

DEPARTMENT OF BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2025

Auditor of Public Accounts
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AUDIT SUMMARY

Our audit of the Department of Behavioral Health and Developmental Services (DBHDS), including the Block Grants for Prevention and Treatment of Substance Abuse federal program, for the fiscal year ended June 30, 2025, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth's accounting and reporting system, DBHDS' financial system, and supplemental information and attachments submitted to the Department of Accounts;

- eight matters involving internal control and its operation requiring management's attention, seven of which also represent instances of noncompliance with applicable laws and regulations that are required to be reported under Government Auditing Standards; however, we do not consider them to be material weaknesses; and

- adequate corrective action with respect to the prior audit findings identified as complete in the Findings Summary included in the Appendix.

Our report includes one risk alert that requires the action and cooperation of DBHDS management and the Virginia Information Technologies Agency (VITA) regarding a risk related to access to centralized audit log information.

In the section titled "Internal Control and Compliance Findings and Recommendations," we have included our assessment of the conditions and causes resulting in the internal control and compliance findings identified through our audit 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 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 recommendations.

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INTERNAL CONTROL AND COMPLIANCE FINDINGS AND RECOMMENDATIONS

Improve Web Application Security
Type: Internal Control and Compliance
Severity: Significant Deficiency

The Department of Behavioral Health and Developmental Services (DBHDS) does not review and implement some information security policies and controls to secure its patient revenue web application in accordance with the Commonwealth's Information Security Standard, SEC530 (Security Standard). We communicated two 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.

The Security Standard requires DBHDS to implement certain security controls to safeguard systems that contain or process sensitive data. By not meeting the minimum requirements in the Security Standard, DBHDS cannot ensure it protects the confidentiality, integrity, and availability of data within its system. DBHDS staffing constraints and lack of oversight led to the weaknesses outlined in the FOIAE communication.

DBHDS should obtain and dedicate the necessary resources to remediate the weaknesses communicated in the FOIAE communication to ensure its policies, procedures, and the web application's configuration align with the requirements in the Security Standard. Implementing these corrective actions will help to protect the confidentiality, integrity, and availability of mission-critical and sensitive data.

Improve Controls over Financial Reporting
Type: Internal Control
Severity: Significant Deficiency
First Reported: Fiscal Year 2021

DBHDS should improve internal controls over financial information submitted to the Department of Accounts (Accounts). The DBHDS Office of the Comptroller (Comptroller's Office) is responsible for submitting information to Accounts, including multiple attachments used in the preparation of the Commonwealth's Annual Comprehensive Financial Report (ACFR). During our audit, we identified the following deficiencies regarding financial reporting which led to misstatements and late submissions:

- The Comptroller's Office reports information on leave liability to Accounts within Attachment 6B – Leave Liability (Attachment 6B). The initial submission of Attachment 6B did not include a beginning balance restatement of $9.3 million despite Accounts issuing guidance stating that it expected a beginning balance restatement due to the implementation of a new accounting standard. The Comptroller's Office resubmitted Attachment 6B to include the beginning balance restatement, 28 days past Accounts' submission deadline. Additionally, one DBHDS facility did not properly consider all leave types required by the new standard

when preparing Attachment 6B. As a result, the facility understated its leave liability by approximately $2.3 million.

- The Comptroller's Office reports information on federal expenses to Accounts on the Federal Schedules Attachment, which includes the Schedule of Expenditures of Federal Awards (SEFA). The Comptroller's office submitted the initial SEFA and then resubmitted the SEFA five additional times with the final revision submitted 54 days past Accounts' submission deadline. The Comptroller's Office made multiple revisions to the information within the SEFA, including restating the total expenses for one federal award by approximately $6.1 million and revising reported expenses disbursed to nonstate entities for one federal award three times, with the final revision reverting the amount back to the original amount submitted.

- The Comptroller's Office reports information on contractually obligated construction and non-construction commitments to Accounts through Supplemental Item #5 – Commitments (Commitments Footnote). The Comptroller's Office submitted the Commitments Footnote 41 days past Accounts' submission deadline. Additionally, the Comptroller's Office did not compile and calculate the amounts reported within the Commitments Footnote accurately. For each of the three construction contracts reviewed, the Comptroller's Office did not properly calculate the commitment amount, resulting in the overstatement of construction commitments by approximately $9 million. The Comptroller's Office also did not follow its policies and procedures or consistently apply its established methodology when calculating the non-construction commitment amount and used incorrect financial information in its calculation, which resulted in an understatement of non-construction commitments by approximately $4 million.

