

# OFFICE OF THE STATE INSPECTOR GENERAL

## Annual Follow-up of Previous Findings

*Performance Audit*  
Fiscal Year 2022



Michael C. Westfall, CPA  
State Inspector General  
Report No. 2023-PA-003



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

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January 20, 2023

The Honorable Glenn Youngkin  
Governor of Virginia  
P.O. Box 1475  
Richmond, VA 23219

Dear Governor Youngkin,

Under § [2.2-309](#) [A](10) of the *Code of Virginia*, the Office of the State Inspector General 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 audit reports where corrective action was scheduled to be completed by June 30, 2022.

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,

A handwritten signature in black ink, appearing to read "Michael C. Westfall".

Michael C. Westfall, CPA  
State Inspector General

cc: The Honorable Jeff Goettman, Chief of Staff to Governor Youngkin  
Isabella Warwick, Deputy Chief of Staff to Governor Youngkin  
The Honorable Margaret McDermid, Virginia Secretary of Administration  
The Honorable Stephen Cummings, Virginia Secretary of Finance  
The Honorable John Littel, Virginia Secretary of Health and Human Resources  
The Honorable Travis Voyles, Acting Virginia Secretary of Natural and Historic Resources  
The Honorable Craig Crenshaw, Virginia Secretary of Veterans and Defense Affairs  
Joseph Damico, Director, Department of General Services  
Robert Osmond, Chief Information Officer, Virginia Information Technologies Agency  
Craig Burns, Commissioner, Virginia Department of Taxation  
David Walsh, Internal Audit Director, Virginia Department of Taxation  
Richard Mitchell, Commissioner, Department for the Blind and Vision Impaired  
Cheryl Roberts, Director, Department of Medical Assistance Services  
Susan Smith, Internal Audit Director, Department of Medical Assistance Services  
Dr. Danny Avula, Commissioner, Department of Social Services  
Matthew Wells, Director, Department of Conservation and Recreation  
Eric Surratt, Internal Audit Director, Department of Conservation and Recreation  
Jamie Green, Commissioner, Marine Resources Commission  
Ryan Brown, Director, Department of Wildlife Resources  
Daniel Gade, Commissioner, Department of Veterans Services  
Staci Henshaw, Auditor of Public Accounts

January 2023

## HIGHLIGHTS

### Why OSIG Performed This Audit

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

### Potential Impact of Audit

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.

# Annual Follow-up of Previous Findings

## *What OSIG Found*

### Agencies Implemented Most Corrective Actions or Made Advancements

Agencies implemented corrective actions or were making progress on the implementation of corrective action for 52 of 57 findings. All outstanding actions have been fully implemented for the following audits:

- Department for the Blind and Vision Impaired – Virginia Enterprise Business Program Performance Audit.
- Department of Medical Assistance Services – Health and Human Resources Subrecipient Monitoring Performance Audit.
- Department of Conservation and Recreation – Conservation Easements Performance Audit.
- Department of Taxation – Conservation Easements Performance Audit.
- Department of Veterans Services – Virginia Transition Assistance Program Performance Audit.
- Virginia Information Technologies Agency – Commonwealth of Virginia's Cybersecurity Program Performance Audit.

For 11 of the 57 findings, the Department of Conservation and Recreation, Department of Wildlife Resources and the Department of Social Services submitted new corrective action plans in response to findings in their performance audits. A combination of environment changes and turnover have contributed to these new corrective action plans being submitted.

### One Entity Did Not Implement Corrective Actions

The Department of Social Services did not provide documentation to validate management's response or declined to implement sufficient corrective action for five of its findings.

OSIG provides additional details for the entities in the Audit Results section of this report. For findings not corrected as of June 30, 2022, management has revised completion dates from October 2022 to June 2023. We encourage agencies to 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).

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## **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 gather feedback and communicate on the status of the audit recommendations with the Governor and the audited agencies.

## **SCOPE**

The follow-up audit scope covered outstanding audit findings as of June 30, 2022. 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 list of corrective actions due to be completed on or before June 30, 2022.
- Assessed relevant corrective actions and selected those identified needing 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 recommendations as of June 30, 2022. The tables categorize corrective actions as either implemented, in progress or not implemented. Corrective actions have been fully implemented for the following audits:

- DBVI – Virginia Enterprise Business Program Performance Audit.
- DMAS – Health and Human Resources Subrecipient Monitoring Performance Audit.
- DCR – Conservation Easements Performance Audit.
- TAX – Conservation Easements Performance Audit.
- DVS – Virginia Transition Assistance Program Performance Audit.
- VITA – Commonwealth of Virginia's Cybersecurity Program Performance Audit.

