



# JAMESTOWN-YORKTOWN FOUNDATION

## INTERNAL CONTROL QUESTIONNAIRE

### REVIEW RESULTS

AS OF

APRIL 2020

Auditor of Public Accounts

Martha S. Mavredes, CPA

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

(804) 225-3350



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Martha S. Mavredes, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

June 24, 2020

Christy Coleman, Executive Director  
Jamestown-Yorktown Foundation  
2110 Jamestown Road  
Williamsburg, VA 23185

## INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS

We have reviewed the Internal Control Questionnaire, completed on April 27, 2020, for the **Jamestown-Yorktown Foundation** (Foundation). 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 Foundation 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 the Foundation. 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 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 Foundation'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 and revenues and expenses. 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:

- The Foundation follows the Commonwealth Accounting Policies and Procedures (CAPP) Manual for most administrative processes. However, the Foundation did not maintain its own specific and up-to-date policies and procedures for all critical business areas. Although the Foundation had review processes in place, during our review, we noted the following items related to the documentation of its policies and procedures:
  - There were no internal policies and procedures for several key processes including employee separations, contract administration and evaluations of contractors' performance, and the preparation and review of attachments sent to Accounts.
  - Existing policies do not include all controls and reviews performed by the Foundation, so it is unclear who performs each and the timeliness that each task requires.
  - The Foundation's fixed assets and capital outlay policies are outdated and refer to the old statewide accounting system, which is no longer in use.

- Several policies do not contain evidence of management's review and approval or revision dates to show evidence of recent updates.

Topic 20905 and other sections of the CAPP Manual state that each agency needs to, "publish its own policies and procedures documents, approved in writing by agency management." The Foundation should establish formally documented procedures over all critical business processes, have management approve the procedures, and update them regularly in order to maintain an effective control environment.

- The Foundation did not have documentation to demonstrate full compliance with all ARMICS requirements. The Foundation did not perform an agency-level risk assessment and did not document how it determined which transaction-level or agency-level controls to test. Topic 10305 of the CAPP Manual requires agencies to document, evaluate, and test all agency-level and transaction-level controls to assess each element of the control environment. The Foundation should perform a complete risk assessment, assess agency-level controls, and document how it identified key transaction-level controls to test. This would provide evidence of compliance with ARMICS requirements.
- The Foundation's process for confirming the accuracy of information reported to the Virginia Retirement System does not include a review of the Cancelled Records Report from the statewide human resource system. Topic 50410 of the CAPP Manual states that certain employers must regularly review the Cancelled Records Report to ensure all information was properly recorded into the retirement benefits system. The Foundation should review this report regularly as part of its reconciliation procedures.

We discussed these matters with management on May 28, 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

JDE\vks

# Jamestown-Yorktown Foundation

P.O. Box 1607, Williamsburg, Virginia 23187-1607  
(757) 253-4388 (757) 253-5299 Fax (757) 253-5110 TDD [historyisfun.org](http://historyisfun.org)

July 14, 2020



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Ms. Martha S. Mavredes, CPA  
Auditor of Public Accounts  
PO Box 1295  
Richmond, VA 23218

Dear Ms. Mavredes,

Thank you for the opportunity to comment on the Auditor of Public Accounts' Results Letter regarding the Internal Controls Questionnaire Review dated June 24, 2020.

The Jamestown-Yorktown Foundation appreciates the efforts of the APA in reviewing and advising the Foundation on the application and management of internal controls. The Foundation will implement process changes to address the findings identified in the review.

In response to the review results, agency staff have initiated steps to take corrective actions to address the areas identified for improvement. Based on your recommendations, Foundation specific policies and procedures are being developed for the key processes identified in the review. Existing policies will be updated to clarify controls, responsibility, review, documentation requirements, and will include management review and approval along with revision dates of recent updates.

The Foundation had been working to improve the quality of its ARMICS review in FY2020. This initiative was halted as the pandemic closure of the museums resulted in significant budget reductions for both FY 2020 and FY 2021. These reductions included the furlough of staff in every department, including our finance office. In spite of reduced staffing and resources, our team is working to provide the required documentation regarding an agency-level risk assessment and testing of agency and transaction level controls for completion of the FY2020 ARMICS submission.

Finally, the Foundation has updated its process to include a review of cancelled records to confirm the accuracy of VRS records.

I would like to commend your staff for their flexibility in completing the fieldwork for this review during the pandemic related closure of state offices. Our team greatly appreciates the willingness of your staff to work with us during these challenging times.

As always, please know we appreciate your guidance and support.

Sincerely,

Christy S. Coleman  
Executive Director

CSC/jlp

Copy:  
The Honorable M. Kirkland Cox  
Mr. Frank B. Atkinson  
Mr. Frank N. Stovall  
Ms. Jean L. Puckett

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