

# OFFICE OF THE STATE INSPECTOR GENERAL

## Annual Follow-up of Previous Findings

*Performance Audit*  
Fiscal Year 2021



Michael C. Westfall, CPA  
State Inspector General  
Report No. 2021-PA-003



*COMMONWEALTH OF VIRGINIA*  
*Office of the State Inspector General*

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March 3, 2021

The Honorable Ralph Northam  
Governor of Virginia  
P.O. Box 1475  
Richmond, VA 23219

Dear Governor Northam,

Under § [2.2-309](#) [A](10) of the *Code of Virginia (Code)*, the Office of the State Inspector General (OSIG) is empowered to conduct performance reviews of state agencies to ensure that state funds are spent as intended and to evaluate the efficiency and effectiveness of programs in accomplishing their purposes. As part of carrying out those responsibilities, OSIG performs follow-up audits on significant items included in its reports to ensure agencies have taken corrective action. OSIG completed a follow-up audit of findings related to performance review and audit reports where corrective action was scheduled to be completed by June 30, 2020.

OSIG issued no additional findings following its review and recommends agencies continue to implement corrective actions agreed to by agency management. Review of corrective actions that agencies did not implement will be included in the next follow-up audit.

OSIG would like to thank all agencies and staff for their cooperation and assistance during the follow-up audit.

Respectfully,

3/3/2021

X Michael C. Westfall

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Michael C. Westfall, CPA  
State Inspector General  
Signed by: Westfall Michael wzg39453

cc: The Honorable Clark Mercer, Chief of Staff to Governor Northam  
The Honorable Grindly Johnson, Secretary of Administration  
The Honorable Daniel Carey, Secretary of Health and Human Resources  
The Honorable Shannon Valentine, Secretary of Transportation  
The Honorable Brian Ball, Secretary of Commerce and Trade  
The Honorable Atif Qarni, Secretary of Education  
The Honorable Brian J. Moran, Secretary of Public Safety and Homeland Security  
Mr. S. Duke Storen, Commissioner, Department of Social Services  
Ms. Gena Berger, Chief Deputy Commissioner, Department of Social Services  
Mr. Joseph Damico, Director, Department of General Services  
Ms. Emily Elliott, Director, Department of Human Resource Management  
Ms. Karen Kimsey, Director, Department of Medical Assistance Services  
Ms. Jennifer Mitchell, Director, Department of Rail and Public Transportation  
Mr. Nelson Moe, Chief Information Officer, Virginia Information Technologies Agency  
Mr. Evan Feinman, Executive Director, Tobacco Region Revitalization Commission  
Mr. Harold W. Clarke, Director, Department of Corrections  
Ms. Marie M. Vargo, Chief Executive Officer, Virginia Correctional Enterprises  
Ms. Jennifer Mayton, Acting Director, Department of Small Business and Supplier  
Diversity  
Dr. M. Norman Oliver, State Health Commissioner, Department of Health  
Dr. Brian O. Hemphill, President, Radford University  
Mr. Jonathan R. Alger, President, James Madison University  
Mr. John R. Broderick, President, Old Dominion University  
Dr. Michael Rao, President, Virginia Commonwealth University  
Mr. James E. Ryan, President, University of Virginia

# Annual Follow-up of Previous Findings

## *What OSIG Found*

### **Agencies Have Implemented Most Corrective Actions or Have Made Advancements**

Agencies implemented corrective action or were making sufficient progress on the implementation of corrective action for 40 findings. For two of the 40 findings, the Department of Corrections submitted a new corrective action plan in response to findings in the performance audit of its Virginia Correctional Enterprises (VCE) program.

### **Two Entities Did Not Implement Corrective Action**

Two entities did not provide documentation to validate management's response or declined to implement sufficient corrective action for their findings:

- Virginia Department of Social Services (VDSS)
- Tobacco Region Revitalization Commission (TRRC)

OSIG provides additional details for these entities in the Audit Results section of the report.

