



# OPIOID ABATEMENT AUTHORITY

## REPORT ON AUDIT FOR THE PERIOD

JULY 1, 2023 THROUGH DECEMBER 31, 2024

Auditor of Public Accounts

Staci A. Henshaw, CPA

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## AUDIT SUMMARY

Our audit of the Opioid Abatement Authority (Authority) for the audit period of July 1, 2023, through December 31, 2024, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth's accounting and reporting system;
- matters involving internal control and its operation necessary to bring to management's attention; and
- no instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

In the section titled "Audit Findings and Recommendations," we have included our assessment of the conditions and causes resulting in the internal control findings identified through our audit as well as recommendations for addressing those findings. Our assessment does not remove management's responsibility to perform a thorough assessment of the conditions and causes of the findings and develop and appropriately implement adequate corrective actions to resolve the findings. Those corrective actions may include additional items beyond our recommendations.

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## AUDIT FINDINGS AND RECOMMENDATIONS

### **Adopt an IT Security Standard and Implement an IT Governance Program**

**Type:** Internal Control

**First Reported:** Fiscal Year 2025

The Opioid Abatement Authority (Authority) is an independent entity that the General Assembly created in 2021 to assist in treating, preventing, and reducing opioid use disorder. The Authority operates currently with seven employees and relies on third-party service providers to provide information technology (IT) services and support, including a grants management system. Because, the Code of Virginia is silent as to the IT security requirements of the Authority, management determined the Authority has the autonomy to choose and adopt an IT security governance standard to implement.

Though the Authority became operational in fiscal year 2023, the Authority has not adopted an IT security standard nor created an IT governance program to develop and implement security controls to protect its IT environment and business operations. Information security standards the Authority can consider adopting include, but are not limited to, the Commonwealth's Information Security Standard, SEC530, the National Institute of Standards and Technology Special Publication 800-53, or the International Organization for Standardization and the International Electrotechnical Commission 27002 Standard. Based on consideration of the Authority's operations, common control requirements required by the various information security standards, and best practices identified in the Center for Internet Security's Critical Security Controls, the areas that the Authority has not defined and documented to establish its IT governance program include:

- Access control and account management
- Security awareness education
- Email and web browser protection
- Malware defenses
- Service provider management
- Secure configuration for hardware and software
- Network infrastructure management
- Incident response
- Data protection
- Continuous vulnerability management

Without dedicating resources and seeking the necessary expertise to develop an IT governance program, the Authority is unable to consistently communicate the minimum information security controls it expects its staff and third-party service providers to implement. For example, when procuring services from its third-party service providers, the Authority's absence of an IT governance program, including oversight and management of service providers, led to it not ensuring the contracts include the suggested minimum security control requirements to protect the Authority's IT environment from unauthorized access and modifications. Authority management prioritized forming its business operations and obtaining IT equipment and support services before adopting an information security standard and developing an IT governance program.

The Authority's board should adopt an information security standard to prescribe requirements for information security and IT governance. Based on the adopted information security standard, Authority management should define the security controls applicable to its operations, considering the control areas mentioned above, and develop policies and procedures that outline the minimum controls and processes the Authority requires to protect its IT environment. After documenting and approving IT policies and procedures, management should communicate them to Authority staff and service providers to ensure consistent implementation of the required security controls. Adopting an IT security standard and developing and implementing an IT governance program will help ensure the Authority protects its mission-critical functions and data.

### **Develop and Implement Policies and Procedures over Remaining Business Areas**

**Type:** Internal Control

**First Reported:** Fiscal Year 2025

The Authority has developed and implemented detailed policies and procedures over business areas that management and the Authority board determined to be most critical, but as a relatively new entity, there are remaining areas where the Authority currently does not have formalized policies and procedures. While management has operationalized many of these remaining areas, it has not documented detailed policies and procedures for the following:

- Performing monthly reconciliations of financial information
- Procuring goods and services, including the use of small purchase charge cards
- Reviewing the performance of third-party service providers
- Reviewing financial attachments submitted to the Department of Accounts
- Assessing the risk of individual grant recipients and monitoring their compliance
- Controlling system access

Detailed policies and procedures serve as a key internal control to ensure the efficiency and effectiveness of operations and support the consistent execution of internal controls by current and

future employees. As a best practice, which is consistent with internal control requirements set by Commonwealth's Comptroller, Standards for Internal Control in the Federal Government, and the Committee of Sponsoring Organizations (known as COSO), the Authority has already documented its internal controls over the areas it determined to be most critical to its operations. However, not having detailed, documented policies and procedures addressing internal controls over all critical business areas increases the risk that unauthorized transactions or access to Commonwealth information could occur.

