



DEPARTMENT OF EDUCATION
INCLUDING
DIRECT AID TO PUBLIC EDUCATION

REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2024

Auditor of Public Accounts
Staci A. Henshaw, CPA

www.apa.virginia.gov

(804) 225-3350



AUDIT SUMMARY

Our audit of the Department of Education and Direct Aid to Public Education; collectively referred to as “Education” throughout this report, for the fiscal year ended June 30, 2024, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth’s accounting and reporting system, Education’s internal accounting and reporting system, and attachments submitted to the Department of Accounts;
- one matter involving internal control and its operation necessary to bring to management’s attention that also represents an instance of noncompliance with applicable laws and regulations or other matters that are required to be reported; and
- adequate corrective action with respect to prior audit findings identified as complete in the [Findings Summary](#) included in the Appendix.

In the section titled “Internal Control and Compliance Finding and Recommendation” we have included our assessment of the conditions and causes resulting in the internal control and compliance finding identified through our audit as well as recommendations for addressing the finding. Our assessment does not remove management’s responsibility to perform a thorough assessment of the conditions and causes of the finding and develop and appropriately implement adequate corrective actions to resolve the finding as required by the Department of Accounts in Topic 10205 – Agency Response to APA Audit of the Commonwealth Accounting Policies and Procedures Manual. Those corrective actions may include additional items beyond our recommendation.

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INTERNAL CONTROL AND COMPLIANCE FINDING AND RECOMMENDATION

Improve Database Security

Type: Internal Control and Compliance

Severity: Significant Deficiency

Education has not implemented some of the required controls to protect the database that supports Education's system of record. The Commonwealth's Information Security Standard, SEC530 (Security Standard), and industry best practices, such as the Center for Internet Security, prescribe certain required and recommended security controls to safeguard systems that contain or process sensitive data.

The Security Standard requires, and industry best practices recommend implementing specific controls to reduce unnecessary risk to data confidentiality, integrity, and availability. We communicated three control weaknesses to management in a separate document marked Freedom of Information Act Exempt (FOIAE) under § 2.2-3705.2 of the Code of Virginia due to it containing descriptions of security mechanisms.

By not meeting the minimum requirements in the Security Standard and not aligning the database's settings and configurations with industry best practices, Education cannot appropriately manage and maintain the database and ensure data integrity. Education should allocate the necessary resources to ensure database configurations, controls, and processes align with the requirements in the Security Standard and industry best practices. Implementing these controls will help maintain the confidentiality, integrity, and availability of the sensitive and mission critical data stored or processed in the database.



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 5, 2024

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Aimee Guidera
Secretary of Education

Lisa Coons
Superintendent of Public Instruction, Department of Education

We have audited the financial records, operations, and federal compliance of the **Department of Education, including Direct Aid for Public Education (Education)**, for the year ended June 30, 2024. We conducted this audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, in support of the Commonwealth's Annual Comprehensive Financial Report and Single Audit. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Objectives

Our audit's primary objective was to evaluate the accuracy of Education's financial transactions as reported in the Annual Comprehensive Financial Report for the Commonwealth of Virginia and test federal compliance in support of the Commonwealth's Single Audit for the year ended June 30, 2024. In support of this objective, we evaluated the accuracy of recorded financial transactions in the Commonwealth's accounting and financial reporting system, Education's internal accounting and reporting system, and attachments submitted to the Department of Accounts (Accounts); reviewed the adequacy of Education's internal control; tested for compliance with applicable laws, regulations, contracts, and grant agreements; and reviewed corrective actions with respect to audit findings and recommendations from prior year reports.

Audit Scope and Methodology

Education's management has responsibility for establishing and maintaining internal control and complying with applicable laws, regulations, contracts, and grant agreements. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws, regulations, contracts, and grant agreements.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered materiality and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following federal grant programs, significant cycles, classes of transactions, and account balances.

- Federal revenues, expenses, and compliance for the following federal grant programs:
 - Coronavirus State and Local Fiscal Recovery Funds
 - Supporting Effective Instruction State Grants
- Standards of Quality allocations and disbursements to localities
- Appropriations
- Accounts receivable
- Accounts payable
- Information system security to include:
 - Third-Party service provider oversight
 - Database security
 - Information technology (IT) change control and configuration management
 - IT risk management
 - Virginia Information Technologies Agency (VITA) and IT Infrastructure Services Program (ITISP) services
 - IT systems and data security

We performed audit tests to determine whether Education's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws, regulations, contracts, and grant agreements. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of Education's operations. We performed analytical procedures, including budgetary and trend analyses, and tested details of transactions to achieve our audit objectives.

