



OFFICE OF THE ATTORNEY GENERAL

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2024

Auditor of Public Accounts

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AUDIT SUMMARY

Our audit of the Office of the Attorney General and Department of Law (Office) and the Division of Debt Collection (Division) for the fiscal year ended June 30, 2024, consisted of a review of internal controls over the following areas:

- Operational expenses, including payroll
- Select human resource functions, including employment eligibility verification, retirement system reconciliations, and employee terminations
- Opioid abatement funds
- Monsanto Settlement Fund
- Federal Asset Forfeiture Fund
- Medicaid Fraud Control Unit
- Division of Debt Collection
- Information systems security

For the areas tested, we found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth's accounting and financial reporting system;
- matters involving internal control and its operation necessary to bring to management's attention that also represent instances of noncompliance with applicable laws and regulations, or other matters 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 "Audit Findings and Recommendations," we have included our assessment of the conditions and causes resulting in the internal control and compliance findings identified through our audits as well as recommendations for addressing those findings. Our assessment does not remove management's responsibility to perform a thorough assessment of the conditions and causes of the findings and develop and appropriately implement adequate corrective actions to resolve the findings. Those corrective actions may include additional items beyond our recommendations.

We did not review management's corrective action on prior audit findings identified as deferred in the [Findings Summary](#) included in the Appendix. We will follow up on these findings in a future audit.

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AUDIT FINDINGS AND RECOMMENDATIONS

Continue to Improve Virtual Private Network Security Controls

Type: Internal Control and Compliance

First Reported: Fiscal Year 2019

The Office of the Attorney General (Office) made progress since our previous review by implementing multi-factor authentication for remote sessions through the virtual private network in accordance with the requirements of its Information Security Program Policies (Office Policies) and the Commonwealth's Information Security Standard, SEC530 (Security Standard). However, two weaknesses continue to exist. We identified and communicated the specific control weaknesses to management in a separate document marked Freedom of Information Act Exempt (FOIAE) under Section 2.2-3705.2 of the Code of Virginia due to it containing descriptions of security mechanisms. The Office should dedicate the necessary resources to mitigate the specific risks communicated in the FOIAE document to improve the security posture of remote connections and to comply with its Office Policies and the Security Standard.

Develop and Implement a Process to Maintain Oversight Over Service Providers

Type: Internal Control and Compliance

First Reported: Fiscal Year 2022

The Office has made progress since our fiscal year 2022 audit but needs to continue to strengthen procedures and processes to manage risks from the use of information technology service providers (providers), including monitoring the effectiveness of security controls of providers. Office Policies, Office Information Security Program Procedures (Office Procedures), and the Security Standard require that the Office define, document, and implement requirements and processes to gain assurance over providers. Providers are organizations that perform certain business tasks or functions on behalf of the Office and the Commonwealth. The Office uses six providers for business functions that transmit, process, or store sensitive and mission-critical data. We determined the following weaknesses continue to exist:

- The Office does not maintain a complete, up-to-date list of providers that perform business tasks or functions on behalf of the Office. During our review, the Office provided a list of 85 providers that indicates four providers process and store sensitive data. However, for 12 of the 85 providers, the column indicating whether the provider stores or processes sensitive data is blank. The Office confirmed that two of the 12 providers process and store sensitive data.
- The Office does not define and document agency and provider roles and responsibilities in its contracts with vendors as required by internal policy and the Security Standard. In January and May 2025, the Office procured the Virginia Information Technologies Agency's (VITA) COV Ramp service to assist the Office in completing a contract with two providers by defining and documenting agency and provider roles and responsibilities. However, the Office does not define and document agency and provider roles and responsibilities for four other providers.

- The Office does not document enforceable agreements with each provider requiring providers to comply with Commonwealth information security requirements and submit monthly service reports and annual independent audit assurance reports. In January and May 2025, the Office procured VITA's COV Ramp service to assist the Office in completing enforceable agreements with two providers that require the providers to comply with Commonwealth information security requirements and submit monthly service reports and annual independent audit assurance reports. However, the Office does not document enforceable agreements with four other providers.
- The Office does not obtain and review monthly service reports from each provider. The Office procured VITA's COV Ramp service for active oversight of one service provider in January 2025. However, as of June 2025, the Office has not obtained monthly service reports from COV Ramp for the provider. Additionally, the Office does not obtain and review monthly service reports for the remaining five providers.
- The Office does not obtain annual independent audit assurance reports, such as System and Organization Controls reports, to determine deficiencies, determine the potential need to implement compensating controls, and identify any subservice organizations requiring oversight. The Office expects to receive an annual independent audit assurance report from VITA's COV Ramp service in January 2026 for one provider that went into active oversight with the COV Ramp service in January 2025. However, the Office has not obtained independent audit assurance reports from the other five providers.

