



# VIRGINIA BOARD OF BAR EXAMINERS

## INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS AS OF JUNE 2021

Auditor of Public Accounts  
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# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
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October 11, 2021

Catherine Crooks Hill  
Virginia Board of Bar Examiners  
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## INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS

We have reviewed the Internal Control Questionnaire for the **Virginia Board of Bar Examiners** (Bar Examiners). We completed the review on June 24, 2021. 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 Bar Examiners 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. Our intent is that all cycled agencies will complete an internal control questionnaire 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; capital assets; grants management; debt; 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 Bar Examiners. 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**

We reviewed a selection of system and transaction reconciliations in order to gain assurance that the statewide accounting system contains accurate data. The definitive source for internal control in the Commonwealth is the Agency Risk Management and Internal Control Standards (ARMICS) issued by the Department of Accounts (Accounts); therefore, we also included a review of ARMICS. The level of ARMICS review performed was based on judgment and the risk assessment at each agency. At some agencies only inquiry was necessary; while others included an in-depth analysis of the quality of the Stage 1 Agency-Level Internal Control Assessment Guide, or Stage 2 Process or Transaction-Level Control Assessment ARMICS processes. Our review of Bar Examiner’s ARMICS program included a review of all current ARMICS documentation and a comparison to statewide guidelines established by Accounts. Further, we evaluated Bar Examiners’ process of completing and submitting attachments to Accounts.

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: payroll and human resources; revenues and expenses; procurement and contract management; capital assets; 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:

- Bar Examiners does not meet the minimum requirements of Accounts’ ARMICS standards. Although Bar Examiners adequately performed an agency level risk assessment, the agency did not document all key elements of the control environment and test all agency level or transaction level controls and control activities. CAPP Manual Topic 10305 requires agencies to document, evaluate, and test all agency-level controls to assess each element of the control environment. Bar Examiners should ensure ARMICS documentation meets the minimum requirements issued by Accounts.

- Bar Examiners should evaluate its physical inventory process. Bar Examiners improperly increases the physical inventory value counted during its physical inventory by 2% in accordance with the Consumer Price Index. Management should ensure that inventory values are reported to Department of Accounts in accordance with the guidance issued in the CAPP Manual Topic 30210 and develop a method to evaluate inventory counts to ensure proper stewardship of assets.
- Bar Examiners does not fully comply with the requirements in the Commonwealth's Information Security Standard, SEC 501 (Security Standard). Specifically, Bar Examiners does not require mandatory security awareness trainings for their employees and has not conducted such trainings since 2016. In addition, Bar Examiners does not retain documentation of the yearly system access review. The reviewer noted that these issues appear to be related to Bar Examiners lack of an Information Security Officer (ISO). Bar Examiners has been trying to obtain ISO services through the Virginia IT Agency's (VITA) centralized ISO program for the past two years but has not been receiving responses from VITA. Management should work with VITA to ensure that the agency is complying with all requirements in the Security Standard.

We discussed these matters with management on September 10, 2021. 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 it 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,

Staci A. Henshaw  
Auditor of Public Accounts

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## COMMONWEALTH of VIRGINIA

### *Virginia Board of Bar Examiners*

November 22, 2021

Staci A. Henshaw, CPA  
Auditor of Public Accounts  
PO Box 1295  
Richmond, VA 23218

Dear Ms. Henshaw:

The Virginia Board of Bar Examiners (VBBE) responds as follows to the Internal Control Questionnaire Review Results dated October 11, 2021:

#### Agency Risk Management and Internal Control Standards (ARMICS)

As noted by the APA, VBBE has adequately performed an agency risk assessment. VBBE has updated and maintained the agency's risk assessment since the establishment of ARMICS. However, the APA states that VBBE "did not document all key elements and test all agency level or transaction level controls and control activities."

In September of 2019, upon learning of VITA establishing a Centralized Information Security Officer (ISO) to assist small agencies (VBBE has 7 FTEs and 1 PTE), and the retirement of VBBE's in-house ISO, VBBE requested and was approved for ISO assistance through VITA. Although VBBE's request has been approved, and VBBE has followed up and met with VITA to obtain ISO assistance, to date no ISO assistance has been provided to VBBE.

#### Capital Assets and Leases

The APA notes that, "[m]anagement should ensure that inventory values are reported to the Department of Accounts in accordance with the guidance issued in the CAPP Manual Topic 30210 and develop a method to evaluate inventory counts to ensure proper stewardship of assets." Each year, VBBE reviews and updates inventory counts as required. If any item is missing, it would be noted on the inventory. No inventory items are missing. All physical inventory items are used by employees and have been in the VBBE office for about 20 years. VBBE maintains proper stewardship of all assets in its control.

VBBE will review the CAPP manual and update VBBE procedures to report the proper acquisition value less accumulated depreciation.

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Information System Security

The APA states that VBBE "does not require mandatory security awareness trainings for their employees and has not conducted such trainings since 2016." Security awareness is regularly discussed with VBBE employees and is part of all decision-making related to any task, function or duty performed by VBBE employees. VBBE employees have not undergone recent formal security awareness training. VBBE will implement regularly scheduled security awareness training for all employees. In addition, as previously noted, VBBE continues to seek ISO assistance through VITA to ensure compliance with all Commonwealth Security Standards.

Sincerely,



Catherine Crooks Hill  
Secretary/Treasurer

CCH/jo