



SCIENCE MUSEUM OF VIRGINIA

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2018

Auditor of Public Accounts
Martha S. Mavredes, CPA

www.apa.virginia.gov

(804) 225-3350



AUDIT SUMMARY

We audited the payroll and revenue cycles at the Science Museum of Virginia (Science Museum) for the fiscal year ended June 30, 2018. We found:

- proper recording and reporting of all revenue and payroll transactions, in all material respects, in the Commonwealth's accounting and financial reporting system and the Commonwealth's payroll system;
- a matter involving internal control and its operation necessary to bring to management's attention pertaining to employment eligibility verification process;
- an instance of noncompliance with applicable laws and regulations or other matters related to employment eligibility verification process that are required to be reported; and
- adequate corrective action with respect to prior audit findings identified as resolved in the [Findings Summary](#) in the Appendix.

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

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AUDIT FINDINGS AND RECOMMENDATIONS

Improve Processes and Controls over Employment Eligibility

Type: Internal Control and Compliance

Repeat: No

The Science Museum's Department of Human Resources (Human Resources) does not have sufficient processes and internal controls over the employment eligibility verification process. Of the six tested I-9 Forms, Human Resources did not properly complete the forms in the following instances:

- For five employees (83%), the top of Section 2, where employers should confirm the employee information on Section 1, was incomplete.
- For six employees (100%), Human Resources did not enter the date employment began and/or the date of employer confirmation on the form.

The Immigration Reform and Control Act of 1986, requires that all employees hired after November 6, 1986, have a Form I-9 completed to verify both employment eligibility and identity. This requirement ensures that employers hire only individuals who may legally work in the United States. Per the Handbook for Employers M-247, issued by the U.S. Citizenship and Immigration Services (M-247), employers must present the date employment begins as well as sign and date the I-9 Form. The Handbook for Employers M-247 also instructs employers while completing Section 2 to, "Enter the employee's last name, first name, and middle initial exactly as this information was entered in Section 1. Enter the number that correlates with the citizenship or immigration status box the employee selected in Section 1." Not complying with federal and state statutes could result in substantial civil and/or criminal penalties and debarment from government contracts.

Human Resources has not developed proper procedures regarding the employment eligibility verification process. Therefore, the Human Resources Analyst was not aware of the necessary requirements for completing I-9 Forms. Human Resources should update its current procedures to include all required employment eligibility practices in accordance with the U.S. Citizenship and Immigration Services guidelines and communicate procedures to employees.

AUDIT SCOPE OVERVIEW

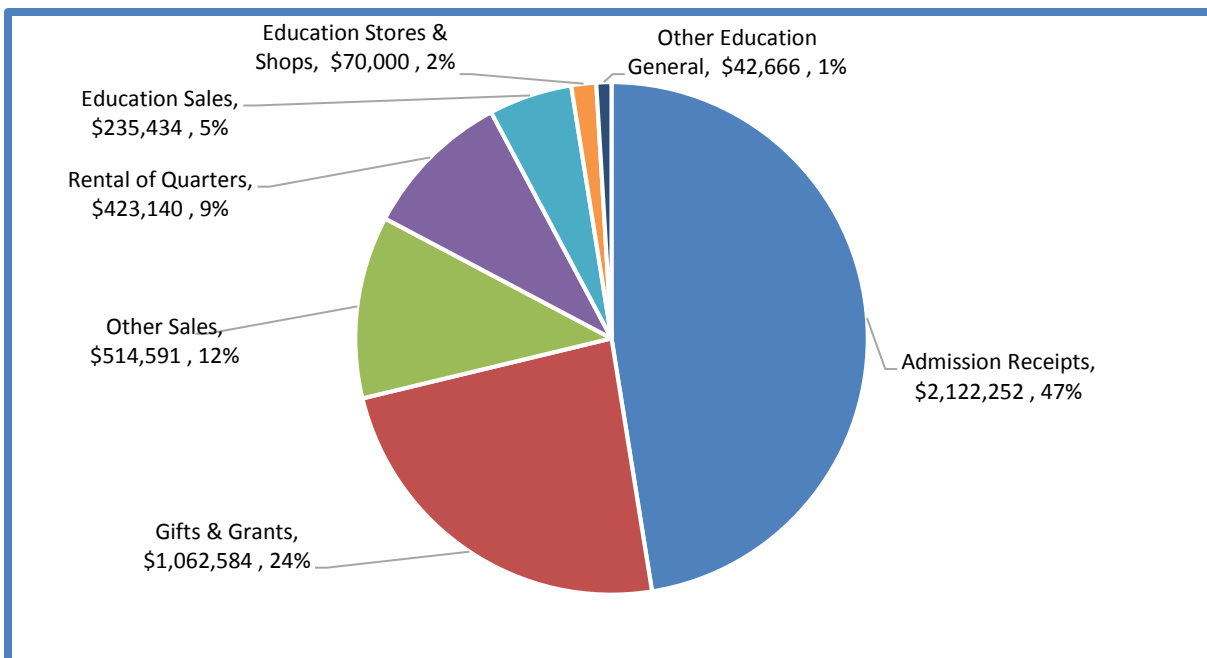
The Science Museum, headquartered in Richmond’s Broad Street Station, focuses on science, technology, engineering, and math (STEM) education; and raises public understanding in those areas to “inspire Virginians to enrich their lives through science.” It accomplishes this through informal hands-on teaching, learning experiences, and various educational outreach programs. The Science Museum maintains a collection of permanent exhibitions, including the Dome Theater along with various artifacts and interactive technologies about space, health, electricity, and the earth. Additionally, the Science Museum rotates various temporary exhibits, some of which are loaned from other entities around the world. In addition to the Broad Street Station, the Science Museum also operates the Danville Science Center.