By not defining and employing an effective process to gain assurance over its providers' operating controls, the Office cannot validate that the providers have effective security controls to protect the Office's sensitive and confidential data, increasing the chance of a breach or possible data disclosure. Additionally, by not obtaining, reviewing, and documenting an annual review of independent audit assurance and implementing possible compensating controls for each provider, the Office may not ensure an adequate level of security controls, thus inadvertently putting its sensitive data at risk.

The Office completed its Office Policies and Office Procedures, which include system and services acquisition requirements and processes, in July 2023. However, the Office Procedures do not define the steps the Office is responsible for implementing to ensure that policy and process requirements are met, either for providers under active oversight with VITA's COV Ramp service or for providers under the purview of the Office. Additionally, the Office Policies and Office Procedures do not include a requirement and process to document the review and evaluation of each annual independent audit assurance report. Further, the Office has not reviewed and revised its Office Policies and Office Procedures since July 2023 to reflect the new Security Standard requirements effective March 2024. In December 2023, the Office initiated discussions with VITA's COV Ramp service to procure oversight services for applicable providers. However, due to prioritizing other security demands, the Office has not yet completed the COV Ramp process to assess its service providers, move applicable providers into active COV Ramp oversight, and internally oversee providers not under COV Ramp's purview.

The Office should update its Office Procedures to define the steps the Office is responsible for implementing to ensure it meets the service provider oversight policy and process requirements. The Office should establish and implement a process to obtain and track oversight activities for providers under the purview of COV Ramp. For providers under the purview of the Office, the Office should communicate the required security controls to its providers through documented agreements with the providers. The Office should then request and evaluate monthly service reports and annual independent audit assurance reports from each provider under the Office's purview to ensure the provider has effective operating controls to protect the Office's sensitive and confidential data. During the evaluation, the Office should identify control deficiencies, develop mitigation plans, and escalate issues of noncompliance, as needed. Finally, the Office should document its evaluation of the monthly service reports and annual assurance reports from each provider under the Office purview. Gaining sufficient assurance over provider's security controls will help to ensure the confidentiality, integrity, and availability of sensitive data.

Improve Server Operating System Security

Type: Internal Control and Compliance

The Office does not implement certain controls and processes on a sensitive server operating system to properly secure the system in accordance with its Office Policies, Office Procedures, the Security Standard, and industry best practices, such as the Center for Internet Security's Benchmark (CIS Benchmark). We identified and communicated five weaknesses to management in a separate document marked FOIAE under § 2.2-3705.2 of the Code of Virginia due to its sensitivity and description of security mechanisms. Lack of resources, personnel changes, and lack of a necessary tool contributed to these issues. Without these controls, the Office may not effectively and consistently protect and mitigate risks to data.

The Office should ensure server operating system configurations, controls, and processes align with the requirements in its Office Policies, Office Procedures, the Security Standard, and the CIS Benchmark. Implementing these controls will help maintain the confidentiality, integrity, and availability of the sensitive and mission-critical data stored or processed on the server.

AGENCY HIGHLIGHTS

The Attorney General is the chief executive officer of the Commonwealth of Virginia's Department of Law. The Office acts as the Commonwealth's law firm. The Attorney General and his staff represent the Commonwealth's interests in all civil cases naming the Commonwealth, or any of its agencies or officials, as a party, and in criminal cases on appeal to the Court of Appeals of Virginia and the Supreme Court of Virginia. In cases involving federal law, the Attorney General represents the Commonwealth's interests in federal court. The Office also enforces consumer protection laws and investigates Medicaid fraud.

The Attorney General is also the legal advisor to the Governor and more than 200 state agencies, boards, commissions, and institutions. The Attorney General renders official opinions on the application of the law upon written request of the Governor, members of the General Assembly, members of the judiciary, state officials, or local constitutional officers. The Office handles criminal convictions on appeal and defends the state when prisoners sue concerning their incarceration. In addition, the Office defends legal challenges of the constitutionality of state laws. The Attorney General is responsible for providing all legal services for the Commonwealth and its agencies unless it is impracticable and uneconomical to do so. If the Commonwealth uses outside counsel, the Attorney General supervises the appointment and payment of private attorneys hired by other state agencies for various matters.