Management concurred with 40 of 42 findings and plans to implement corrective actions from January 2021 to December 2022.

March 2021

## **HIGHLIGHTS**

### **Why OSIG Performed This Audit**

OSIG conducted this audit to report on the status of agencies implementing recommendations from earlier audit reports.

Much of the benefit from audit work is not in the findings reported or the recommendations made, but in their effective resolution. When OSIG completes audit work and issues recommendations, the aim is to improve the way the Commonwealth serves its citizens. The intention of OSIG's follow-up audits is to work with management to verify that their agencies have addressed identified issues.

### **What OSIG Recommends**

Agencies should continue implementing corrective action on findings issued by OSIG.



For more information, please contact OSIG at 804-625-3255 or [www.osig.virginia.gov](http://www.osig.virginia.gov).

# TABLE OF CONTENTS

Report Acronyms.....	5
Background.....	6
Scope.....	6
Objective .....	6
Methodology.....	6
Audit Results.....	7
EXHIBIT 1 – Audit Reports with Corrective Actions Implemented.....	8
EXHIBIT 2 – Audit Reports with Corrective Actions in Progress.....	12
EXHIBIT 3 – Audit Reports with Corrective Actions Not Implemented .....	16

## REPORT ACRONYMS

The following is an alphabetical list of acronyms used in the report.

DGS – Department of General Services  
DHRM – Department of Human Resource Management  
DMAS – Department of Medical Assistance Services  
DOC/VCE – Department of Corrections/Virginia Correctional Enterprises  
DRPT – Department of Rail and Public Transportation  
DSBSD – Department of Small Business and Supplier Diversity  
JMU – James Madison University  
MMIS – Medicaid Management Information System  
ODU – Old Dominion University  
OSIG – Office of the State Inspector General  
RU – Radford University  
TRRC – Tobacco Region Revitalization Commission  
UVA – University of Virginia  
VaCMS – Virginia Case Management System  
VCE – Virginia Correctional Enterprises  
VCU – Virginia Commonwealth University  
VDH – Virginia Department of Health  
VDSS – Virginia Department of Social Services  
VITA – Virginia Information Technologies Agency

## **BACKGROUND**

As part of the audit process, OSIG provides recommendations to state agencies to address risks identified during performance audits. OSIG offers audited agencies the opportunity to concur or not concur with its recommendations and provide a written response to the audit findings and recommendations prior to finalizing the audit report. Agencies have the responsibility to ensure timely implementation of audit recommendations through development of corrective action plans that address what OSIG recommends. In the audit process, OSIG uses audit recommendations tracking as an integral part of monitoring the implementation status of audit recommendations. This provides OSIG with a vehicle to communicate and gather feedback on the status of the audit recommendations with the Governor and the audited agencies.

## **SCOPE**

The follow-up audit scope covered outstanding review and audit findings as of June 30, 2020. The scope did not include all findings previously reported by OSIG, only those that OSIG identified as being of high risk, where failure to implement corrective action would result in a failure of the process that would have an effect on or result in agency management not achieving goals.

## **OBJECTIVE**

The objective of this follow-up audit was to report on the progress of agencies to ensure that management has effectively implemented corrective actions or that senior management has accepted the risk of not taking action.

## **METHODOLOGY**

OSIG conducted this follow-up audit in accordance with generally accepted government auditing standards. Those standards require that OSIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. OSIG believes that the evidence obtained provides a reasonable basis for the findings and conclusion based on the audit objective.

To accomplish the audit objective, OSIG performed the following:

- Obtained the population of corrective actions as of June 30, 2020.
- Assessed relevant corrective actions and selected those identified as being of critical or high severity for further evaluation.
- Notified agencies whose corrective actions would be included in the follow up audit.
- Corresponded with agency points of contact by email, virtual meetings or telephone interviews to obtain the status of their corrective actions.

- Requested and obtained documentation in support of corrective action progress made by agencies.
- Evaluated information obtained related to the corrective action status and assigned a disposition of action in progress, action complete or action not implemented and obtained updated estimated completion dates where applicable.

