



## DEPARTMENT OF HEALTH PROFESSIONS

### INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS AS OF MAY 2017

Auditor of Public Accounts  
Martha S. Mavredes, CPA

[www.apa.virginia.gov](http://www.apa.virginia.gov)

(804) 225-3350



## – TABLE OF CONTENTS –

	<u>Page</u>
REVIEW LETTER	1-3
AGENCY RESPONSE	4



Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

October 10, 2017

David E. Brown, Director  
Department of Health Professions  
Perimeter Center  
9960 Mayland Drive, Suite 300  
Henrico, VA 23233

## INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS

We have reviewed the Internal Control Questionnaire, completed on May 4, 2017, for the **Department of Health Professions** (Health Professions). The purpose of this review was to evaluate if the agency has developed adequate internal controls over significant organizational areas and activities and not to express an opinion on the effectiveness of internal controls. Management of Health Professions is responsible for establishing and maintaining an effective control environment.

The Auditor of Public Accounts has developed a new process for auditing agencies that are not required to have an audit every year, which we refer to as "cycled agencies." Traditionally, we audit these agencies at least once every three years. We now employ a risk-based approach to auditing the cycled agencies. Under this approach, annually we will perform a risk analysis for all of the cycled agencies considering certain criteria and divide the agencies into two pools. One pool will receive an annual audit and the other pool will be subject to review in a special project focused on one area of significance as well as a review of internal controls in the form of a questionnaire. All agencies will undergo an Internal Control Questionnaire review at least once every three years. This letter is to communicate the results of the Internal Control Questionnaire review.

### Review Process

During the review, the agency completes an Internal Control Questionnaire that covers significant organizational areas and activities including payroll and human resources; revenues and expenses; procurement and contract management; and information technology and security. The questionnaire focuses on key controls over these areas and activities.

We review the agency responses and supporting documentation to determine the nature, timing, and extent of additional procedures. The nature, timing, and extent of the procedures selected depend on our judgment in assessing the likelihood that the controls may fail to prevent and/or detect events that could prevent the achievement of the control objectives. The procedures performed target risks or business functions deemed significant and involve reviewing internal policies and procedures. Depending

on the results of our initial procedures, we may perform additional procedures, including reviewing evidence to ascertain that select transactions are executed in accordance with the policies and procedures, and conducting inquiries with management. The “Review Procedures” section below details the procedures performed for Health Professions. The results of this review will be included within our risk analysis process for the upcoming year in determining which agencies we will audit.

### **Review Procedures**

Due to the implementation of the new statewide accounting system, we reviewed system access and a selection of system and transaction reconciliations in order to gain assurance that the statewide accounting system contains accurate data.

We reviewed the Internal Control Questionnaire and supporting documentation detailing policies and procedures. As a result of our review, we performed additional procedures over the following areas: revenues from applications, licenses, and fees; the small purchase charge card program administration; and information security and technology. These procedures included validating the existence of certain transactions; observing controls to determine if the controls are designed and implemented; reviewing transactions for compliance with internal and Commonwealth policies and procedures; and conducting further review over management’s risk assessment process.

As a result of these procedures, we noted areas that require management’s attention. These areas are detailed in the “Review Results” section below.

### **Review Results**

We noted the following area requiring management’s attention resulting from our review:

- Health Professions has not made sufficient progress to address the recommendation related to information technology and security that was issued as a result of our prior audit. We identified and communicated two specific items from the recommendation that were not fully addressed at the time of our review. These weaknesses were communicated to management in a separate document marked Freedom of Information Act Exempt under §2.2-3705.2 of the Code of Virginia due to it containing descriptions of security mechanisms. Health Professions should devote resources to addressing these recommendations and ensuring it is in compliance with the Commonwealth’s Information Security Standard, SEC 501-09.

We discussed these matters with management on October 10, 2017. Management’s response to the findings identified in our review is included in the section titled “Agency Response.” We did not validate management’s response and, accordingly, cannot take a position on whether or not adequately addresses the issues in this report.

This report is intended for the information and use of management. However, it is a public record and its distribution is not limited.

Sincerely,

Auditor of Public Accounts

JDE/alh



## COMMONWEALTH of VIRGINIA

David E. Brown, D.C.  
Director

*Department of Health Professions*  
Perimeter Center  
9960 Mayland Drive, Suite 300  
Henrico, Virginia 23233-1463

[www.dhp.virginia.gov](http://www.dhp.virginia.gov)  
TEL (804) 367- 4400  
FAX (804) 527- 4475

October 19, 2017

Martha Mavredes  
Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218

Dear Ms. Mavredes,

Please accept this letter as our agency response to the results of the ICQ completed on May 4, 2017 for the fiscal year ending 2016.

We appreciate your office taking time to meet with DHP staff to clarify the areas of concern. This clarification will allow us to thoroughly address the issues noted in the audit. DHP will develop two Standard Operating Procedures (SOPs) to follow as part of the Corrective Action Plan.

If you have any questions, please contact Lisa R. Hahn, Chief Deputy.

Sincerely,

A handwritten signature in black ink, appearing to read "D. E. Brown".

David E. Brown, D.C.  
Director