Several factors contributed to the deficiencies noted above, such as an inadequate review by management for the attachments noted above, a lack of detailed policies and procedures that provide sufficient detail on the agency's adopted methodology for determining commitments, and vacancies in positions that assist in preparation of the information used to compile information reported to Accounts. DBHDS financial activity is material to the Commonwealth's ACFR, and as such, it is essential for DBHDS to have strong internal controls over financial reporting. Not submitting accurate financial information by Accounts' required deadlines could impact the Commonwealth's ability to issue the ACFR by the Code of Virginia mandated deadline which could jeopardize the Commonwealth's bond rating.

The Comptroller's Office should develop detailed written policies and procedures for key financial reporting processes and include all required steps to prepare the financial information submitted to Accounts, while also considering the due dates for the information. The Comptroller's Office should also ensure that the process and methodology chosen in preparing financial information is reasonable and applied consistently throughout the calculation. Additionally, the Comptroller's Office should submit financial information timely and validate the completeness and accuracy of the information prepared and submitted to Accounts. Finally, the Comptroller's Office should ensure an individual who is independent of the preparation of the financial information performs a detailed review of all information submitted to Accounts prior to submission as this will assist in detecting and preventing errors and reduce the likelihood of resubmissions to Accounts.

Continue to Improve Off-Boarding Procedures

Type: Internal Control and Compliance
Severity: Significant Deficiency
First Reported: Fiscal Year 2014

DBHDS is not properly off-boarding employees, retaining appropriate documentation to support the completion of off-boarding procedures, and removing system access for employees timely. Our review of terminated employees included reviewing off-boarding processes at three different facilities and the DBHDS Central Office and reviewing system access removals for the entire agency. When reviewing off-boarding processes, we identified that all three facilities and Central Office did not consistently complete an off-boarding checklist for terminated employees or did not enter employee termination dates in the Commonwealth's accounting and financial reporting system timely. During our review, we identified the following deficiencies:

- For 19 of 25 (76%) terminated employees tested, the facilities and Central Office could not provide supporting documentation showing the employees returned state property by their termination date.

- For 17 of 25 (68%) terminated employees tested, the facilities and Central Office did not complete an off-boarding checklist.

- For 14 of 25 (56%) terminated employees tested, the facilities and Central Office did not remove building or system access within 24 hours of the employee's separation.

- For 14 of 38 (37%) terminated employees tested, DBHDS did not enter the employee's termination date timely, which led to the untimely removal of the employee's access to the Commonwealth's accounting and financial reporting system.

- For four of 17 (24%) employees tested, DBHDS did not remove access to its internal time and leave reporting system within 24 hours of the employee's separation.

- For two of nine (22%) employees tested, DBHDS did not remove access to its internal financial management system within 24 hours of the employee's separation.

- For one of six (17%) terminated employees tested, one facility did not remove access to the Commonwealth's retirement benefits system within 24 hours of the employee's separation.

DBHDS Central Office provides facilities with off-boarding guidance and a termination checklist, which the facilities should incorporate into their existing procedures. The Security Standard states an organization must disable accounts within 24 hours when the accounts have expired, are no longer associated with a user or individual, are in violation of organizational policy, or have been inactive for 90 days.

DBHDS experienced a high volume of turnover during the period under review. The volume of turnover, as well as other factors such as lack of interdepartmental communication, lack of oversight, competing prioritized tasks, job abandonment, and insufficient implementation of policies and procedures contributed to these issues. Without sufficient and documented internal controls over the off-boarding process that ensure the return of Commonwealth property and removal of all system access privileges, DBHDS risks that terminated employees may retain physical access to Commonwealth property and unauthorized access to internal systems, which may include sensitive information. The decentralized nature of the agency and the secure nature in which the facilities operate further increases the exposure risk.

DBHDS should continue to improve the implementation of off-boarding policies and procedures across its facilities and Central Office. These policies and procedures should, at a minimum, include the collection of Commonwealth property, timely removal of building access for terminated employees, and timely removal of all information systems access in accordance with the Security Standard. Furthermore, these procedures should address unique instances such as job abandonment. DBHDS Central Office and management across all facilities should ensure proper implementation and adherence with off-boarding policies and procedures to include retention of supporting documentation and sufficient communication between responsible departments.