## AUDIT RESULTS

The tables in the exhibits below detail the status of outstanding audit and review recommendations as of June 30, 2020. The tables categorize corrective actions as either implemented, in progress or not implemented. For entities that submitted a new corrective action plan or declined to implement OSIG's recommendations, OSIG provides additional information as follows:

- VCE – In response to the OSIG request for the status of corrective action for the VCE Furniture Program audit, VCE management requested a meeting to discuss the corrective action plan previously submitted to OSIG. Due to the VCE Chief Executive Officer having assumed the position in October 2019 along with significant other personnel changes, an updated corrective action plan with new estimated completion dates was agreed upon and submitted. The updated plan reflects improvements that VCE has made since the audit. Revised corrective actions were determined sufficient to address OSIG recommendations.
- VDSS – OSIG assigned a disposition of action in progress to the corrective actions for the VDSS Health and Human Resources Subrecipient Monitoring audit. However, for two of the five findings evaluated in this review (findings 1 and 2), further documentation was needed to validate the VDSS response, but was not received. For one additional finding (finding 6), OSIG commented in the audit report that the corrective action proposed by management would not solve the problem. As such, the risk would remain that when a Medicaid recipient attempts to use his or her benefits, they would be unable to do so. For the follow-up audit, the VDSS response to the finding continues to leave the problem uncorrected. OSIG will continue to follow-up on the status of this finding as a part of its next annual follow-up audit.
- TRRC – There is a difference of opinion between OSIG and TRRC regarding the interpretation of *Code* § [3.2-3103](#) [A] (9) as to whether TRRC's financial viability manager may have a role in the grants management process or if it must be an employee independent of the grant management process or a private firm. TRRC contends that the objectivity of a TRRC employee involved with the grants administration process would not be compromised by virtue of having provided a financial viability assessment during the review process. OSIG will reassess this issue in the next audit of TRRC.

Additionally, TRRC management has directed that in accordance with its policies and procedures, site visits are required for all grants where funding is used to support



construction or renovation expense for buildings and/or sites and those with significant equipment purchases. Thus, TRRC performs visits on all grant projects in which physical objects are created or altered. However, it maintains that site visits are neither productive nor, frankly, possible when TRRC funding supports non-tangible projects such as engineering work, feasibility studies, etc.

OSIG has maintained that TRRC perform site visits for all types of projects and not just grants. OSIG also maintains that in addition to the purchase of physical property, other uses of TRRC funds, such as jobs created, be considered in planning and conducting site visits. OSIG will reassess this issue in the next audit of TRRC.

## ***EXHIBIT 1 - Audit Reports with Corrective Actions Implemented***

<b>Agency</b>	<b>Report ID &amp; Date</b>	<b>Observation/Finding Number &amp; Title</b>	<b>Action Completed</b>
DRPT	2016-PR-007 Nov. 21, 2016 DRPT Performance Review	1 Inconsistent Review of PRIIA-Related Expenditures	✓
DSBSD	2017-PR-012 Dec. 14, 2017 SWaM Certification Program Performance Audit	1 Enhance Reporting of SWaM Compliance	✓
DSBSD	2017-PR-012 Dec. 14, 2017 SWaM Certification Program Performance Audit	2 Establish the Population of Agencies Required to Submit SWaM Plans	✓
JMU	2020-PA-003 Mar. 25, 2020 Higher Education Institutions : Chemical Inventory Management	1 First Responders Are Not Provided Access to Chemical Inventory	✓