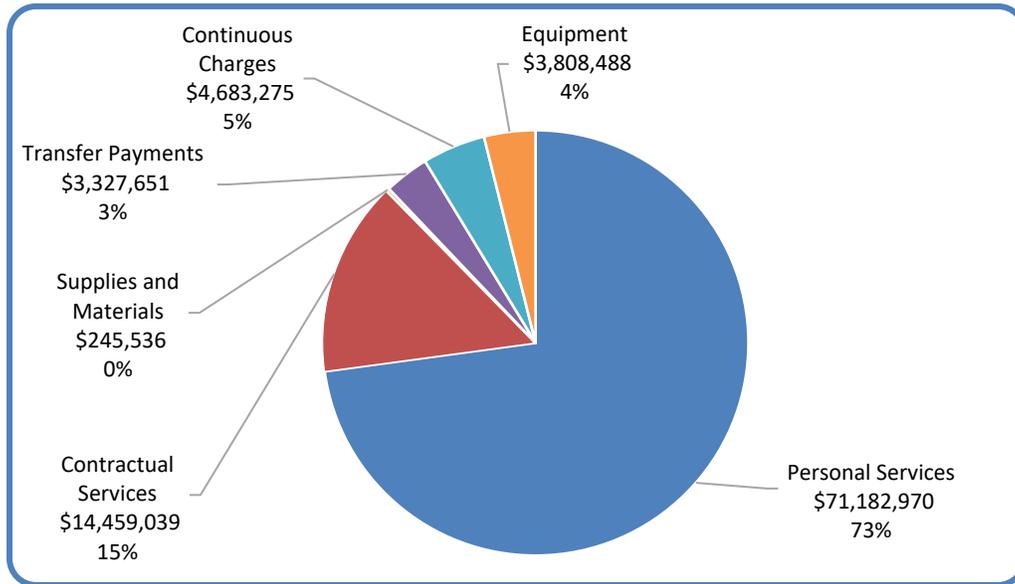
The Office's organizational structure is like a private law firm, with divisions devoted to legal specialties. In addition to the main office in Richmond, there are regional offices in Abingdon, Fairfax, Hampton Roads, and Roanoke. The Administration Division provides finance, human resources, information technology, and operations support to the legal divisions.

Expenses

Chart 1 provides a breakdown of total operational expenses by type for all funds for fiscal year 2024 for both the Office and the Division of Debt Collection (Division). Expenses increased from \$81.7 million in fiscal year 2023 to \$97.7 million in fiscal year 2024. This expense increase was primarily attributable to a \$8.1 million increase in personal services, which is the result of a statewide salary increase of five percent and a large growth in legal billings. Specifically, there were increases in attorney salaries, the number of attorneys hired, and the legal billings rate during the year for attorney services. Another driver of the increase in expenses was the increase in funding received from the Federal Asset Forfeiture Equitable Sharing Program, which increased by \$11.8 million in fiscal year 2024. While these funds are supplemental, the additional funding allowed the Office to increase spending across almost all account groups. As the main causes of increased expenses were pay increases and fund activity, we included these within our audit objectives for fiscal year 2024.

Operational Expenses by Type for Fiscal Year 2024

Chart 1



Source: Commonwealth accounting and financial reporting system

Opioid Abatement Funds

The Opioid Abatement Fund is used to provide grants and loans to any agency of the Commonwealth or participating locality for the purposes established by § 2.2-2374 of the Code of Virginia. The funds come from settlements with opioid manufacturers or retailers. In fiscal year 2024, revenues in the fund totaled \$72.5 million, an increase of \$9.8 million over the prior year. The Commonwealth began receiving opioid settlement funds in fiscal year 2022. The Commonwealth receives funds based on a planned schedule for each settlement. Fiscal year 2024 included nine sizable payments to the Office, one of which was greater than \$33 million, resulting in the variance over the prior year. The settlement funds pass through the Office to the Opioid Abatement Authority, which administers and distributes the funds to state agencies and localities.

The Commonwealth Opioid Abatement and Remediation (COAR) fund, new in fiscal year 2024, receives opioid settlement funds that are designated for opioid abatement or remediation, excluding funds designated for transfer to the Opioid Abatement Authority or localities. The Office acts as the custodian of these funds and disburses them as appropriated. The fund received \$62.2 million in revenues, including interest, during fiscal year 2024, with \$59.2 million still on hand at year-end.

