



DEPARTMENT OF CRIMINAL JUSTICE SERVICES

INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS AS OF JUNE 2020

Auditor of Public Accounts
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- TABLE OF CONTENTS -

	<u>Pages</u>
REVIEW LETTER	1-3
AGENCY RESPONSE	4



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August 5, 2020

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INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS

We have reviewed the Internal Control Questionnaire for the **Department of Criminal Justice Services** (Criminal Justice). We completed the review on June 18, 2020. 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 Criminal Justice 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; and debt. 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 Criminal Justice. 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 except for findings related to information system security. Information system security findings will be evaluated in the special project report over this area to be issued later this year. The agency has taken adequate corrective action with respect to all other review findings reported in the prior year 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 Criminal Justice'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 contracts management; and capital assets. 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:

- **Partial Repeat** – For some key business areas, there were no internal policies and procedures and some existing policies and procedures did not contain evidence of management's review and approval. As Topic 20905 and other sections of the Commonwealth Accounting Policies and Procedures (CAPP) Manual require each agency to "publish its own policies and procedures documents, approved in writing by agency management," Criminal Justice should draft and implement formalized policies and procedures over all key business areas and retain evidence of management's approval over the policies.
- Grant drawdown procedures did not include a timeframe to provide funds to sub-recipients who make drawdown requests, which risks paying grant funds outside the grant's period of

performance. The procedures also did not outline what supporting documentation is necessary for sub-recipients to provide when making drawdown requests. During our review, we noted a disbursement of grant funds made 36 days after the request due to the unclear documentation provided. Criminal Justice should include guidelines for required supporting documentation and process the requests in a timely manner.

- Criminal Justice did not effectively review grant expenses to ensure all fields were accurate. During our review, we noted two grant transactions with erroneous invoice and receipt dates. Having incorrect invoice and/or receipt dates risks improperly accruing the expense as a payable or prepaid at year-end. As Topic 20605 of the CAPP Manual requires agencies to “ensure that all grant transactions are properly recorded and accounted for...” Criminal Justice should enhance its expense review process to ensure accuracy of the date fields.

We discussed these matters with management on July 30, 2020. 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,

Martha S. Mavredes
Auditor of Public Accounts

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COMMONWEALTH of VIRGINIA

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August 17, 2020

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I would like to thank you for the opportunity to respond to your most recent review of the Internal Controls of Department of Criminal Justice Services (DCJS). We appreciate your providing notice of your observations and will work to correct areas noted.

Policies and Procedures

DCJS has a robust process by which policies and procedures are written, reviewed and approved. It is our goal to ensure all key policies and procedures are formally documented in a professional manner and notification is sufficient to all affected staff. DCJS has made significant improvements in ensuring key financial processes were documented. We will continue to improve in this area and ensure approval of the processes is clearly documented.

Grant Drawdowns

Within the last two years, our grant processes have gone through substantial improvements. As deficiencies are noted, we continuously make changes. As noted, we will incorporate the recommendations from the APA to ensure reimbursements are completed in a timely manner.

Expenditures

It is the goal of DCJS to ensure the entire CAPP Manual is followed as required. CAPP Topic 20605 will be reviewed with staff who enter and approve expenditure vouchers to ensure the proper data is entered in Cardinal as prescribed by the Manual.

We thank you and your staff for evaluating our internal controls and for your suggestions for improvements. We appreciate the hard work and professionalism shown during this review.

Sincerely,

Monica L. Darden

Monica L. Darden

cc Shannon Dion, Director
Megan Peterson, Deputy Director