Agency	Report ID & Date	Observation/Finding Number & Title	Action Completed
JMU	2020-PA-003 Mar. 25, 2020 Higher Education Institutions: Chemical Inventory Management	5 Tier II Report Was Not Submitted	✓
JMU	2020-PA-003 Mar. 25, 2020 Higher Education Institutions: Chemical Inventory Management	7 Safety Data Sheets Are Not Readily Accessible	✓
JMU	2020-PA-003 Mar. 25, 2020 Higher Education Institutions: Chemical Inventory Management	10 Screening Threshold Quantities Are Not Monitored for Chemicals of Interest	✓
ODU	2020-PA-003 Mar. 25, 2020 Higher Education Institutions: Chemical Inventory Management	1 First Responders Are Not Provided Access to Chemical Inventory	✓
ODU	2020-PA-003 Mar. 25, 2020 Higher Education Institutions: Chemical Inventory Management	11 Prudent Practices In Chemical Hygiene Plan Are Not Complete	✓
RU	2020-PA-003 Mar. 25, 2020 Higher Education Institutions: Chemical Inventory Management	1 First Responders Are Not Provided Access to Chemical Inventory	✓

Agency	Report ID & Date	Observation/Finding Number & Title	Action Completed
RU	2020-PA-003 Mar. 25, 2020 Higher Education Institutions: Chemical Inventory Management	11 Prudent Practices In Chemical Hygiene Plan Are Not Complete	✓
VDH	2016-PR-010 April 18, 2017 VDH Performance Review	1 Creating a Shared Services Work Unit	✓
UVA	2014-PR-006 August 14, 2015 UVA Performance Review	4 Limited Process for Monitoring the Performance of Start-Up Packages	✓
VCU	2016-PR-006 June 7, 2016 VCU Performance Review	4 Enhance Strategies to Catch Up on Deferred Maintenance	✓
VCU	2016-PR-006 June 7, 2016 VCU Performance Review	5 Determine and Execute a Plan for West Hospital	✓
VITA	2018-PA-003 June 29, 2018 Commonwealth of Virginia's Cybersecurity Program Performance Audit	1 Security Audits of Systems Not Accomplished	✓
VITA	2018-PA-003 June 29, 2018 Commonwealth of Virginia's Cybersecurity Program Performance Audit	4 Lack of Separation of Duties Between Operations and Security	✓

<b>Agency</b>	<b>Report ID &amp; Date</b>	<b>Observation/Finding Number &amp; Title</b>	<b>Action Completed</b>
VITA	2018-PA-003 June 29, 2018 Commonwealth of Virginia's Cybersecurity Program Performance Audit	5 Identification of Sensitive Systems	✓

## ***EXHIBIT 2 - Audit Reports with Corrective Actions in Progress***

<b>Agency</b>	<b>Report ID &amp; Date</b>	<b>Observation/Finding Number &amp; Title</b>	<b>Action In Progress</b>	<b>Updated Completion Date</b>
DGS	2016-PR-008 Aug. 22, 2016 Department of General Services Performance Review	6 State Should Improve Security Services	✓	12/31/2021
DHRM	2020-PA-004 April 15, 2020 Employee Recruitment Management	1 Inaccurate Time to Hire Metrics	✓	12/30/2022
DHRM	2020-PA-004 April 15, 2020 Employee Recruitment Management	3 Detailed Procedures Needed	✓	12/31/2022
DHRM	2020-PA-004 April 15, 2020 Employee Recruitment Management	4 Users Not Proficient With System	✓	12/30/2022
DMAS	AUD-2014-002 October 17, 2014 Department of Medical Assistance Services Performance Review	2 Separation Of Responsibility and Control	✓	06/30/2021
DMAS	2019-PA-002 April 30, 2019 Health and Human Resources Subrecipient Monitoring	3 Medicaid Program Performance Metrics	✓	06/30/2021