Monsanto Settlement Fund

The Monsanto Settlement Fund holds the funds the Commonwealth received during fiscal year 2024 for its settlement with Monsanto Co. for environmental contamination in the Commonwealth caused by their distribution of polychlorinated biphenyls (PCBs). The settlement totaled \$80 million, of which the Commonwealth received \$72 million after litigation costs and attorney fees. The Commonwealth will use the funds for environmental studies, stream restoration, drinking water and wastewater system improvements, fisheries management, and land remediation.

Federal Asset Forfeiture Fund

The Federal Asset Forfeiture Fund represents proceeds from the forfeiture of assets from drug cases. In fiscal year 2024, revenues in the fund totaled \$32.7 million, a marginal increase over the prior year's \$30.4 million. The unusual amount of revenue received in the past two years is a result of the Federal Equitable Sharing Program. Under this program, state and local law enforcement agencies that participate in law enforcement efforts resulting in federal forfeitures can request an equitable share of the net proceeds from liquidated seized assets. The largest portion of this revenue source came from the \$600 million federal settlement with Indivior, from which the Office received \$30 million. The remaining amounts came from smaller settlements, interest, and the sale of surplus property. The Office may only use funds received under this program to supplement, not replace, existing funding and for any purpose that supports the Office's mission. The funds are not earmarked for expenses related to asset forfeiture, crime reduction, or similar activities.

Because activity related to opioid abatement, the Monsanto Settlement, and the Federal Asset Forfeiture Fund was significant, our audit included testing for the proper recording and reporting of all transactions, in all material respects, in the Commonwealth's accounting and financial reporting system and ensuring that the Office conducted all activity in accordance with the funds' applicable guidelines.

Medicaid Fraud Control Unit

The Virginia Medicaid Fraud Control Unit (Unit) investigates and prosecutes Medicaid providers who conduct their businesses in a fraudulent manner. Federal regulations require the Office establish the Unit as a separate and distinct entity from the Department of Medical Assistance Services (DMAS), the state agency that administers the Medicaid program. The Unit must be certified by the U.S. Department of Health and Human Services and recertified annually. The Unit receives all payments related to recoveries from litigation, which it then remits to DMAS. The Unit received and remitted recoveries to DMAS totaling \$6.8 million.

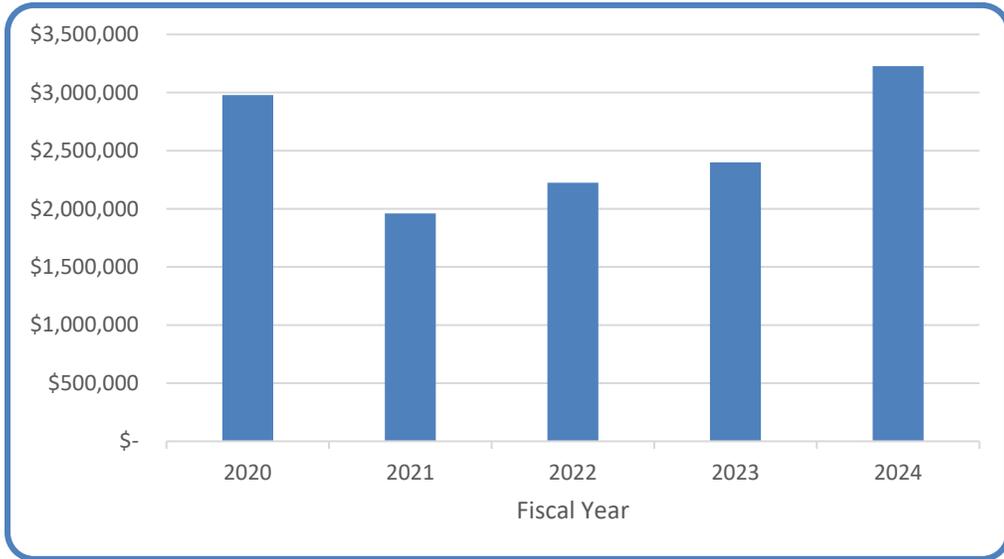
Division of Debt Collection

The Division is a separate agency within the Office. The Division collects delinquent accounts for state agencies and state-supported institutions of higher education and their hospitals. Upon receiving delinquent accounts from state agencies, the Division will take appropriate action, including litigation, to collect.