For entities that altered their corrective action plan, OSIG provides additional information as follows:

- 2019-PA-002 Health and Human Resources Subrecipient Monitoring Performance Audit:
  - As reported in the [prior year report](#), VDSS had not progressed in its corrective action plan. OSIG agreed to a more current corrective action plan that was submitted on October 15, 2021. OSIG conducted follow-up on the new plan and concluded that VDSS is not progressing in its corrective action for five of the nine outstanding findings from the audit. The VDSS Commissioner was formally notified on August 25, 2022, of the ongoing concerns at VDSS. In response to that letter, the Commissioner indicated that VDSS was working on a solution that would address many of the concerns. OSIG offered to meet to discuss this situation prior to the issuance of OSIG's Annual Follow-up Report; however, no further communication has been provided by VDSS.
- 2021-PA-002 – Natural Resources Law Enforcement Recruitment Performance Audit:
  - DWR, DCR and MRC collaborated and concluded that a shared recruiter for law enforcement would not be feasible because of the differences in work. Alternate plans and related actions have taken place to ensure these findings are addressed.
  - DCR has provided OSIG with a new corrective action plan, where several of the actions have changed significantly. DCR has provided alternate courses of action to address the other issues. OSIG intends to follow up on these as part of next year's follow-up project.

- Progress on MRC's correction action was delayed due to significant turnover. MRC has demonstrated a focus on addressing the issues. OSIG will follow up on MRC's status in next year's follow-up project.



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

Agency	Report ID & Date	Finding Number & Title	Implementation Date
Department for the Blind and Vision Impaired	2021-PA-004 Virginia Enterprise Business Program Performance Audit February 24, 2021	01.1 - Waiver Notification Documentation Not Adequate	6/14/2022
		02.1 - Oversight of Vendor Operator Financials Was Not Provided	6/14/2022
		03.1 - Documentation to Support the Determination of Set-Aside is Not Maintained	6/14/2022
		04.1 - Contract with Nominee Does Not Include all Services Performed	6/14/2022
Department of Conservation and Recreation	2021-PA-006 Conservation Easement/Land Preservation Tax Credit Program Performance Audit June 23, 2021	01.1 - Quality of Conservation in Tax Credits Below \$1 Million - DCR	1/11/2023
		02.1 - Reduced Tax Credits - DCR	1/11/2023
		03.1 - Easement Monitoring - DCR	1/11/2023
		03.2 - Easement Monitoring - DCR	1/11/2023
		04.1 - Conservation Purpose - DCR	1/11/2023
		05.2 - Subdivided Property - DCR	1/11/2023
	2021-PA-002 Natural Resources Law Enforcement Diversity in Hiring and Recruitment Performance Audit August 19, 2020	1A.1 - Corrective Action for Need for A Collaborative Diversity Strategy - DCR	9/28/2022
		1A.2 - Corrective Action for Need for A Collaborative Diversity Strategy - DCR	10/6/2022
		2B.1 - Corrective Action for Involve NRLE Officers More to Enhance Community Engagement - DCR	10/6/2022
		3A.1 - Corrective Action for Establish and Improve Diversity and Inclusion Strategic Plans - DCR	8/31/2021

		3A.2 - Corrective Action for Establish and Improve Diversity and Inclusion Strategic Plans - DCR	9/28/2022
		3C.1 - Corrective Action for Focus on Future Interest in NRLE Careers - DCR	8/29/2022
		4A.1 - Corrective Action for Expand Recruitment to Reach Diverse Populations - DCR	1/1/2021
		4B.1 - Corrective Action for Evaluate and Modify Hiring Practices -DCR	10/7/2022
		5A.1 - Corrective Action for Collect and Analyze NRLE Employment Data - DCR	8/29/2022
Department of General Services	2022-PA-004 Removal of Commonwealth Data from Electronic Storage Performance Audit June 23, 2022	03.1 - Unapproved Vendor - Corrective Action	8/29/2022
Department of Medical Assistance Services	2019-PA-002 Health and Human Resources Subrecipient Monitoring Performance Audit April 30, 2019	03b.1 - DMAS Corrective Action to Medicaid Program Performance Metrics	12/16/2021
		07b.1 - DMAS Corrective Action to Subrecipient Monitoring Results	12/16/2021
Department of Taxation	2021-PA-006 Conservation Easement/Land Preservation Tax Credit Program Performance Audit June 23, 2021	04.2 - Conservation Purpose - TAX	6/22/2022
		05.1 - Subdivided Property - TAX	10/27/2022
		05.2 - Subdivided Property - TAX	9/22/2022
Department of Veteran Services	2021-PA-001 Virginia Transition Assistance Program Performance Audit July 21, 2020	02.1 - Corrective Action for Outdated Performance Metric Methodology	6/30/2022
Department of Wildlife Resources	2021-PA-002 Natural Resources Law Enforcement Diversity in	1A.1 - Corrective Action for Need for A Collaborative Diversity Strategy - DWR	10/6/2022

