delayed)

Audit Year: 2016

Finding 16-01: Improve Database Security

Status: Corrective action plan has been completed.

Status Summary: Completed (On Schedule)

Natural Resources

Department of Game and Inland Fisheries (DGIF)

Audit Year: 2017

Finding 17-03: Improve Procedures over Physical Inventory. **This is a Repeat Finding.**

Status: Corrective action plan has been completed.

Status Summary: Completed (Delayed)

Finding 17-06: Improve Procedures over Construction in Progress Recording and Reporting. **This is a Repeat Finding.**

Status: Corrective action plan has been completed.

Status Summary: Completed (On Schedule)

Finding 17-07: Improve Procedures Over Monthly Commonwealth Retirement System Reconciliations. **This is a Repeat Finding.**

Status: Human Resources Division continues cross training and review of expectations for myVRS reconciliation, and works with Planning and Finance Division to ensure compliance. New policy and procedure has been drafted and awaits final approval.

Status Summary: In Progress (On Schedule)

Public Safety and Homeland Security

Department of Alcoholic Beverage Control (ABC)

Audit Year: 2017

Finding 17-01: Improve Database Security

Status: ABC has an ongoing project, led by the Data Services Manager, to improve Database Security.

Status Summary: In Progress (Delayed)

Department of Corrections (DOC)

Audit Year: 2017

Finding 17-01: Improve Controls Over Building and Grounds Inventory at Fluvanna Correction Center for Women

Status: Corrective action plan has been completed.

Status Summary: Completed (Delayed)

Department of State Police (VSP)

Audit Year: 2014

Finding 14-01: Improve Motor Vehicle Inspection Program Web Application Security

Status: VSP and VITA are working towards Enterprise readiness and use of new contracts in December 2018. Four work requests are complete, but no physical progress has been made. VSP will work with new vendors to implement the Security tools to address this finding (review of log files). Funding for the tools may be required. VSP is working with IBM to resolve the second finding (SSO password).

Status Summary: In Progress (Delayed)

Finding 14-03/11-02/09-03: Continue to Upgrade Database System Software. **This is a Repeat Finding.**

Status: Evidence statewide roll out continues. Four of seven divisions are complete. Rollout should be completed by Q1 2019. Project is on track. Human Resources project continues to make progress. Scheduled completion early 2019. CARE, CPAS, and WARS Mapper systems are to be replaced by CAD expansion. Project is underway. IBR Cobol system – SaaS solution implemented August 2018.

Status Summary: In Progress (Delayed)

Finding 14-06: Improve Fixed Asset Internal Controls and Processes

Status: The Property and Finance Division is in the process of hiring a consultant to assist with addressing APA audit findings with projected on-board date of October 1, 2018. The Property and Finance Division is currently working with Sunflower on fixed asset best practices.

Status Summary: In Progress (Delayed)

Finding 14-08: Improve Processes over Work Zone Project Billings

Status: PFD has met with VDOT on the work zone billing issue. Also, PFD has on its ITIB project list for a comprehensive billings project during FY19. The Property and Finance Division is in the process of hiring a consultant to assist with addressing APA audit findings with projected on-board date of October 1, 2018.

Status Summary: In Progress (Delayed)

Transportation

Department of Motor Vehicles (DMV)*

Audit Year: 2017

Finding 17-01: Improve Controls over Financial Reporting. **This is a Repeat Finding.**

Status: Fahrenheit has completed their external audit and prepared documented procedures and review of upcoming Directives. They will remain onsite during this FY End for guidance and support. A new Assistant Controller has been hired and holds a CPA certification.

Status Summary: In Progress (Delayed)

Finding 17-02/16-05: Continue Improving Application Security Controls. **This is a Partial Repeat Finding.**

Status: A project has been established for this effort and resources are being secured. Project is underway, on target for dates provided.