As a new entity, management has focused on developing and implementing detailed policies and procedures over the most critical areas and plans to address the remaining business areas as a part of the next Agency Risk Management and Internal Control Standards (ARMICS) review that is due on September 30, 2025. Authority management should produce, as a part of its ARMICS review, a detailed plan with reasonable and obtainable deadlines for creating formalized policies and procedures over the remaining business areas and subsequently implement the formalized procedures.

## AUDIT SCOPE OVERVIEW

In 2021, the General Assembly established the Authority as an independent entity to offer financial assistance to Virginia’s cities and counties, state agencies, and service providers supporting individuals suffering from opioid use disorders and co-occurring substance use and mental illness. In fiscal year 2024, the Authority dispensed more than \$18 million in financial assistance.

The Authority is governed by an eleven-member Board of Directors (Board). The Board includes state officials, local government representatives, professionals in public and behavioral health, law enforcement, an attorney, and the recovery community. Board members are appointed by the Governor, except for the two legislators or their designees. The Board appoints the Executive Director of the Authority. During the audit period, the Authority employed between seven and ten individuals to support its operations. The Authority provides financial assistance in the following ways:

- Distributions to individual cities and counties
- Awards to cooperative partnerships between cities and counties
- Awards to state agencies
- Additional funding through its “Gold Standard” awards to cities and counties and cooperative partnerships

Our audit focused on ensuring administrative and information system security internal controls were in place and operating effectively, and that the Authority established and followed its policies and procedures. Additionally, our audit focused on ensuring the Authority has processes in place to properly monitor its recipients to ensure they are complying with related settlement agreements and the Code of Virginia.



Staci A. Henshaw, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

November 18, 2025

The Honorable Glenn Youngkin  
Governor of Virginia

Joint Legislative Audit  
and Review Commission

Board of Directors  
Opioid Abatement Authority

Anthony E. "Tony" McDowell  
Executive Director, Opioid Abatement Authority

We have audited the financial records and operations of the **Opioid Abatement Authority (Authority)** for the period of July 1, 2023, through December 31, 2024. We conducted this performance audit in accordance with generally accepted government auditing standards. 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 objectives were to evaluate accuracy of recorded transactions in the Commonwealth's accounting and financial reporting system; review the adequacy of the Authority's internal controls; and test compliance with applicable laws, regulations, contracts, and grant agreements.

## **Audit Scope and Methodology**

Authority 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 significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Contractual expenses  
Grants management  
Information system security  
Payroll expenses  
Small purchase charge card expenses  
System access

We performed audit tests to determine whether the Authority’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 documents, records, and contracts; and observation of the Authority’s operations. We performed analytical procedures, including budgetary and trend analyses, and tested details of transactions to achieve our audit 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.

### **Conclusions**

We found that the Authority properly stated, in all material respects, the amounts recorded and reported in the Commonwealth’s accounting and financial reporting system.

We noted certain matters involving internal control and its operation that require management’s attention and corrective action. These matters are described in the section titled “Audit Findings and Recommendations.”

### **Exit Conference and Report Distribution**

We provided Authority management with a draft of this report review on November 13, 2025. Management’s response to the findings identified in our audit is included in the section titled “Authority Response.” We did not audit management’s response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the Governor and General Assembly, the Authority’s Board of Directors, management, and the citizens of the Commonwealth of Virginia and is a public record.

