

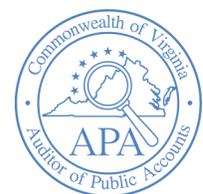


FRONTIER CULTURE MUSEUM OF VIRGINIA

INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS AS OF JUNE 2025

Auditor of Public Accounts
Staci A. Henshaw, CPA

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(804) 225-3350



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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

November 19, 2025

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Norman Smiley
Chief Executive Officer, Frontier Culture Museum of Virginia

INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS

We have reviewed the Internal Control Questionnaire for the **Frontier Culture Museum of Virginia** (Frontier Culture). We completed the review on June 25, 2025. 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 Frontier Culture 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 Frontier Culture. 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 as well as the findings in the report titled [Frontier Culture Museum of Virginia Report on Audit for the Year Ended June 30, 2021](#). The agency has taken adequate corrective action with respect to findings reported in the prior review and audits 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 Frontier Culture. Further, we evaluated Frontier Culture'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; expenses; 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:

- **Repeat (First Reported in 2017)** – Frontier Culture has formal, documented policies and procedures over many of its significant business processes. However, during our review, we identified several critical business areas where Frontier Culture should develop or improve policies and procedures to maintain an effective control environment. 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." Management should continue working to ensure detailed policies and procedures exist for all critical business areas. In addition, management should continue to develop a process to review and approve all policies and procedures either annually or as needed and maintain documentation of the process.
- **Repeat (First Reported in 2017)** - Frontier Culture did not obtain the System and Organization Controls (SOC) report for providers that process sensitive information or provide hosting services for a system. As such, Frontier Culture did not document an evaluation of the SOC

report and the complimentary user entity controls described within the report. CAPP Manual Topic 10305 and the Commonwealth's Information Security Standard, SEC530, require agencies to have an adequate level of interaction with third-party providers to give agencies an understanding of the providers' internal control environments and any complementary controls the agency would need to implement. Agencies must also maintain oversight for the provider to gain assurance over outsourced operations. Frontier Culture should develop policies and procedures over review of SOC reports and obtain and comprehensively evaluate SOC reports timely.

- Frontier Culture's procedures on employee separations include a checklist to ensure the proper documentation for an employee that has separated from the agency. However, Frontier Culture was unable to provide supporting documentation showing management completed this checklist for one out of two (50%) employees reviewed. Frontier Culture should ensure it is completing the employee separations checklist and retaining this documentation for off-boarding employees.
- Frontier Culture did not perform an analysis of potential aggregated assets in accordance with Governmental Accounting Standards Board Implementation Guide 2021-1 Question 5.1, Department of Accounts guidance email, and CAPP Manual Topic Section 30000. Frontier Culture should obtain an understanding of the relevant guidance, develop a process for evaluating aggregated assets, perform an analysis to determine aggregated assets, and record the capitalizable aggregated assets in the Commonwealth's capital asset system.

We discussed these matters with management on June 25, 2025. 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 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/vks



COMMONWEALTH OF VIRGINIA

Frontier Culture Museum of Virginia

P.O. BOX 810
STAUNTON, VIRGINIA 24402-0810
Telephone: (540) 332-7850
FAX: (540) 332-9989

December 12, 2025

Director Staci Henshaw, CPA
Auditor of Public Accounts (APA)
101 North 14th Street, 8th Floor
Richmond, VA 23218

Director Henshaw:

Thank you for the opportunity to comment on the APA ICQ Results Letter dated June 30, 2025. The Frontier Culture Museum of Virginia (FCMV) appreciated the efforts, professionalism, and feedback provided by your staff during the review process. Below you will find our agency's responses to the findings identified by your auditors.

- **Repeat – Continued Documentation of Policies and Procedures**
 - FCMV's Finance Director continues to improve documentation of procedures, draft policies, and identify policy proposals to FCMV's senior management. Most of the business areas needing to be addressed and shared with Management during the process were previously identified by the agency and workplans were in already place to address gaps in policies and procedures.
 - FCMV has already taken steps to formalize management review and approval of the agency's policies and procedures.
 - Continued documentation and management approval of drafted policies and procedures will be completed by the end of June 2026.

- **Repeat – System and Organization Controls (SOC) Analysis**
 - During the review process FCMV obtained 1 of the 2 SOC reports identified in the audit and continues to communicate with the third-party vendor for the remaining report. Review procedures are currently being drafted to ensure the annual review is completed appropriately going forward and anticipate implementing and completing this process by June 2026.
 - The agency continues to be committed to working together with VITA to ensure appropriate IT and IS compliance and, if necessary, find suitable replacements to address any variances from the IS Standards of the Commonwealth.

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- **Documentation of Employee Offboarding**
 - FCMV's Human Resources Manager has begun to review and retool onboarding and offboarding forms and procedures because of the audit review process.
 - Additionally, Finance will incorporate appropriate reviews of onboarding and offboarding activities with confirmation provided by HR that documentation exists for any activity.
 - These updates will be completed and implemented by the end of December 2025.

- **Analysis of Potential Aggregated Assets**
 - Finance performs a review of potential Capital Assets as part of its monthly close and certification procedures. Specific procedures related to this review, including an Analysis of Aggregated Assets will be developed and incorporated into FCMV's Capital Outlay Administration manual by the end of December 2025. Furthermore, potential assets will be identified during review of procurement requests and procedures documented accordingly.
 - In addition to performing the analysis regularly for month close, an analysis for potential aggregated assets will be performed for existing assets to appropriately capture aggregated assets not previously identified. This review will be documented and completed by the end of December 2025.

If there are any additional questions or concerns, please address them to my attention.

Sincerely,



Norman C. "Butch" Smiley
Chief Executive Officer, Frontier Culture Museum of Virginia
P.O. Box 810
Staunton, VA 24402-0810
804-399-7157
Butch.Smiley@fcmv.virginia.gov