Status Summary: In Progress (Delayed)

Finding 17-04: Improve Information Technology Change Management Program

Status: DMV recognizes its obligation for the protection of configuration information found within change management requests and is taking the steps necessary to improve it. The current process utilized VITA services that were considered secure in the past but have since been determined deficient for DMV needs. DMV had multiple representatives on the selection team for the new VITA Managed Service Integrator, and provided security requirements for the change management platform being delivered. With the impending implementation of the new platform this year, DMV feels it's in the best interest of the taxpayers that DMV not invest in new solution today but instead establish a series of mitigating controls that will ensure the required level of protection while DMV focuses its resources on the migration to the new platform being provided.

Status Summary: In Progress (On Schedule)

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

Audit Year: 2015*

Finding 15-05: Improve System Authentication Controls

Status: A project has been established for this effort and resources are being secured. Project is underway, on target for dates provided.

Status Summary: In Progress (Delayed)

Audit Year: 2013*

Finding 13-02/12-03: Improve User Access Controls. **This is a Repeat Finding.**

Status: A project has been established for this effort and resources are being secured. Project is underway, on target for dates provided.

Status Summary: In Progress (Delayed)

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



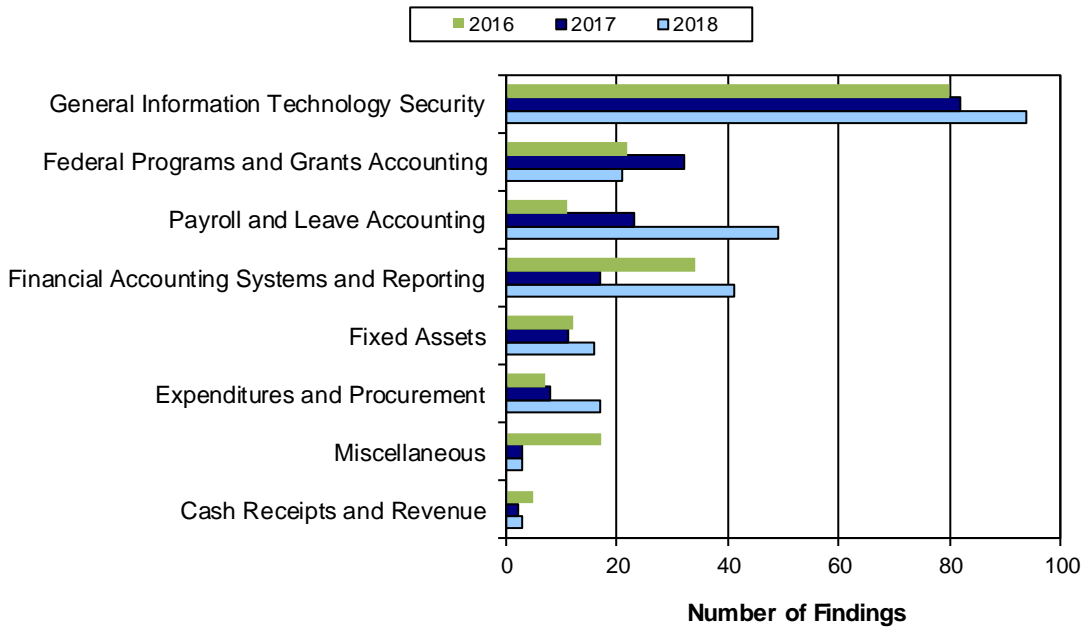
Annual Summary of APA Audit Findings

As of September 30, 2018, the Auditor of Public Accounts issued 40 audit reports in the fiscal year ended 2018. These 40 audits covered 71 Executive Branch agencies. Of these reports, 13 reflected no internal control weaknesses or compliance findings. The APA identified 197 audit findings that cited internal control weaknesses and instances of noncompliance. For the fiscal year ending 2017, 18 of 43 reports contained findings and 178 total findings were reported.

