



MARINE RESOURCES COMMISSION

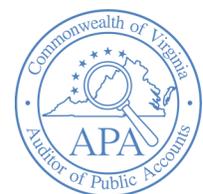
INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS AS OF JULY 2025

Auditor of Public Accounts

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- TABLE OF CONTENTS -

	<u>Pages</u>
REVIEW LETTER	1-3
AGENCY RESPONSE	4-5



Commonwealth of Virginia

Auditor of Public Accounts

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P.O. Box 1295
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November 19, 2025

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Jamie Green
Commissioner, Marine Resources Commission

INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS

We have reviewed the Internal Control Questionnaire for the **Marine Resources Commission** (Commission). We completed the review on July 31, 2025. 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 the Commission is responsible for establishing and maintaining an effective control environment.

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; capital assets; grants management; debt; 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 the Commission. 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

We evaluated the agency's corrective action for all prior review findings. The agency has taken adequate corrective action with respect to review findings reported in the prior review that are not repeated in the "Review Results" section below.

We reviewed a selection of system and transaction reconciliations in order to gain assurance that the statewide accounting system contains accurate data. Further, we evaluated the Commission's process of completing and submitting attachments to Accounts.

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: payroll and human resources; revenues; expenses; capital assets; grants management; and information technology and security. These procedures included validating the existence of certain transactions; observing controls to determine if the controls are effectively 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 areas requiring management's attention resulting from our review:

- **Repeat (First Reported in 2019)** - The Commission has formal, documented policies and procedures over many of its significant business processes. However, during our review, we identified several critical business areas where the Commission should develop or improve policies and procedures to maintain an effective control environment. Topic 20905 and other sections of the Commonwealth Accounting Policies and Procedures (CAPP) Manual require the Commission to "publish its own policies and procedures documents, approved in writing by the Commission's management." Management should continue working to ensure detailed policies and procedures exist for all critical business areas. In addition, management should continue to develop a process to review and approve all policies and procedures either annually or as needed and maintain documentation of the process.
- The Commission did not obtain the System and Organization Controls (SOC) report for providers that provide hosting services for a system. As such, the Commission did not perform an evaluation of the SOC report and the complimentary user entity controls described within the report. CAPP Manual Topic 10305 and the Commonwealth Information Security Standard, SEC530 requires the Commission to have an adequate level of interaction with third-party providers to give the Commission an understanding of the providers' internal control environments and any complementary controls the Commission would need to implement. The Commission must also maintain oversight for the provider to gain assurance

over outsourced operations. The Commission should improve policies and procedures over review of SOC reports for information technology system providers and obtain and comprehensively evaluate SOC reports timely.

- The Commission did not perform an analysis of potential aggregated assets in accordance with Governmental Accounting Standards Board Implementation Guide 2021-1 Question 5.1, Department of Accounts guidance email, and CAPP Manual Topic 30000. The Commission should obtain an understanding of the relevant guidance, develop a process for evaluating aggregated assets, perform an analysis to determine aggregated assets, and record the capitalizable aggregated assets in the Commonwealth’s capital asset system.
- The Commission did not perform a physical inventory for eight out of 15 departments on the inventory schedule in the two-year period as required by CAPP Manual Topic 30505. The Commission should ensure that all areas receive a full physical inventory at least every two years and retain proper documentation including the preparer’s and reviewer’s signatures and completion dates.

We discussed these matters with management on July 31, 2025. 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 it adequately addresses the issues in this report.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

Sincerely,

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

JDE/vks



COMMONWEALTH of VIRGINIA

Marine Resources Commission

380 Fenwick Road
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Stefanic K. Taillon
Secretary of Natural
and Historic Resources

Jamie L. Green
Commissioner

December 16, 2025

Staci Henshaw
Auditor of Public Accounts
Commonwealth of Virginia
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During the recent Internal Control Questionnaire Review of the Marine Resources Commission (MRC), a review of the agency's processes and procedures for payroll and human resources, revenues and expenses, procurement, capital assets, grants, and information technology and security was conducted as an evaluation of the agency's internal controls. The following review results were noted:

- 1) The Commission has formal, documented policies and procedures over many of its significant business processes. However, during our review, we identified several critical business areas where the Commission should develop or improve policies and procedures to maintain an effective control environment –
The agency has formal, documented policies and procedures over many of its significant business processes. We will continue to review current policies and procedures and address insufficiently documented policies and procedures. In addition, we will review all CAPP manual updates and/or additions as necessary.
- 2) The Commission did not obtain the System and Organization Controls (SOC) report for providers that provide hosting services for a system. –
The agency has reviewed the SOC reports with VITA representative twice this fiscal year to review SOC reports as required. The agency will continue to work with VITA via Webinar to ensure the SOC reports are reviewed annually.
- 3) The Commission did not perform an analysis of potential aggregated assets in accordance with Governmental Accounting Standards Board Implementation Guide 2021 – 1 Question 5.1 Department of Accounts guidance email, and CAPP Manual Topic 30505 –
The agency will adopt and use an analysis template to assess whether grouped purchases below the capitalization threshold are significant in aggregate and should be capitalized. The policy will be updated to include procedures for identifying and evaluating grouped

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asset purchases. Records will be maintained documenting the aggregation analysis and decisions for audit trail and compliance.

- 4) The Commission did not perform a physical inventory for eight out of 15 departments on the inventory schedule in the two-year period as required by CAPP Manual Topic 30505-*The Accounting Manager is working with the Administration and Finance Coordinator to schedule the inventories that are behind and to update the policy. An inventory schedule will be made in advance and published for each fiscal year and provided to departments.*

Sincerely,



Jamie L. Green
Commissioner, Marine Resources Commission