Agency	Report ID & Date	Observation/Finding Number & Title	Action In Progress	Updated Completion Date
DOC/VCE	2019-PA-003 June 11, 2019 Performance Audit of Virginia Correctional Enterprises Furniture Program	1.1 Procedures for Retail Pricing Are Not Formally Defined, Documented or Adequately Controlled  (Formalized Pricing Policy and Methodology)	✓	12/01/2020
DOC/VCE	2019-PA-003 June 11, 2019 Performance Audit of Virginia Correctional Enterprises Furniture Program	1.2 Procedures for Retail Pricing Are Not Formally Defined, Documented or Adequately Controlled  (Systematic control that requires approval by VCE management before a product can be listed and sold on govce.net for less than total cost)	✓	12/01/2020
DOC/VCE	2019-PA-003 June 11, 2019 Performance Audit of Virginia Correctional Enterprises Furniture Program	2.1 The VCE Website Does Not Provide the Customer With Consistent, Up-to-Date Product Information and Includes Inaccurate Prices That Do Not Incorporate Current Costs (Expediting updates to the VCE catalog online)	✓	12/01/2020
DOC/VCE	2019-PA-003 June 11, 2019 Performance Audit of Virginia Correctional Enterprises Furniture Program	2.2 The VCE Website Does Not Provide the Customer With Consistent, Up-to-Date Product Information and Includes Inaccurate Prices That Do Not Incorporate Current Costs (Improve integration between Syteline and Magneto)	✓	06/01/2021

<b>Agency</b>	<b>Report ID &amp; Date</b>	<b>Observation/Finding Number &amp; Title</b>	<b>Action In Progress</b>	<b>Updated Completion Date</b>
VITA	2018-PA-003 June 29, 2018 Commonwealth of Virginia's Cybersecurity Program Performance Audit	3 Funding of Security Audits	✓	10/31/2020
VITA	2016-PR-012 Dec. 20, 2017 VITA Performance Review	1 Evaluate Opportunities to Automate and Integrate IT Asset Inventory	✓	12/01/2021
VITA	2016-PR-012 Dec. 20, 2017 VITA Performance Review	2 Enhance Information Provided on VITA Invoices	✓	12/01/2021
VITA	2016-PR-012 Dec. 20, 2017 VITA Performance Review	8 Corrective Action to Improve ITPM Workflow Through an Improved Portfolio Management Tool, Enhanced Reporting and More Transparency	✓	12/01/2021
VITA	2016-PR-012 Dec. 20, 2017 VITA Performance Review	7 Improve Tracking, Communication, Contract Expiration and Solicitation of Feedback From Agencies to Enhance Statewide Contracts	✓	12/01/2021
VITA	2016-PR-012 Dec. 20, 2017 VITA Performance Review	11 Enhance Timeliness and Effectiveness of the Help Desk Ticket Resolution Process	✓	12/01/2021
VDSS	2019-PA-002 April 30, 2019 Health and Human Resources Subrecipient Monitoring Audit	1 Medicaid Subrecipient Monitoring Process Oversight	✓	06/30/2021

Agency	Report ID & Date	Observation/Finding Number & Title	Action In Progress	Updated Completion Date
VDSS	2019-PA-002 April 30, 2019 Health and Human Resources Subrecipient Monitoring Audit	2 Locality Corrective Action Plans	✓	06/30/2021
VDSS	2019-PA-002 April 30, 2019 Health and Human Resources Subrecipient Monitoring Audit	3 Medicaid Program Performance Metrics	✓	06/30/2021
VDSS	2019-PA-002 April 30, 2019 Health and Human Resources Subrecipient Monitoring Audit	4 Job Transition	✓	07/01/2021



## ***EXHIBIT 3 - Audit Reports with Corrective Actions Not Implemented***

<b>Agency</b>	<b>Report ID &amp; Date</b>	<b>Observation/Finding Number &amp; Title</b>	<b>Action Not Implemented</b>	<b>Updated Completion Date</b>
TRRC	2020-PA-001 Nov.8, 2019 TRRC Performance Audit	1 <i>Code of Virginia</i> §3.2.3103 Not Completely Followed Related to the Financial Viability Manager Role	✓	06/30/2021
TRRC	2020-PA-001 Nov.8, 2019 TRRC Performance Audit	3 Lack of Evidence That Site Visits Have Been Performed	✓	06/30/2021
VDSS	2019-PA-002 April 30, 2019 Health and Human Resources Subrecipient Monitoring Audit	6 Information Bridging Between VaCMS and MMIS	✓	06/30/2021