Category	New Findings	Repeat Findings	Total Findings
General Information Technology Security	60	40	100
Federal Programs and Grants Accounting	8	7	15
Payroll and Leave Accounting	21	9	30
Financial Accounting Systems and Reporting	20	8	28
Fixed Assets	5	6	11
Expenditures and Procurement	8	2	10
Miscellaneous	1	-	1
Cash Receipts and Revenue	2	-	2
	125	72	197

Statewide Findings by Category

FY 2016 - FY 2018 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 submission of the annual certification statement (without an extension authorized by DOA) will result in citation in the current year's 9/30 Comptroller's Quarterly Report (QR).

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

As of September 30, 2018, the following agencies were not in compliance with the ARMICS process based on their 2018 ARMICS submission:

The following agencies did not comply with ARMICS in FY 2018 and submitted an Exhibit 4 Certification Statement:

Agency Name	Reason for Non-Compliance	Initial Corrective Action Plan Received	Status of Corrective Action
Library of Virginia	Exhibit 4 Filed	Yes	Agency states corrective action will be completed by November 30, 2018. Quarterly status update received.
New College Institute	Exhibit 4 Filed	Yes	Agency states corrective action will be completed by June 30, 2019. Quarterly status update received.
State Council of Higher Education for Virginia	Exhibit 4 Filed	Yes	Agency states corrective action will be completed by October 1, 2018. Quarterly status update received.

The following agency's' Fiscal Year 2018 ARMICS Certification was rejected by DOA for not complying with ARMICS Minimum Requirements:

Agency Name	Reason for Non-Compliance	ARMICS Certification or Exhibit 4 Received
Frontier Culture Museum of Virginia	FY18 ARMICS Certification Rejected	No
Department of Game and Inland Fisheries	FY17 ARMICS Certification Rejected	No

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

Agency Name	Reason for Non-Compliance	Quarterly Corrective Action Plan Received	Status of Corrective Action
Library of Virginia	Substantial non-compliance with ARMICS process based on a QAR.	Yes	Agency initially stated corrective action would be completed by June 30, 2018. Revised completion date to November 30, 2018. Quarterly status update received.
State Council of Higher Education for VA	Substantial non-compliance with ARMICS process based on a QAR	Yes	Agency initially stated corrective action would be completed by June 30, 2018. Revised completion date to October 1, 2018. Quarterly status update received.



Certification of Agency Reconciliation to Cardinal Reports

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

DOA closely monitors Certification status, evaluates exceptions, and posts correcting entries in Cardinal. Certifications for July and August were due on 8/31/18 and 9/28/18, respectively.

Certifications Late or Outstanding

As of November 1, 2018

Agency	July	Aug
Wilson Workforce and Rehabilitation Center	-	10/31/2018

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

E-Commerce

Travel Check Charges

In accordance with Chapter 2, 2018 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 2019.

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, 2018	Fiscal Year 2019 To-date Charges
Commerce and Trade		
Department of Housing and Community Development	\$5.00	\$5.00
Education		
Virginia State University	\$20.00	\$20.00
Health and Human Resources		
Department of Health	\$10.00	\$10.00
Judicial		
Magistrate System	\$25.00	\$25.00
Circuit Courts	\$140.00	\$140.00
General District Courts	\$190.00	\$190.00
Juvenile and Domestic Relations District Courts	\$40.00	\$40.00
Legislative		
Virginia State Crime Commission	\$5.00	\$5.00
Natural Resources		
Department of Conservation and Recreation	\$15.00	\$15.00
Public Safety and Homeland Security		
Virginia Alcoholic Beverage Control Authority	\$10.00	\$10.00