The Science Museum relies on general fund appropriations of \$5.2 million and non-general funds of \$4.5 million consisting of museum admission fees and gift shop and concession sales to support its expenses. This also includes non-general fund revenues the Science Museum receives from private gifts and grants. This private funding comes primarily from the Science Museum of Virginia Foundation and the Danville Science Center, Inc., both nonprofit corporations that exist solely to support the programs, projects, and operations of the Science Museum.

To ensure revenues are being properly recorded and allocated to the appropriate program, we included internal controls over revenues as one of the objectives for the audit. Additionally, we reviewed the admissions and facility rental revenue cash collection process at the front desk of the Science Museum. Chart 1 provides a breakdown of the Science Museum’s revenues for fiscal year 2018.

Institutional Revenue for Fiscal Year 2018

Chart 1

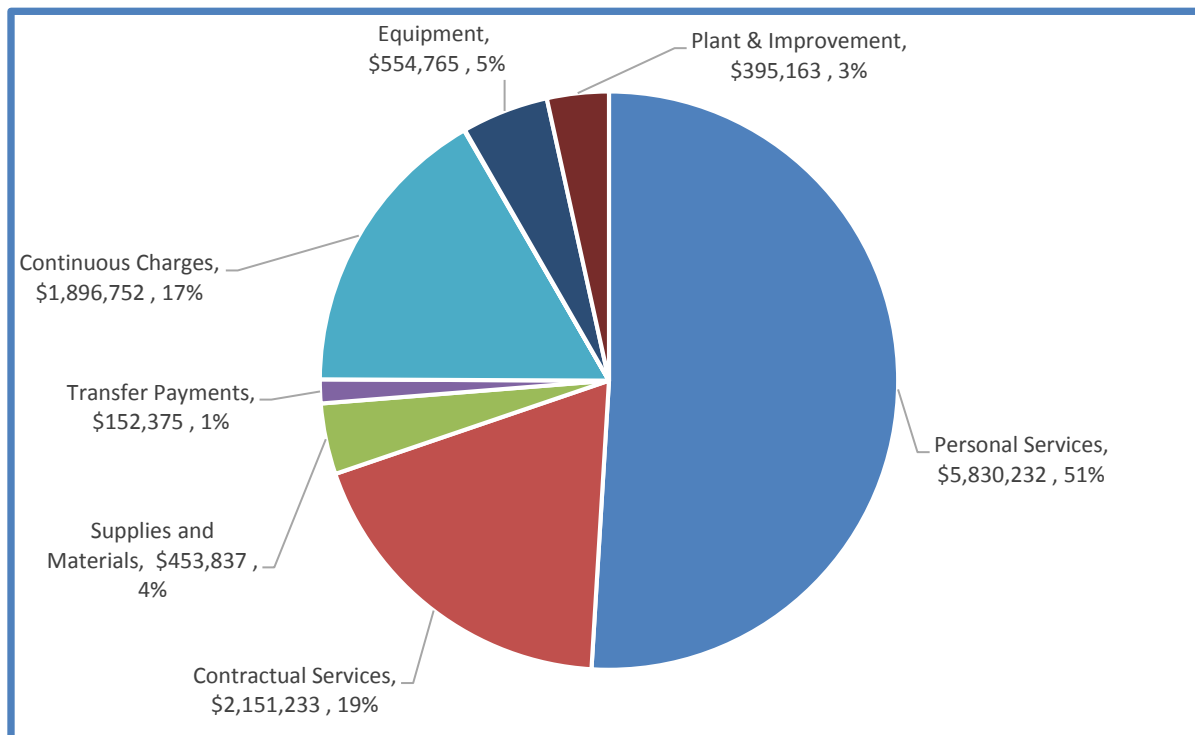


Source: Commonwealth’s accounting and financial reporting system

Chart 2 provides a breakdown of the Science Museum’s operational expenses by type for all funds for fiscal year 2018:

