



# DEPARTMENT OF EDUCATION INCLUDING DIRECT AID TO PUBLIC EDUCATION

## REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2021

Auditor of Public Accounts  
Staci A. Henshaw, CPA

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## 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, 2021, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth’s accounting and financial reporting system, Education’s financial system, and in attachments submitted to the Department of Accounts;
- no matters involving internal control and its operation necessary to bring to management’s attention;
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported; and,
- two ongoing issues that are beyond the corrective action of Education’s management and requires the cooperation of the Virginia Information Technologies Agency (VITA) to address the risks, which we report as “Risk Alerts.”

## - TABLE OF CONTENTS -

	<u>Pages</u>
AUDIT SUMMARY	
RISK ALERTS	1-2
INDEPENDENT AUDITOR'S REPORT	3-5
AGENCY RESPONSE	6
AGENCY OFFICIALS	7

## RISK ALERTS

### What is a Risk Alert

During the course of our audit, we encountered internal control and compliance issues that are beyond the corrective action of Education's management alone and requires the action and cooperation of management and VITA. The following issues represent such a risk to Education and the Commonwealth during fiscal year 2021.

### Unpatched Software

**Repeat:** Yes (first issued for fiscal year 2019)

**Prior Title:** Improve Vulnerability Remediation Efforts

The Virginia Information Technologies Agency (VITA) contracts with various information technology (IT) service providers to create the Commonwealth's Information Technology Infrastructure Services Program (ITISP) to provide agencies with installation, maintenance, operation, and support for IT infrastructure components, such as servers, routers, firewalls, and virtual private networks. Education relies on contractors procured by VITA for the installation of security patches in systems that support Education's operations. Additionally, Education relies on VITA as the contract administrator to maintain oversight and enforce the contract agreements with the ITISP contractors.

As of November 2021, the ITISP contractors had not applied a significant number of critical security patches to Education's server and workstation environment, all of which are past the 90-day requirement in the Commonwealth's Information Security Standard, SEC 501 (Security Standard). Education and the ITISP are currently in progress of migrating some of Education's servers to a new cloud environment. As part of this project, the ITISP must place updates for those servers on hold to stay aligned with the new environment, causing the ITISP not to address 23 percent of the vulnerabilities past the 90-day requirement in the environment used by Education.

While VITA is responsible for enforcing the service level agreement, it has not been able to compel the current ITISP contractors to install certain security patches to Education's systems to remediate the remaining vulnerabilities in a timely manner or taken actions to obtain these required services from another source. Missing system security updates cause an increased risk of cyberattack, exploit, and data breach by malicious parties.

The Security Standard requires the installation of security-relevant software updates within 90 days of release. The Security Standard does allow for varying time periods depending on factors such as the criticality of the update, but generally the ITISP uses a 90-day window from the date of release as its standard for determining timely implementation of security patches (Security Standard Section: SI-2 Flaw Remediation).

Education is working with VITA and the ITISP contractors to ensure that all servers have all critical security patches installed in a timely manner. Additionally, our separate audit of VITA will address this issue.

### **Access to Audit Log Monitoring Tool**

**Repeat:** Yes (first issued for fiscal year 2020)

**Prior Title:** Improve Audit Log Monitoring

Education relies on the ITISP to install, maintain, operate, and support IT infrastructure components, such as servers, routers, firewalls, and virtual private networks. As part of these services, Education relies on contractors procured by VITA to provide Education access to a centralized monitoring tool that collects audit log information about activities in Education's IT environment so that Education can review logged activity. Additionally, Education relies on VITA to maintain oversight and enforce the service level agreements and deliverables with the ITISP contractors.

While VITA did not originally enforce the deliverable requirement when the ITISP contracts were ratified in 2018, VITA has since tried to compel the ITISP contractor responsible for granting agencies, such as Education, access to the monitoring tool and audit log information for the last two years. However, as of September 2021, VITA and the ITISP contractor have not been able to grant access to individual agencies due to software limitations. VITA is overseeing the ITISP contractor's current efforts to replace the existing centralized monitoring tool with a new system to grant Education access to monitor audit log information.