Improve Access Controls for the Grants Management System

Type: Internal Control and Compliance
Severity: Significant Deficiency

DBHDS has not implemented adequate access controls for its grants management system. DBHDS has created an administrative manual for its grants management system, which includes information such as granting and approving user access, properly removing user access, and outlining an annual review, as well as roles and responsibilities for individuals within the agency and the grants management system's service provider. However, DBHDS is not adhering to the controls outlined in this manual nor does it have sufficient documentation of these access controls. As a result, we identified the following deficiencies:

- DBHDS management does not monitor the activity of system administrators who have privileged role assignments.

- DBHDS management does not have a formal process for periodically reviewing system access for all users.

- For four of four (100%) terminated employees tested, DBHDS did not remove access within 24 hours of the employee's separation with access removal ranging from 144 to 265 days after termination.

- For nine of 13 (69%) users tested, DBHDS management did not retain supporting documentation to verify the user's level of access or the supervisor's approval.

- For three of 13 (23%) active users tested, DBHDS did not deactivate the user's account after the employee's termination.

The Security Standard requires reviewing accounts for compliance with account management requirements on an annual basis and following an environmental change; disabling user accounts within 24 hours of when users are terminated or transferred; monitoring privileged role assignments; and creating and enabling accounts in accordance with the agency-defined logical access control policy.

By not properly approving system access or terminating access timely, DBHDS increases the risk of unauthorized individuals entering or approving transactions which could affect the integrity of the information within the grants management system. Without a review of user access levels on an annual basis or a process to monitor the activity of privileged users, DBHDS cannot verify that each user's access is appropriate based on job function, does not violate the principle of least privilege or separation of duties, and has not been used for inappropriate activity. Due to lack of training and management oversight, DBHDS did not perform all access control requirements as outlined by the Security Standard. In addition, users gain access to the grants management system by submitting a ticket to the DBHDS help desk; however, the ticketing system does not require supervisory approval before granting access.

DBHDS should improve the design and implementation of access controls for the grants management system to ensure they align with the DBHDS administrative manual and the Security Standard. Specifically, DBHDS should provide training regarding the administrative manual. DBHDS should also ensure supervisors approve access before granting access; remove access timely when employees terminate; and retain all supporting documentation regarding system access including approving, granting, and removing new and existing access. In addition, DBHDS should develop a formal process for periodically reviewing system access as well as reviewing activity for privileged users.

Complete FFATA Reporting for First Tier SABG Subawards

Type: Internal Control and Compliance
Severity: Significant Deficiency
First Reported: Fiscal Year 2022

The DBHDS Office of Fiscal and Grants Management (Fiscal and Grants Management) is not fully completing Federal Funding Accountability and Transparency Act (FFATA) reporting for all first tier subaward recipients that received funding from the Substance Abuse Block Grant (SABG) federal program. Specifically, Fiscal and Grants Management did not complete FFATA reporting for all Community Service Boards (CSBs) and for one non-CSB entity tested. During fiscal year 2025, DBHDS disbursed approximately $49.4 million in SABG funds to CSBs. This total represents approximately 79 percent of the SABG federal program's expenses for the fiscal year.

Title 2 U.S. Code of Federal Regulations (CFR) Part 170 Appendix A requires a non-federal entity to report each obligating action, exceeding $30,000, to the FFATA Subaward Reporting System. Fiscal and Grants Management identified the reporting requirements in its FFATA reporting policies and procedures and completed FFATA reporting for other first tier subaward recipients tested. Fiscal and Grants

Management created a query to run a report in the DBHDS grants management system which pulls all required information to ensure completeness of FFATA reporting. However, Fiscal and Grants Management did not complete FFATA reporting for CSBs as the query did not include a necessary field to pull information for the CSBs. Furthermore, Fiscal and Grants Management did not complete FFATA reporting for one non-CSB entity tested due to lack of management oversight. Not properly completing FFATA reporting could result in a citizen or federal official having a distorted view as to how DBHDS is obligating federal funds from the SABG federal program.

Fiscal and Grants Management should correct errors noted in the query within the grants management system to retrieve the necessary FFATA report information for CSBs. Additionally, Fiscal and Grants Management should incorporate sufficient management review into its reporting processes to ensure accurate and complete FFATA reporting for all first tier subaward recipients for the SABG federal program. Finally, Fiscal and Grants Management should evaluate whether it is fulfilling its FFATA reporting responsibilities for other federal grant programs, as applicable.