Payroll Controls

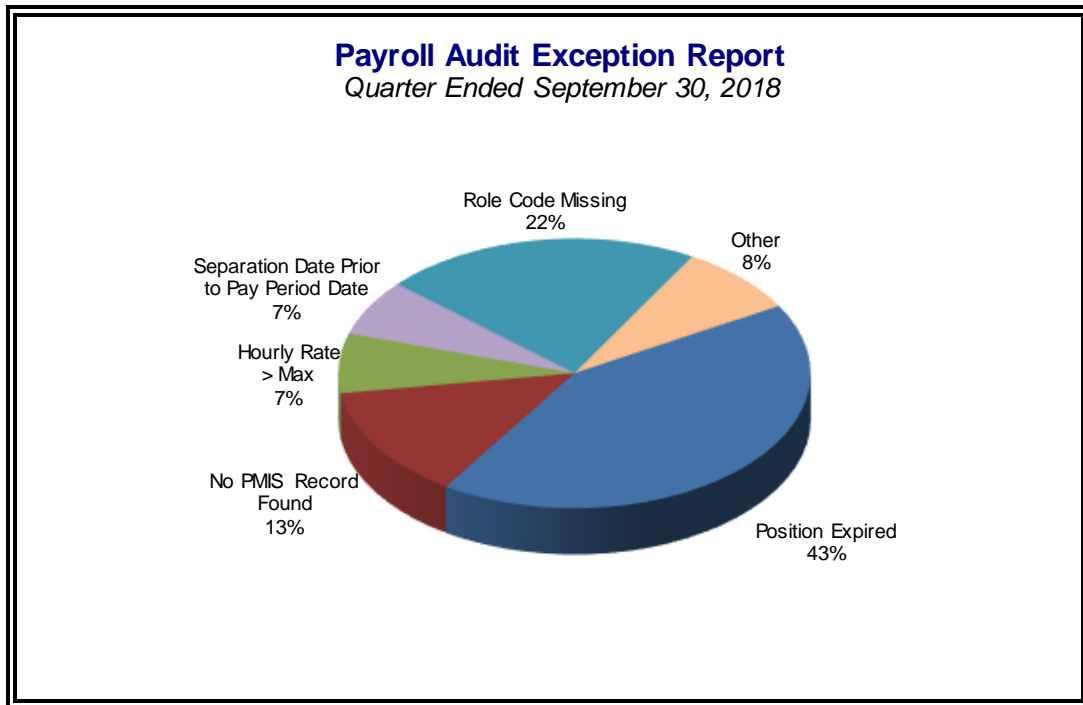
CIPPS/PMIS Payroll Audit

During the quarter, DOA's automated comparison of payroll (CIPPS) and personnel (PMIS) records examined 468,603 salaried pay transactions and 102,523 wage pay transactions. The comparison is performed following each payday and is designed to identify discrepancies between authorized salary/wage amounts in PMIS and amounts paid in CIPPS. There were 3,104 new exceptions noted statewide during the quarter, with an overall exception rate of 0.04%.

The statewide salaried payroll exception rate was 0.11% and the wage payroll exception rate was 0.23%. During this quarter, 8 employee

paychecks were reduced to recover \$2,160.44 in overpayments.

While the largest cause of exceptions are employees whose separation date is prior to the pay period begin date, the second largest cause of exceptions are due to processing payroll for employees whose positions have expired. These exceptions can be avoided through timely PMIS data entry by agency Human Resource staff. Although segregation of these Human Resource and Payroll functions is an effective internal control, coordination and communication between agency Human Resource and Payroll staffs is essential.



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

payments exceeds three times the statewide average for the quarter. None of the agencies exceeded the allowed threshold for wage or salaried payments during the quarter ending September 30, 2018.