	Hiring and Recruitment Performance Audit April 30, 2019	2C.1 - Corrective Action for Better Involvement of External Partners to Enhance Community Engagement - DWR	4/27/2022
		3C.1 - Corrective Action for Focus on Future Interest in NRLE Careers - DWR	4/27/2022
		4A.1 - Corrective Action for Expand Recruitment to Reach Diverse Populations - DWR	4/27/2022
Department of Social Services	2019-PA-002 Health and Human Resources Subrecipient Monitoring Performance Audit April 30, 2019	03a.1 - VDSS Corrective Action to Medicaid Program Performance Metrics	12/16/2021
		05a.1 - VDSS Corrective Action to Cover Virginia/Central Processing Unit	4/13/2022
		07a.1 - VDSS Corrective Action to Subrecipient Monitoring Results	12/16/2021
		09.1 - Corrective Action for Coordination with Other State Agencies	11/16/2021
Marine Resources Commission	2021-PA-002 Natural Resources Law Enforcement Diversity in Hiring and Recruitment Performance Audit April 30, 2019	1A.1 - Corrective Action for Need for A Collaborative Diversity Strategy - MRC	10/6/2022
		2A.2 - Corrective Action for Prioritize Investments in Community Engagement - MRC	9/30/2022
		2D.1 - Corrective Action for Better Coordinate Community Engagement Events - MRC	2/1/2021
		4A.1 - Corrective Action for Expand Recruitment to Reach Diverse Populations - MRC	9/30/2022
		5A.1 - Corrective Action for Collect and Analyze NRLE Employment Data - MRC	9/30/2022
		5A.3 - Corrective Action for Collect and Analyze Employment Data - MRC	10/30/2022

Virginia Information Technologies Agency	2018-PA-003 The Commonwealth of Virginia's Cybersecurity Program Performance Audit June 29, 2018	03.1 - Funding for Security Audits	9/15/2021
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## ***EXHIBIT 2 - Audit Reports with Corrective Actions in Progress***

Agency	Report ID & Date	Finding Number & Title	Current Due Date
Department of Conservation and Recreation	2021-PA-002 Natural Resources Law Enforcement Diversity in Hiring and Recruitment Performance Audit August 19, 2020	1A.3 - Corrective Action for Need for A Collaborative Diversity Strategy - DCR	6/30/2023
		2A.1 - Corrective Action for Prioritize Investments in Community Engagement - DCR	6/30/2023
		2C.1 - Corrective Action for Better Involvement of External Partners to Enhance Community Engagement - DCR	6/30/2023
		2D.1 - Corrective Action for Better Coordinate Community Engagement Events - DCR	6/30/2023
		3B.1 - Corrective Action for Collect Evidence on Outreach Events to Enhance Future Programming - DCR	6/30/2023
Department of Wildlife Resources	2021-PA-002 Natural Resources Law Enforcement Diversity in Hiring and Recruitment Performance Audit August 19, 2020	2A.1 - Corrective Action for Prioritize Investments in Community Engagement - DWR	4/28/2023
		2B.1 - Corrective Action for Involve NRLE Officers More to Enhance Community Engagement - DWR	4/30/2023
		2D.1 - Corrective Action for Better Coordinate Community Engagement Events - DWR	10/31/2022
		3B.1 - Corrective Action for Collect Evidence on Outreach Events to Enhance Future Programming - DWR	6/30/2023
		4B.1 - Corrective Action for Evaluate and Modify Hiring Practices - DWR	6/30/2023

		5A.1 - Corrective Action for Collect and Analyze NRLE Employment Data - DWR	6/30/2023
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## ***EXHIBIT 3 - Audit Reports with Corrective Actions Not Implemented***

<b>Agency</b>	<b>Report ID &amp; Date</b>	<b>Finding Number &amp; Title</b>
Department of Social Services	2019-PA-002 Health and Human Resources Subrecipient Monitoring Performance Audit April 30, 2019	01.1 - Corrective Action for Medicaid Subrecipient Monitoring Process Oversight
		02.1 - Corrective Action for Locality Corrective Plans
		04.1 - Corrective Action to Job Transition
		06.1 - Corrective Action for Information Bridging Between VaCMS and MMIS
		08.1 - Corrective Action for Medicaid Subrecipient Monitoring Process Methodology