Improve IT Contingency Management Program
Type: Internal Control and Compliance
Severity: Significant Deficiency
First Reported: Fiscal Year 2017

In our prior report, we identified that DBHDS did not complete Continuity of Operations Plans (COOP) and Information Technology (IT) Disaster Recovery Plans (DRP) for its 12 facilities and Central Office in accordance with the Security Standard. Additionally, the Central Office and facilities did not perform annual reviews and tests of the COOPs or DRPs to verify their adequacy and effectiveness as required by the Security Standard. While DBHDS considered the prior finding remediated as of fiscal year end, we determined that DBHDS continues not to have complete COOPs and DRPs for the Central Office and the 12 facilities in accordance with the Security Standard requirements. Additionally, DBHDS does not perform annual tests and reviews of its COOP and DRP documentation. DBHDS incorrectly reported that corrective action was complete due to lack of oversight and not verifying that staff completed corrective actions.

DBHDS should ensure there is adequate coordination among departments and facilities to update the contingency management program to meet the minimum requirements in the Security Standard. DBHDS should also complete the COOPs and DRPs for the Central Office and its facilities, ensuring they meet all requirements in the Security Standard and are consistent with DBHDS IT risk management documentation across the facilities and Central Office. Once DBHDS completes the contingency documents, it should conduct tests on at least an annual basis to ensure the Central Office and facilities can restore mission-critical and sensitive systems in a timely manner in the event of an outage or disaster.

Develop Baseline Configurations for Information Systems
Type: Internal Control and Compliance
Severity: Significant Deficiency
First Reported: Fiscal Year 2015

In our prior report, we identified that DBHDS made limited progress to document and annually review baseline configurations for its sensitive systems' hardware and software requirements. Additionally, DBHDS did not include all the required elements of a baseline configuration as prescribed in the Security Standard. Due to competing priorities, management does not expect to complete corrective actions to remediate the prior year finding until fiscal year 2028. As management plans to complete corrective action after the fiscal year under review, we will evaluate whether the corrective actions achieved the desired results during a future audit.

Continue to Improve Risk Assessment Process
Type: Internal Control and Compliance
Severity: Significant Deficiency
First Reported: Fiscal Year 2021

In our prior report, we identified that the DBHDS Information Security Department made limited progress in conducting risk assessments and risk treatment plans over its sensitive systems in accordance with the Security Standard and the Commonwealth's IT Risk Management Standard, SEC520. The risk assessments and risk treatment plans are part of an ongoing business impact analysis project that the Information Security Department does not expect to complete until fiscal year 2028 due to other competing priorities. As the Information Security Department and management plan to complete corrective actions after the fiscal year under review, we will evaluate whether the corrective actions achieve the desired results during a future audit.

RISK ALERT

During our audit, we encountered issues that are beyond the corrective action of DBHDS management alone and require the action and cooperation of management and the Virginia Information Technologies Agency (VITA). The following issue represents such a risk to DBHDS and the Commonwealth.

Access to Centralized Audit Log Information
First Reported: Fiscal Year 2021

DBHDS relies on the Commonwealth's Information Technology Infrastructure Services Program (ITISP) to install, maintain, operate, and support IT infrastructure components, such as servers, routers, firewalls, and virtual private networks. As the ITISP contract administrator, VITA is responsible for providing agencies with access to its security information and event management (SIEM) tool that stores information about historical security events for these components that may affect the DBHDS IT environment.

VITA and the ITISP contractors implemented the current SIEM tool in October 2023 after several unsuccessful iterations since 2018. While the current SIEM tool stores audit logs for the ITISP infrastructure components, the SIEM tool does not present the information in a usable format that will allow agencies to adequately monitor their IT environments. Additionally, VITA has not configured the SIEM tool to give alerts about specific events captured in the audit logs. These alerts are necessary to provide DBHDS with timely notification of potentially anomalous or malicious activity.

The Security Standard requires agencies to review and analyze audit records at least every 30 days for indications of inappropriate or unusual activity and assess any potential impact of inappropriate or unusual activity. Using a SIEM tool without all necessary audit log information displayed to agencies reduces organizational security posture by not being able to react to and investigate suspicious system activity in a timely manner.

DBHDS should continue to work with VITA to create relevant and usable information on the SIEM tool, including setting the appropriate alerts, to ensure DBHDS can review the activities occurring in its IT environment in accordance with the Security Standard. Our separate audit of VITA's contract management will also continue to report this issue.

