



VIRGINIA SCHOOL FOR THE DEAF AND THE BLIND

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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January 18, 2022

Pat Trice, Superintendent
Virginia School for the Deaf and the Blind
P.O. Box 2069
Staunton, VA 24402

INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS

We have reviewed the Internal Control Questionnaire for the **Virginia School for the Deaf and the Blind (School)**. We completed the majority of the review on June 2, 2021; however, the information system security portion of the review was not completed until November 16, 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 the School 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 the School. 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 evaluated the agency’s corrective action for the prior year finding in the report titled “Virginia School for the Deaf and the Blind Audit of Select Cycles for the year ended June 30, 2017.” The agency has taken adequate corrective action with respect to this finding.

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 the School’s ARMICS program included a review of all current ARMICS documentation and a comparison to statewide guidelines established by Accounts. Further, we evaluated the agency’s 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; grants management; information technology and security; and debt. 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 area requiring management's attention resulting from our review:

- The School does not maintain sufficient policies and procedures for several critical business processes. Topic 20905 and other sections of the Commonwealth Accounting Policies and Procedures Manual state that each agency needs to "publish its own policies and procedures documents, approved in writing by agency management." Management should establish and periodically review detailed policies and procedures for all critical business processes in order to maintain an effective control environment and ensure continuity of operations if key personnel are unavailable.

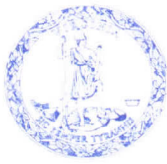
We discussed this matter with management on August 5, 2021. Management's response to the finding identified in our review is included in the section titled "Agency Response." We did not validate management's response and, accordingly, cannot take a position on whether or not it adequately addresses the 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

JDE\vks



COMMONWEALTH of VIRGINIA

Virginia School for the Deaf and the Blind

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February 8, 2022

Staci Henshaw
Auditor of Public Accounts
PO Box 1295
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Dear Ms. Henshaw:

The audit that was completed in 2021 was very thorough and VSDB is pleased with the findings. The one area noted for management's attention was the need for more sufficient policies and procedures in several business processes. While desktop procedures were in place, they need to be more in depth and complete.

Please accept this letter as confirmation of the audit and findings. Business office staff will be working on their policies and procedures.

Thank you,

A handwritten signature in blue ink that reads "Pat Trice".

Pat Trice
Superintendent

The Virginia School for the Deaf and the Blind does not discriminate on the basis of race, sex, color, national origin, religion, sexual orientation, age, political affiliation, veteran status, or against otherwise qualified persons with disabilities in its programs and activities.