



AUDITOR OF PUBLIC ACCOUNTS

Commonwealth of Virginia

DEPARTMENT OF AVIATION

Internal Control Questionnaire Review Results

As of August 2026

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Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

September 21, 2026

The Honorable Abigail D. Spanberger
Governor of Virginia

Joint Legislative Audit
and Review Commission

Gregory Campbell
Director, Department of Aviation

INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS

We have reviewed the Internal Control Questionnaire for the **Department of Aviation** (Aviation). We completed the review on August 19, 2026. 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 Aviation 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 Aviation. 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 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 for Aviation. Further, we evaluated Aviation's process for 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; expenses; contract management; capital assets; 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:

Financial Reconciliations

- **Repeat** – Aviation did not perform all processes for confirming the accuracy of information reported to the Commonwealth's retirement benefits system. Aviation does not reconcile data elements between the Commonwealth's human resource system and the Commonwealth's retirement benefits system to ensure that employee retirement data is accurate before confirming the accuracy of data in the retirement benefits system. Aviation also does not properly review all the necessary reports to support reconciliations between the Commonwealth's human resources system and retirement benefits system. Specifically, management did not provide a documented review of the Commonwealth's human resource system Billing Exceptions and Summary Report. Aviation should incorporate the data elements reconciliation into its retirement reconciliation procedures and document the review of all required reconciliation reports detailed within Commonwealth Accounting Policies and Procedures (CAPP) Manual Topic 50470.

Information Technology and Security

- **Repeat** – Aviation does not maintain its Continuity Plan in accordance with the Commonwealth's Information Security Standard, SEC530 (Security Standard). Aviation has a Continuity Plan; however, Aviation has not updated, reviewed or made any revisions to the plan since 2024. The Security Standard requires agencies to review the Continuity Plan on an annual basis or more frequently if required to address an environmental change. Aviation should update and test the Continuity Plan to ensure compliance with these requirements.

- **Partial Repeat** – The Virginia Information Technologies Agency (VITA) provides Aviation with access to its Security Information and Event Management (SIEM) tool, which stores information regarding historical security events that have occurred and may affect the Aviation information technology environment. Aviation is currently reviewing audit logs within the SIEM tool but does not yet formally document these reviews. The Security Standard requires agencies to review information security records at least every 30 days for indications of inappropriate or unusual activity. Aviation should document the review of audit logs in accordance with the Security Standard.

Capital Assets

- Aviation's physical inventory listing does not include all capital assets recorded in the Commonwealth's capital asset system and as a result, Aviation did not inventory all assets as required by CAPP Manual Topic 30505. The physical inventory documentation does not have consistent preparer signatures or a reviewer signature and date to ensure the physical inventory process is complete and timely. Furthermore, Aviation did not retain supporting documentation of asset disposals or properly and timely update asset records in the Commonwealth's capital asset system. Aviation should continue to update its process to ensure it performs a physical inventory over its capital assets once every two years, updates asset records as necessary, retains documentation of disposals, and documents preparer and reviewer names and dates to ensure the accuracy and safeguarding of assets as required.

General Internal Controls

- Aviation relies on VITA to perform many of its information systems functions and the Department of Motor Vehicles (Motor Vehicles) to perform many of its human resource functions based on a memorandum of understanding (MOU) established between the agencies. However, these MOUs are out-of-date. Aviation has been actively working to obtain an up-to-date MOU with VITA. Aviation should continue working with Motor Vehicles and VITA to obtain and maintain up-to-date MOUs and ensure there are clearly defined responsibilities for both parties in all areas covered by the MOUs.

We discussed these matters with management on September 9, 2026. Management's response to the findings identified in our review is included in the section titled "Agency Response." We did not validate the accuracy of management's response and, accordingly, cannot take a position on whether it adequately addresses the issues in this report.

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

Sincerely,

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

JDE/clj

COMMONWEALTH OF VIRGINIA

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November 10, 2026

Ms. Staci Henshaw, Director
Auditor of Public Accounts
901 East Byrd Street, 7th Floor
Richmond, VA 23219

Dear Ms. Henshaw:

We have received the final findings from the FY2025 Internal Control Questionnaire and respectfully provide the following agency responses.