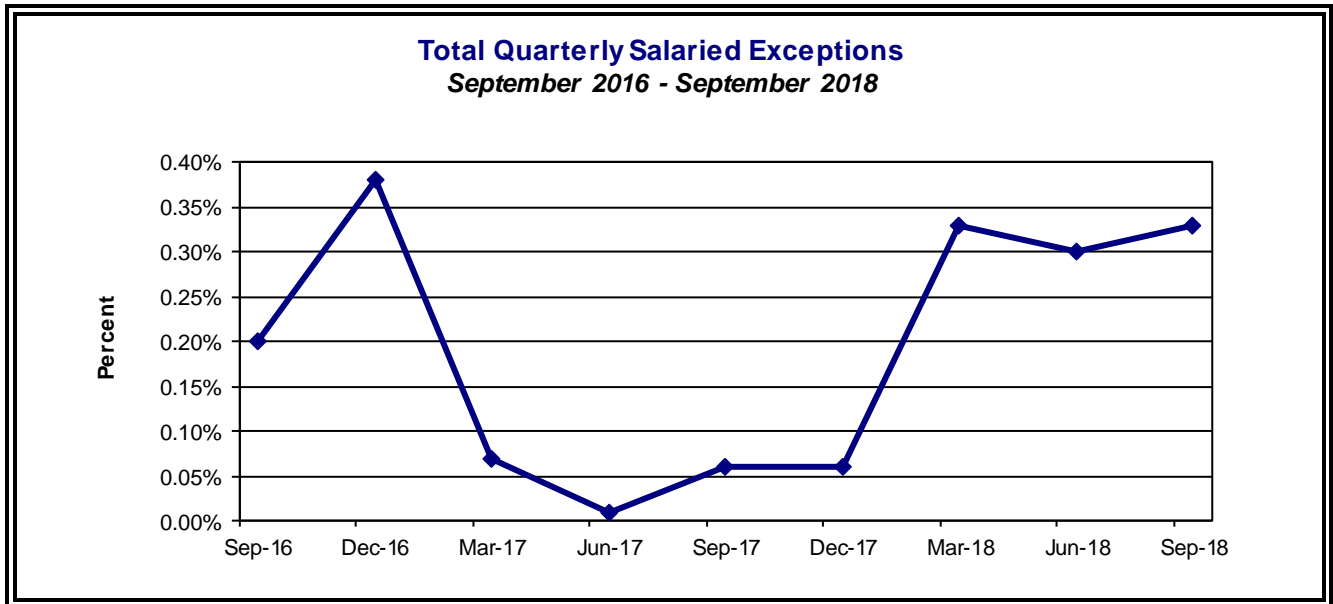
Payroll Exception Audit
Agency Payroll Exceptions as a Percent of Salaried Payments
Quarter Ended September 30, 2018

<u>Agency</u>	<u># of Salaried Exceptions</u>	<u>Exceptions as a % of Salaried Payments</u>
---------------	---------------------------------	---

None

Salaried Payroll Exceptions for the Quarter	0.33%
--	--------------

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



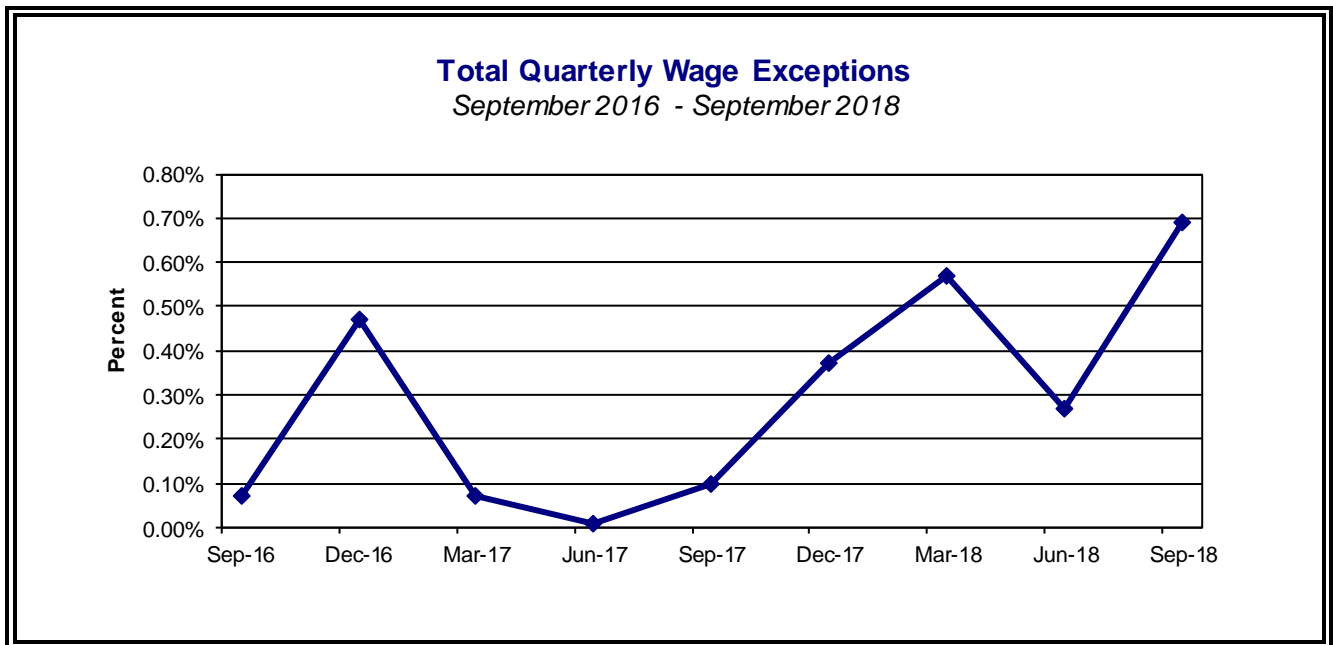
Payroll Exception Audit
Agency Payroll Exceptions as a Percent of Wage Payments