A nonstatistical sampling approach was used. Our samples were designed to support conclusions about our audit objectives. An appropriate sampling methodology was used to ensure the samples

selected were representative of the population and provided sufficient, appropriate evidence. We identified specific attributes for testing each of the samples and, when appropriate, we projected our results to the population.

Our consideration of internal control over financial reporting and federal compliance (internal control) was for the limited purpose described in the section “Audit Objectives” and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control titled “Improve Database Security,” which is described in the section titled “Internal Control and Compliance Finding and Recommendation,” that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements or noncompliance on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements or material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Conclusions

We found that Education properly stated, in all material respects, the amounts recorded and reported in the Commonwealth’s accounting and financial reporting system, Education’s internal accounting and reporting system, and attachments submitted to Accounts.

We noted certain matters involving internal control and its operation and compliance with applicable laws, regulations, contracts, and grant agreements that require management’s attention and corrective action. These matters are described in the section titled “Internal Control and Compliance Finding and Recommendation.”

Education has taken adequate corrective action with respect to prior audit findings and recommendations identified as complete in the [Findings Summary](#) included in the Appendix.

Since the finding noted above has been identified as a significant deficiency, it will be reported as such in the “Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards” and the “Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance,” which are included in the

Commonwealth of Virginia's Single Audit Report for the year ended June 30, 2024. The Single Audit Report will be available at www.apa.virginia.gov in February 2025.

Exit Conference and Report Distribution

We discussed this report with management at an exit conference held on January 22, 2025. Government Auditing Standards require the auditor to perform limited procedures on Education's response to the findings identified in our audit, which is included in the accompanying section titled "Agency Response." Education's response was not subjected to the other auditing procedures applied in the audit and, accordingly, we express no opinion on the response.

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.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

DS/clj

FINDINGS SUMMARY

Finding Title	Status of Corrective Action*	First Reported for Fiscal Year
Ensure the Correct Award Year is Applied to Federal Reports	Complete	2022
Improve Vulnerability Management Process	Complete	2023
Improve IT Risk Management Program	Complete	2023
Improve Third-Party Service Provider Process	Complete	2023
Improve Database Security	Ongoing	2024

* A status of **Complete** indicates management has taken adequate corrective. A status of **Ongoing** indicates new and/or existing findings that require management’s corrective action as of fiscal year end.



COMMONWEALTH of VIRGINIA

Lisa Coons, Ed.D.
Superintendent of Public Instruction

DEPARTMENT OF EDUCATION
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RICHMOND, VA 23218-2120

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January 22, 2025

Ms. Staci Henshaw
Auditor of Public Accounts
Post Office Box 1295
Richmond, Virginia 23218-1295

Dear Ms. Henshaw:

I appreciate the opportunity to respond to the findings of the audit completed by the Auditor of Public Accounts of the Virginia Department of Education (VDOE) and Direct Aid to Public Education, for the fiscal year ended June 30, 2024. I am pleased that the audit found that the Department properly recorded and reported all transactions, in all material respects, in the Commonwealth's financial reporting system. The audit did note one matter involving database security and appreciate bringing it to management's attention.

Regarding the finding related to Improve Database Security, the VDOE Office of Cybersecurity and Risk Management will continue to work with the VDOE Technology team to help formalize their process to strengthen database security controls. The VDOE Chief Information Security Officer (CISO) will be working with VDOE Technology to conduct a comprehensive gap analysis comparing our current database controls against SEC530 requirements and CIS benchmarks. VDOE will meet with the Database Administration team to review the three identified control weaknesses and develop remediation strategies. VDOE will also do a resource assessment to determine what additional support is needed to bring our systems into compliance.

Thank you for the opportunity to provide an agency response to the fiscal year 2024 audit report. The Virginia Department of Education has made great strides to improve the work that is conducted within the agency over the course of the past year and is committed to focusing on the very important findings and recommendations identified as needing attention.

Sincerely,

 Digitally signed by
Lisa Coons
Date: 2025.01.23
09:13:24 -05'00'

Lisa Coons, Ed.D.
Superintendent of Public Instruction

Lisa
Coons

LC/cb