



JAMESTOWN-YORKTOWN FOUNDATION

INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS AS OF JUNE 2017

Auditor of Public Accounts
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Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

October 10, 2017

Philip Emerson, Executive Director
Jamestown-Yorktown Foundation
PO Box 1607
Williamsburg, VA 23187

INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS

We have reviewed the Internal Control Questionnaire, completed on June 7, 2017, for the **Jamestown-Yorktown Foundation** (Foundation). 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 Foundation 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 the Foundation. 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, petty cash, payroll reconciliations, procurement, and information technology and security. 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 areas requiring management’s attention resulting from our review:

- The Foundation does not currently have up-to-date documented policies and procedures for the following areas:
 - *Reconciliations* - The Foundation has not formalized its procedures to reflect the current process for reconciling internal records with the Commonwealth’s accounting and financial reporting system. The Foundation should formalize its procedures to ensure there is sufficient detail to allow someone new to the agency to follow the process. The Foundation should also ensure reconciliations are being performed in accordance with the Commonwealth Accounting Policies and Procedures (CAPP) Manual Topic 20905. Specifically, the Foundation should include appropriation and allotment reviews in the monthly reconciliation process as required by the CAPP Manual.
 - *Procurement and Contracts Management* - The Foundation has documented policies and procedures over procurement and contracts management. However, the procedures are outdated and have not been updated to reflect changes in the process since the procedures were created. The Foundation should continue to review, update, and finalize

its procurement policies and procedures to ensure they are in agreement with how the process is actually being performed.

- *Cash Handling and Collections* - The Foundation has documented policies and procedures over cash handling and cash collections. However, the procedures were in the process of being reviewed and updated at the time of our review. The Foundation should continue to review, update, and finalize its cash handling procedures to ensure they are in agreement with how the process is actually being performed.
- The Foundation does not review the Cancelled Record Report from the Commonwealth's human resource system, as required by the Department of Accounts Payroll Bulletin 2015-06 and the Virginia Retirement System Employer Manual. The Foundation should regularly review the report to ensure employee information properly interfaces and is accurately recorded in the retirement system.

We discussed these matters with management on September 27, 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

Jamestown-Yorktown Foundation

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November 13, 2017

Ms. Martha S. Mavredes, CPA
Auditor of Public Accounts
Commonwealth of Virginia
101 North 14th Street, 8th Floor
Richmond, Virginia 23219

Dear Martha,

The Jamestown-Yorktown Foundation appreciates the opportunity to comment on the Auditor of Public Accounts' Results Letter regarding the Internal Controls Questionnaire Review dated October 10, 2017. This new approach and process was helpful, positive and a benefit to staff. Our comments, for inclusion in the report, are below.

Comments to Management

The Foundation recognizes the necessity to maintain up-to-date documented policies and procedures and reconcile the accuracy of interfaced information. Ongoing efforts to address the backlog of out-of-date policies and procedures have been hampered by turnover and staff vacancies. Since the field work was conducted in June, and the areas of concern brought to management's attention, the following actions have been undertaken:

- *Appropriation and allotment reviews have been incorporated into the monthly reconciliation process and formal documentation of the reconciliation procedures have been compiled.*
- *Updates to procurement policies and procedures are currently in progress. The agency will implement revisions to the procurement policies and procedures periodically to ensure compliance.*
- *Cash handling procedures have been updated and implemented.*
- *The Cancelled Records report review has been incorporated into the monthly Virginia Retirement System snapshot review.*

I will be reviewing the audit findings with our Board of Trustees during a future board meeting and discussing your comments and our responses with them. I commend your staff for the professional manner in which the review was conducted. As always, please know we appreciate your guidance and support.



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Ms. Mavredes
November 13, 2017
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Sincerely

A handwritten signature in cursive script, appearing to read "Phil", written in black ink.

Philip G. Emerson

PGE/jlp

cc: Mr. Frank B. Atkinson
The Honorable M. Kirkland Cox
Mr. Frank N. Stovall