The Security Standard requires a review and analysis of audit records at least every 30 days for indications of inappropriate or unusual activity (Security Standard: Section AU-6 Audit Review, Analysis, and Reporting). Without VITA enforcing the deliverable requirements from the ITISP contractors, the risk associated with the Commonwealth's data confidentiality, integrity, and availability is increased.

Education is working with VITA and the ITISP contractors to obtain access to the audit log information within the centralized monitoring tool to ensure Education can review the activities occurring in its IT environment in accordance with the Security Standard. Additionally, our separate audit of VITA will also address this issue.



Staci A. Henshaw, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

December 15, 2021

The Honorable Glenn Youngkin  
Governor of Virginia

The Honorable Kenneth R. Plum  
Chairman, Joint Legislative Audit  
and Review Commission

We have audited the financial records, operations, and federal compliance of the **Department of Education including Direct Aid to Public Education (Education)** for the year ended June 30, 2021. 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, both for the year ended June 30, 2021. In support of this objective, we evaluated the accuracy of recorded financial transactions in the Commonwealth's accounting and financial reporting system, Education's financial 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 actions with respect to the risk alerts from the prior year report.

## **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 major programs, significant cycles, classes of transactions, and account balances.

Coronavirus Relief Fund – Assistance Listing 21.019

Education Stabilization Fund – Assistance Listing 84.425

Standards of Quality allocations and disbursements to localities

Appropriations

Accounts receivable

Accounts payable

Information system security to include:

- IT security awareness and training
- Database security
- VITA/ITISP services

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 system access, documents, records, journal entries, grant agreements, and contracts, and observation of Education’s operations. We performed analytical procedures, including trend and appropriation analysis. We also tested details of transactions, along with reconciliations of financial, accounting, and management systems 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 for 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 financial system, and attachments submitted to Accounts, including federal schedules.

We noted no matters involving internal control and its operation that we consider necessary to be reported to management. The results of our tests of compliance with applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we encountered issues that are beyond the corrective action of Education's management alone and requires the action and cooperation of management and the Virginia Information Technologies Agency (VITA). These issues are described in the section titled "Risk Alerts."

While Education has performed its due diligence with respect to the previously reported risk alerts with current titles of "Unpatched Software" and "No Access to Audit Log Monitoring Tool," VITA is responsible for final mitigation efforts. Accordingly, we included updates on these issue in the section entitled "Risk Alerts."

## **Exit Conference and Report Distribution**

We discussed this report with Education's management on January 14, 2022 and have included their response at the end of this report in the section titled "Agency Response." We did not audit management's response and, accordingly, we express no opinion on the response. Additionally, VITA was made aware of the risk alerts and will respond to the issues in their separately issued audit report anticipated to be released in February 2022.

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

GDS/clj





**VIRGINIA  
IS FOR  
LEARNERS**

**Jillian Balow**  
Superintendent of Public Instruction

January 24, 2022

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 Department of Education (DOE) and Direct Aid to Public Education, for the fiscal year that ended June 30, 2021. 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.

Regarding the findings related to the *Risk Alert – Unpatched Software*, agency management recognizes that there is a risk associated with software that has not been patched by the Virginia Information Technologies Agency (VITA). This risk will be mitigated now that major DOE IT systems have been migrated to the cloud and the system freeze has been lifted. Furthermore, DOE has technical staff dedicated to monitoring the patching, as well as ensuring service tickets to the VITA are completed in a timely manner.

Regarding the findings related to the *Risk Alert – Access to Audit Log Monitoring*, DOE is working with VITA over the next month to implement its new log monitoring tool. The previous product that was offered did not provide the agency a granular view into the DOE environment. If the new solution being offered by VITA does not provide the necessary information, DOE will purchase a separate log monitoring tool.

Thank you for the opportunity to provide an agency response to the audit report. The 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 continue moving forward with sound internal controls and procedures.

Sincerely,



Jillian Balow

JB/KCD/jgh

**DEPARTMENT OF EDUCATION**

As of June 30, 2021

**AGENCY OFFICIAL**

James F. Lane  
State Superintendent of Public Instruction