



# MARINE RESOURCES COMMISSION

## INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS AS OF JUNE 2022

Auditor of Public Accounts  
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# Commonwealth of Virginia

## Auditor of Public Accounts

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July 13, 2022

Jamie Green, Commissioner  
Virginia Marine Resources Commission  
380 Fenwick Road, Bldg. 96  
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### INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS

We have reviewed the Internal Control Questionnaire for the **Marine Resources Commission** (Commission). We completed the review on June 21, 2022. 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 Commission is responsible for establishing and maintaining an effective control environment.

#### 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 Commission. 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 all prior review findings. The agency has taken adequate corrective action with respect to review findings reported in the prior review conducted in 2019 that are not repeated in the "Review Results" section below.

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 Commission's ARMICS program included a review of all current ARMICS documentation and a comparison to statewide guidelines established by Accounts. Further, we evaluated the Commission'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, capital assets, grants management, and information technology and security. These procedures included validating the existence of certain transactions; observing controls to determine if the controls are effectively 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:

- **Repeat** - The Commission has formal, documented policies and procedures over many of its significant business processes. However, during our review, we identified several business areas where the Commission needs to expand policies and procedures in order to maintain an effective control environment. Management should ensure detailed policies and procedures exist for all critical business areas. In addition, management should review and approve all policies and procedures either annually or as needed and maintain documentation of the review and approval process.
- **Partial Repeat** - The Commission has not updated its memorandum of understanding (MOU) with the Department of Wildlife Resources (DWR), formally Department of Game and Inland Fisheries, regarding the collection and transfer of revenues for saltwater recreational fishing

licenses since 2017. In addition, the MOU does not address the timing of when the Commission should remit the annual flat rate fee to DWR for the reimbursement of administrative costs associated with these services. The Commission has attempted several times to work with DWR to update the MOU. Management should continue working with DWR to update the MOU and ensure this document reflects all agreed-upon terms in detail.

- The Commission did not deposit funds within one banking day. The Commission should prepare, and deposit funds collected no later than the next banking day and record the activity in the accounting system within three business days of the deposit in accordance with Commonwealth Accounting Policies and Procedures Manual Topic 20205.
- During fiscal year 2021, the Commission transitioned to a new platform for security awareness training and as a result some employees did not attend the training. The Commission should ensure all information system users complete security awareness training on an annual basis or more frequently if required in accordance with the Commonwealth's Information Security Standard, SEC 501.

We discussed these matters with management on July 11, 2022. 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

JDE/clj



## COMMONWEALTH of VIRGINIA

### *Marine Resources Commission*

380 Fenwick Road

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Fort Monroe, VA 23651

Travis A. Voyles  
Acting Secretary of Natural and  
Historic Resources

Jamie L. Green  
Commissioner

September 7, 2022

Staci Henshaw  
Auditor of Public Accounts  
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During the recent Internal Control Questionnaire Review of the Marine Resources Commission (MRC), a review of the agency's processes and procedures for payroll and human resources, revenues and expenses, procurement, capital assets, grants, and information technology and security was conducted as an evaluation of the agency's internal controls. The review indicated that the agency has taken adequate corrective action for the identified for the prior review conducted in 2019.

The agency is diligent in the financial, administrative and human resources process and procedures and strives to maintain the highest of standards in the adherence to the mandated policies and procedures of the Commonwealth of Virginia in accordance with the Commonwealth Accounting Policies and Procedures (CAPP) Manual and the Department of Human Resources Management policies. The review results indicate that the agency has formal, documented policies and procedures over many of its significant business processes, however policies and procedures need to be expanded and an annual review of the approval of policies and procedures needs documentation. Based on the recommendations, MRC plans on expanding current policies and procedures to include more detail and written documentation of the review and approval process.

The Memorandum of Understanding (MOU) between the Department of Wildlife Resources (DWR) and the MRC has not been updated since 2017. This is a partial repeat finding. Although, attempts have been made by the MRC to update the MOU and address the annual flat rate fee to DWR for the reimbursement of administrative costs, an agreement has not been put in place. The MRC will continue to work with DWR to develop agreed upon terms and ensure a current MOU is in place.

*An Agency of the Natural and Historic Resources Secretariat*

[www.mrc.virginia.gov](http://www.mrc.virginia.gov)

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Due to the COVID-19 related office closing, not all deposits were taken to the bank daily. The Marine Resources Commission will draft an updated policy regarding the depositing of funds collected being deposited no later than the next banking day and record the activity in the accounting system within three business days of the deposit. There will be an exception for the Operations Center, since their license collections are not brought to the main office daily due to a small collections and the location of the Operations Center.

For 2022 security awareness training, 100% of the staff have completed the standard training. By the end of September, the more specific security roles based training will be fully completed by assigned staff. Going forward, we will have a 100% completion rate on security awareness training and view 2021 as a one-time exception.

The agency appreciates the opportunity that the review afforded us to strengthen our internal control documentation to maintain the highest standards of internal control in the agency.

Sincerely,

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Jamie L. Green  
Commissioner, Marine Resources Commission