



VIRGINIA INNOVATION PARTNERSHIP AUTHORITY

REPORT ON AUDIT FOR THE YEAR ENDED JUNE 30, 2023

Auditor of Public Accounts
Staci A. Henshaw, CPA

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AUDIT SUMMARY

We have audited the basic financial statements of the Virginia Innovation Partnership Authority (Authority), including its blended component unit, the Virginia Innovation Partnership Corporation, as of and for the year ended June 30, 2023, and issued our report thereon, dated July 23, 2024. Our report, included in the Authority's Annual Report, is available at the Auditor of Public Accounts' website at www.apa.virginia.gov. Our audit found:

- the financial statements are presented fairly, in all material respects;
- one internal control finding requiring management's attention; however, we do not consider it to be a material weakness; and
- no instances of noncompliance or other matters required to be reported under Government Auditing Standards.

In the section titled "Internal Control Finding and Recommendation" we have included our assessment of the conditions and causes resulting in the internal control finding identified through our audits as well as recommendations for addressing that finding. Our assessment does not remove management's responsibility to perform a thorough assessment of the conditions and causes of the finding and develop and appropriately implement adequate corrective actions to resolve the finding as required by the Department of Accounts in Topic 10205 – Agency Response to APA Audit of the Commonwealth Accounting Policies and Procedures Manual. Those corrective actions may include additional items beyond our recommendation.

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INTERNAL CONTROL FINDING AND RECOMMENDATION

Update Policies and Procedures to Ensure Timely Payment of Vendor Invoices

Type: Internal Control

Severity: Significant Deficiency

First Reported: Fiscal Year 2022

In our last audit, we recommended that the Virginia Innovation Partnership Corporation (Corporation) Finance and Administration Division (Finance and Administration) update its policies and procedures to identify terms for timely payment of vendor invoices. As of June 30, 2023, corrective action remains ongoing.

As a best practice, Finance and Administration should pay invoices within 30 days after the latter of receipt of an invoice or receipt of items or services. Although we identified no exceptions during this audit, the lack of updated policies and procedures that clearly define payment terms increases the risk of untimely payments. Untimely payment of invoices may harm the Corporation's reputation as a buyer, damage relationships with vendors, and result in unnecessary late fees.

The Corporation is updating its internal policies and procedures and educating staff to ensure they process payments timely; however, the timing of the audit and turnover in key management positions prevented the finalization of policy updates. Management should continue to monitor the implementation of the corrective action plan to resolve this finding.



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
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July 23, 2024

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Directors
Virginia Innovation Partnership Authority and
Virginia Innovation Partnership Corporation

Joe Benevento, President & CEO
Virginia Innovation Partnership Corporation

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the **Virginia Innovation Partnership Authority** (Authority), including its blended component unit, the Virginia Innovation Partnership Corporation, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated July 23, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control titled "Update Policies and Procedures to Ensure Timely Payment of Vendor Invoices," which is described in the section titled "Internal Control Finding and Recommendation," that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Authority's Response to Findings

We provided this report to management for their review on July 25, 2024. Management elected to not provide a response for inclusion in the audit report.

Status of Prior Findings

The Authority has not completed adequate corrective action with respect to the prior reported finding and, accordingly, we have identified the status as ongoing in the [Findings Summary](#) included in the Appendix.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

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FINDINGS SUMMARY

Finding Title	Status of Corrective Action*	First Reported for Fiscal Year
Update Policies and Procedures to Ensure Timely Payment of Vendor Invoices	Ongoing	2022

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