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
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December 15, 2025

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Janet Kelly
Secretary of Health and Human Resources

Nelson Smith
Commissioner, Department of Behavioral Health and Developmental Services

We have audited the financial records, operations, and federal compliance of the **Department of Behavioral Health and Developmental Services** (DBHDS), including the Block Grants for Prevention and Treatment of Substance Abuse federal program, for the year ended June 30, 2025. 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 DBHDS 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, 2025. In support of this objective, we evaluated the accuracy of recorded financial transactions in the Commonwealth's accounting and financial reporting system, DBHDS financial systems, and supplemental information and attachments submitted to the Department of Accounts; reviewed the adequacy of DBHDS internal control; tested for compliance with applicable laws, regulations, contracts, and grant agreements; and reviewed corrective actions with respect to audit findings from prior year reports.

Audit Scope and Methodology

DBHDS 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 Block Grants for Prevention and Treatment of Substance Abuse federal program and the following significant cycles, classes of transactions, and account balances:

Commonwealth's retirement benefit system
Federal grant revenues and expenses
Financial assistance payments
Information system security (including access controls)
Facility revenues
Licensing behavioral health providers
Payroll expenses

We performed audit tests to determine whether 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 DBHDS 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 identified certain deficiencies in internal control titled "Improve Web Application Security," "Improve Controls over Financial Reporting," "Continue to Improve Off-Boarding Procedures," "Improve Access Controls for the Grants Management System," "Complete FFATA Reporting for First Tier SABG Subawards," "Improve IT Contingency Management Program," "Develop

Baseline Configurations for Information Systems," and "Continue to Improve Risk Assessment Process," which are described in the section titled "Internal Control and Compliance Findings and Recommendations," that we consider to be significant deficiencies.

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 DBHDS properly stated, in all material respects, the amounts recorded and reported in the Commonwealth's accounting and financial reporting system, DBHDS financial systems, and supplemental information and attachments submitted to the Department of 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 Findings and Recommendations."

DBHDS has taken adequate corrective action with respect to prior audit findings identified as complete in the Findings Summary included in the Appendix.

Since the findings noted above include those that have been identified as significant deficiencies, they 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, 2025. The Single Audit Report will be available at www.apa.virginia.gov in February 2026.

Exit Conference and Report Distribution

We discussed this report with management at an exit conference held on January 7, 2026. Government Auditing Standards require the auditor to perform limited procedures on the agency's response to the findings identified in our audit, which is included in the accompanying section titled "Agency Response." This 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

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FINDINGS SUMMARY

Finding Title	Status of Corrective Action*	Fiscal Year First Reported
Continue to Implement Compliant Application Access Management Procedures	Complete	2018
Continue Dedicating Resources to Support Information Security Program	Complete	2019
Continue to Improve Database Security	Complete	2021
Ensure Compliance with the Conflict of Interests Act	Complete	2021
Improve Change Management Process for Information Technology Environment	Complete	2023
Improve Security Awareness Training Program	Complete	2023
Improve Oversight of Third-Party Service Providers	Complete	2024
Improve Web Application Security	Ongoing	2025
Improve Controls over Financial Reporting **	Ongoing	2021
Continue to Improve Off-Boarding Procedures	Ongoing	2014
Improve Access Controls for the Grants Management System	Ongoing	2025
Complete FFATA Reporting for First Tier SABG Subawards	Ongoing	2022
Improve IT Contingency Management Program	Ongoing	2017
Develop Baseline Configurations for Information Systems	Ongoing	2015
Continue to Improve Risk Assessment Process	Ongoing	2021

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

** Title of Related Prior Finding: Continue to Improve Controls over the Calculation of Contractual Commitments

COMMONWEALTH of VIRGINIA

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January 15, 2026

Staci A Henshaw, CPA
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P.O. Box 1295
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Dear Ms. Henshaw:

We have reviewed your report on our audit for the year ended June 30, 2025. We concur with the findings and our corrective action plans have been provided separately.

The Virginia Department of Behavioral Health and Developmental Services (DBHDS) has made significant progress to close several findings from prior year audit, and we appreciate that this report reflects the progress made to date on those corrective actions. Based on our progress demonstrated during this audit cycle, we are committed and will work to resolve and close several of the findings identified during this audit cycle. We greatly appreciate the audit team's interest and effort to evaluate risks we face due to decentralization, and the acknowledgement of ongoing efforts to identify resources and other interventions to mitigate the risks associated with these unique challenges. Despite continuing to face unprecedented challenges in the behavioral health and developmental disability community this fiscal year, we are proud of our staff for their incredible efforts to face those challenges while remaining committed to enhancing our operations and system of care.

We appreciate your team's efforts, constructive feedback, and acknowledgement of progress made by the agency despite facing many challenges in the past year. Please contact Divya Mehta, Director of Internal Audit if you have any questions regarding our corrective action plan.

Sincerely,

Nelson Smith