Staci A. Henshaw  
AUDITOR OF PUBLIC ACCOUNTS

GDS/clj

## FINDINGS SUMMARY

Finding Title	Status of Corrective Action*	First Reported for Fiscal Year
Adopt an IT Security Standard and Implement an IT Governance Program	Ongoing	2025
Develop and Implement Policies and Procedures over Remaining Business Areas	Ongoing	2025

\* A status of **Ongoing** indicates new and/or existing findings that require management's corrective action as of fiscal year end.



# VIRGINIA OPIOID ABATEMENT AUTHORITY

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November 18, 2025

## **Board of Directors**

**Senator Todd Pillion**  
Chair

**Dr. Sarah Thomason,**  
PHARM D  
Vice-Chair

**Delegate Briana Sewell**  
Treasurer

**Timothy R. Spencer**  
Secretary

**Hon. Janet Vestal Kelly**  
Secretary of Health &  
Human Resources

**Michael Tillem**  
Journey House  
Recovery Foundation

**Sheriff Joe Baron**  
City of Norfolk

**Sharon Buckman**  
Piedmont CSB

**Daryl Washington**  
Fairfax-Falls Church  
CSB

**Dr. James Thompson,**  
MD  
Master Center for  
Addiction Medicine

**Debbie Ritter**  
Chesapeake City  
Council

Ms. Staci A. Henshaw  
Auditor of Public Accounts  
James Monroe Building  
101 N. 14<sup>th</sup> Street  
Richmond, Virginia 23219

Dear Ms. Henshaw:

The Opioid Abatement Authority (OAA) has reviewed the findings and recommendations provided by the Auditor of Public Accounts (APA) as part of your audit of OAA's performance for the audit period of July 1, 2023, through December 31, 2024. OAA appreciates the opportunity to respond to the internal control findings and recommendations included in your report.

As indicated in your report, as a relatively new state entity, OAA, at the direction of its Board of Directors, endeavored to promptly distribute lifesaving opioid settlement funds to recipients, while prudently managing the operational and administrative processes necessary to carry out its statutory objectives.

While OAA has developed and implemented certain mission-critical policies and procedures, OAA acknowledges that detailed policies and procedures must be developed and implemented for the remaining areas identified in your report.

## **Internal Control Findings and Recommendations**

### **Develop and Implement Policies and Procedures for Remaining Business Areas**

The OAA has retained the services of a professional accounting and audit consultancy to assist with addressing the internal control weaknesses identified in your audit report.

Beginning in November 2025, the following activities will be performed with an estimated completion date of on or before February 28, 2026:

1. Obtain the existing documented policies and procedures referenced in the audit report;
2. Assist OAA with identifying the processes that do not have detailed policies and procedures (or confirming the list provided by APA), and establishing a plan and timeline for development and approvals;
3. Schedule and perform walkthroughs, as it relates to the following processes:



- a. Financial reconciliations
  - b. Procurement, including small purchases and credit card usage
  - c. Third-party vendor management
  - d. Reporting to the Department of Accounts
  - e. Risk Assessment and Subrecipient monitoring for grants
  - f. System access (Identity and Access Management)
4. Develop process maps of the above referenced processes, and provide draft procedural templates for review and update;
  5. Assist with high-level policy development for Board approval, as applicable, for the financial processes indicated above; and
  6. Compile newly developed processes, procedures and policies, as well as any existing policies and procedures into a comprehensive policies and procedures document.

Subsequent to completion of the development and compilation of all relevant policies and procedures, the consultancy will perform ongoing, continuous monitoring of the OAA with at least one quarterly test phase occurring before June 30, 2026.

Adopt an IT Security Standard and Implement IT Governance Program

In response to the internal control weakness identified in your audit report, OAA, with the support of its IT service and security provider, has undertaken a comprehensive IT Audit and Compliance Review aligned with the National Institute of Standards and Technology (NIST) Special Publication 800-53.

The OAA's compliance with the APA's recommendations will include the following, with completion currently estimated for late November 2025:

1. NIST 800-53 controls assessment
2. IT Policies and procedures development
3. Compliance agent installation and configuration
4. IT audit review and reporting
5. Annual penetration testing and vulnerability scanning

Sincerely,

*Anthony E. McDowell*

Anthony E. "Tony" McDowell

Executive Director