Operational Expenses by Type for Fiscal Year 2018

Chart 2



Source: Commonwealth’s accounting and financial reporting system

Personnel services are the Science Museum’s largest expense type; therefore, internal controls over the payroll cycle were included as one of our audit objectives this year. The Science Museum uses the Department of Accounts’ Payroll Service Bureau to process its payroll; consequently, we limited our review of the payroll cycle to agency level controls. We also included procedures to ensure compliance with federal and state employment eligibility verification regulations.



Martha S. Mavredes, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

August 6, 2019

The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Thomas K. Norment, Jr.
Chairman, Joint Legislative Audit
and Review Commission

We have audited the payroll and revenue cycles of the **Science Museum of Virginia** (Science Museum) for the year ended June 30, 2018. 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 Scope and Objectives

Our audit's primary objectives were to audit the payroll and revenue cycles. In support of these objectives, we evaluated the accuracy of transactions as recorded in the Commonwealth's accounting and financial reporting system and the Commonwealth's payroll system; reviewed the adequacy of the Science Museum's internal controls; and tested compliance with applicable laws and regulations as they related to our audit objectives. We also reviewed corrective actions for select audit findings from prior year reports. See the [Findings Summary](#) included in the Appendix for a listing of prior year findings and the status of follow-up on management's corrective action. We will follow up on findings not reviewed in a future audit.

Audit Methodology

The Science Museum's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. 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 and regulations.

We gained an understanding of the overall internal controls, both automated and manual, as they relate to the audit objectives, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. We performed audit tests to determine whether the Science Museum'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 and regulations as they pertain to our audit objectives.

Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and observation of the Science Museum’s operations. We performed analytical procedures, including budgetary and trend analyses. We also tested details of transactions to achieve our 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 Science Museum properly stated, in all material respects, transactions recorded and reported in the Commonwealth’s accounting and financial reporting system and the Commonwealth’s payroll system, relating to the audit objectives.

We noted certain matters pertaining to the employment eligibility verification process, involving internal control and its operation and compliance with applicable laws and regulations. These matters are described in the section entitled “Audit Findings and Recommendations.”

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

Exit Conference and Report Distribution

We discussed this report with management on August 14, 2019. 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.

AUDITOR OF PUBLIC ACCOUNTS

DLR/clj

FINDINGS SUMMARY

Findings	Follow Up Status	Year(s) Issued
Improve Controls for Commonwealth's Retirement Benefits System Reconciliation Procedures and Snapshot Certification	Resolved	2015
Improve Controls Over Cardinal Reconciliations	Resolved	2015
Improve the Process for Disclosing Economic Interest Requirements	Resolved	2015
Ensure Compliance with the Prompt Pay Act	Deferred*	2017
Comply with Competitive Procurement Requirements	Deferred*	2017
Establish Clear Contractual Scope of Work	Deferred*	2017
Strengthen Controls over Small Purchase Charge Card Operations	Deferred*	2017
Improve Processes and Controls over Employment Eligibility	New	2018

*Follow-up Status on prior year findings identified as "Deferred" indicates review of management's corrective action on a prior year finding will be performed in a future audit.



August 26, 2019

Ms. Martha Mavredes
Auditor of Public Accounts
James Monroe Building
101 N. 14th Street
Richmond, VA 23219

Ms. Mavredes,

The Science Museum of Virginia appreciates the opportunity to respond to the FY2018 Financial Audit. We give your comments the highest level of importance and consideration as we continue to improve our processes.

The Science Museum acknowledges the criticality of the requirement to only hire individuals who may legally work in the United States. We believe that the Museum's detailed hiring procedures substantially reduce the risk of the Museum hiring individuals who may not be legally eligible to work in the United States. However, the Museum acknowledges that we had not completed the I-9 forms to the level of detail necessary to ensure complete compliance.

Once this issue was identified by the audit team in July 2019, we immediately modified our process for completion of the I-9 form in accordance with the U.S. Citizenship and Immigration Services guidelines, and communicated the new procedure to our employees.

Richard Conti

Richard C. Conti, Director
Science Museum of Virginia

SCIENCE MUSEUM OF VIRGINIA

As of June 30, 2018

Richard Conti, Director/CWO
Elizabeth Voelkel, Deputy Director
Saa'dia Walker, Administration and Finance Director/CFO

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