Quarter Ended September 30, 2018

<u>Agency</u>	<u># of Wage Exceptions</u>	<u>Exceptions as a % of Wage Payments</u>
Virginia State University	33	2.27%

Wage Payroll Exceptions for the Quarter	0.69%
--	--------------

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



CIPPS/PMIS Exceptions

Agencies are required to submit explanations and/or reconciliations for the differences identified on the CIPPS/PMIS Unresolved Exceptions Report within six weeks of

notification. The following table lists those agencies having exceptions that remain unresolved six weeks after receipt of the report.

Agency	Unresolved Exceptions
Virginia State University	29
Central Virginia Community College	24
Lord Fairfax Community College	19
Paul D. Camp Community College	16
Thomas Nelson Community College	9
Wilson Workforce and Rehabilitation Center	5
J. Sargeant Reynolds Community College	4
Sitter-Barfoot Veterans Care Center	2
Virginia Community College Systems	1



Payroll Certification

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

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

and are not consistent with sound internal control over payroll.

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

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

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

Payroll Certification Compliance

Agency	Variance Amount (a)	Performed by DOA (b)	Submitted Late (c)	Corrected by DOA (d)
Education				
John Tyler Community College	\$90,000			
Health and Human Resources				
Eastern State Hospital	1,353,382			
Western State Hospital	51,224			
Public Safety and Homeland Security				
Department of Juvenile Justice	46,731			
Red Onion Correctional Center	41,103			
River North Correctional Center	41,167			
Wallens Ridge State Prison	29,620			
Veterans and Defense Affairs				
Sitter & Barfoot Veterans Care Center	40,592			

Columns show the following:

- (a) Variance in dollars for agencies whose certified amounts varied from actual computed amounts if the variance is more than \$20,000 for any payrolls processed during the quarter or the explanation for gross pay difference was submitted late.
- (b) The number of times DOA had to perform the certification function for the agency due to inadequate agency back-up.
- (c) The number of certifications that were submitted or altered later than the daily deadline.
- (d) The number of times DOA made corrections to agency certifications during the quarter.



Health Care Reconciliations

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

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

**Health Care Reconciliations
as of September 30, 2018**

<u>Agency</u>	<u>Incomplete*</u>	<u>Errors*</u>	<u>Late</u>
Piedmont Virginia Community College			1
John Tyler Community College	2		1
Augusta Correctional Center			2
Western Region Correctional Field Units			2
Keen Mountain Correctional Center			2

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