- **Repeat** – Aviation did not perform all processes for confirming the accuracy of information reported to the Commonwealth's retirement benefits system. Aviation does not include a reconciliation of data elements between the Commonwealth's human resource system and the Commonwealth's retirement benefits system before confirming the accuracy of data in the retirement benefits system to ensure that employee's retirement data is accurate. Aviation also does not properly review all the necessary reports to support reconciliations between the Commonwealth's human resources system and retirement benefits system. Specifically, management does not have documentation over the review of the Commonwealth's human resource system Billing Exceptions and Summary Report. Aviation should incorporate the data elements reconciliation into their retirement reconciliation procedures and document the review of all required reconciliation reports detailed within Commonwealth Accounting Policies and Procedures (CAPP) Manual Topic 50470.

  Agency Response: The agency concurs with this finding and has implemented procedural changes to mitigate the identified issue.

- **Repeat** – Aviation does not maintain its Continuity Plan in accordance with the Commonwealth's Information Security Standard, SEC530 (Security Standard). Aviation has a Continuity Plan; however, Aviation has not updated, reviewed or made any revisions to the plan since 2024. The Security Standard requires agencies to review the Continuity

Plan on an annual basis or more frequently if required to address an environmental change. Aviation should update and test the Continuity Plan to ensure compliance with these requirements.

Agency Response: The agency concurs with this finding and is currently undertaking a comprehensive overhaul of its Continuity Plan to improve operational resilience and ensure compliance with applicable requirements.

- **Partial Repeat** – Virginia Information Technology Agency (VITA) provides Aviation with access to its Security Information and Event Management (SIEM) tool, which stores information regarding historical security events that have occurred and may affect the Aviation information technology environment. Aviation is currently reviewing audit logs within the SIEM tool but does not yet formally document these reviews. The Security Standard requires agencies to review information security records at least every 30 days for indications of inappropriate or unusual activity. Aviation should document the review of audit logs in accordance with the Security Standard.

  Agency Response: The agency concurs with this finding and has implemented the required procedural updates and subsequently completed two months of audit reviews with the revised process in place.

- Aviation's physical inventory listing does not include all capital assets recorded in the Commonwealth's capital asset system and as a result Aviation did not inventory all assets as required by CAPP Manual Topic 30505. The physical inventory documentation does not have consistent preparer signatures or a reviewer signature and date to ensure the physical inventory process is complete and timely. Furthermore, Aviation did not retain supporting documentation of asset disposals or properly and timely update asset records in the Commonwealth's capital asset system. Aviation should continue to update its process to ensure it performs a physical inventory over all inventoriable assets once every two years, updates asset records as necessary, retains documentation of disposals, and documents preparer and reviewer names and dates to ensure the accuracy and safeguarding of assets as required.

  Agency Response: The agency concurs with this finding and is in the process of implementing changes to this process and working with the Department of Accounts to mitigate this finding.

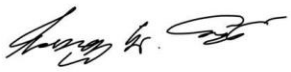
- Aviation relies on VITA to perform many of its information systems functions and the Department of Motor Vehicles (Motor Vehicles) to perform many of its human resource functions based on a memorandum of understanding (MOU) established between the

agencies. However, these MOUs are out-of-date. Aviation has worked to obtain an up-to-date MOU with VITA since the prior review. Aviation should continue working with Motor Vehicles and VITA to obtain and maintain up-to-date MOUs and ensure there are clearly defined responsibilities for both parties in all areas covered by the MOUs.

Agency Response: The agency concurs with this finding and is actively coordinating with VITA and DMV to revise and finalize the respective MOUs to address the identified issue.

The Department of Aviation appreciates the time and effort invested by the APA in identifying opportunities to strengthen our processes and values the opportunity to respond to the findings outlined above.

Sincerely,



Gregory W. Campbell
Director