The Division retains up to 30 percent of any funds recovered on behalf of the Commonwealth, as well as any separate attorney's fees awarded to the Commonwealth. The Division uses these funds to pay operating costs. At the conclusion of each fiscal year, the Division retains up to \$400,000 as operating capital and transfers any excess amounts to the General Fund of the Commonwealth. Given the increase in activity in fiscal year 2024, we included internal controls over debt collection in our audit objectives for fiscal year 2024.

Debt Collection Fees

Chart 2



Source: Commonwealth accounting and financial reporting system



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
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August 19, 2025

The Honorable Jason S. Miyares
Attorney General of Virginia

Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of the **Office of the Attorney General and Department of Law and Division of Debt Collection** (Office) for the year ended June 30, 2024. We conducted this performance audit in accordance with generally accepted government auditing standards. 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 objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth's accounting and financial reporting system; review the adequacy of the Office's internal controls; test compliance with applicable laws, regulations, contracts, and grant agreements; and review corrective actions of audit findings from prior reports. See the [Findings Summary](#) included in the Appendix for a listing of prior audit findings and the status of follow-up on management's corrective action.

Audit Scope and Methodology

The Office'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 significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

- Operational expenses, including payroll
- Select human resource functions, including employment eligibility verification, retirement system reconciliations, and employee terminations
- Opioid abatement funds
- Monsanto Settlement Fund
- Federal Asset Forfeiture Fund
- Medicaid Fraud Control Unit
- Division of Debt Collection
- Information system security

We performed audit tests to determine whether the Office’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 the Office’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.

Conclusions

We found that the Office properly stated, in all material respects, the amounts recorded and reported in the Commonwealth’s accounting and financial reporting system. The financial information presented in this report came directly from the Commonwealth’s accounting and financial reporting system.

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 “Audit Findings and Recommendations.”

The Office has taken adequate corrective action with respect to audit findings reported in prior audits that are listed as complete in the [Findings Summary](#) in the Appendix.

Exit Conference and Report Distribution

We discussed this report with management on September 2, 2025. Management’s response to the findings identified in our audit is included in the section titled “Agency Response.” We did not audit management’s response and, accordingly, we express no opinion on it.

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

DBC/vks

FINDINGS SUMMARY

Finding Title	Status of Corrective Action*	First Reported for Fiscal Year
Comply with Federal Regulations for Documentation of Employment Eligibility	Complete	2022
Improve Controls Over Payroll	Complete	2022
Continue to Improve Virtual Private Network Security Controls	Ongoing	2019
Develop and Implement a Process to Maintain Oversight Over Service Providers	Ongoing	2022
Improve Server Operating System Security	Ongoing	2024
Independently Align the Information Security Officer**	Deferred	2022
Improve IT Risk Management and Contingency Process and Documentation**	Deferred	2023

*A status of **Complete** indicates management has taken adequate corrective action. **Ongoing** indicates new and/or existing findings that require management's corrective action as of fiscal year end. **Deferred** indicates that we will follow up on management's assertion that corrective action has been taken in the future.

**This prior year audit finding is not included in the scope of our audit. Per inquiry with management, we determined that corrective action was ongoing as of June 30, 2024.



COMMONWEALTH of VIRGINIA

Office of the Attorney General

Jason S. Miyares
Attorney General

August 26, 2025

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The Auditor of Public Accounts
P. O. Box 1295
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Dear Ms. Henshaw:

On behalf of the Attorney General Jason Miyares and the Office of the Attorney General I would like to thank you for providing us with an opportunity to comment on the findings and recommendations in the Fiscal Year 2024 audit of the Office of the Attorney General.

This was a very thorough examination of the agency's operation expenditures including payroll, travel, and small purchase charge cards, the Medicaid Fraud Control unit, the Division of Debt Collection, Commonwealth settlement funds, system access controls, and information system security.

I am very pleased that you and your team "found that Office properly stated, in all material respects, the amounts recorded and reported in the Commonwealth's accounting and financial reporting system," and that any shortcomings were relatively minor matters that we will work to address as quickly as possible. I am also pleased that you found satisfactory resolutions for several previously identified areas of need.

As always, the management of this agency continues to recognize the need for compliance with applicable standards and requirements, and for adequate internal controls and policies to ensure security and compliance by our agency. We will work expeditiously to address the items you have noted.

Sincerely,

A handwritten signature in black ink that reads "Steven G. Popps".

Steven Popps
Chief Deputy Attorney General