



VIRGINIA COMMUNITY COLLEGE SYSTEM WORKFORCE INNOVATION AND OPPORTUNITY ACT CLUSTER

REPORT ON AUDIT
FOR THE YEAR ENDED
JUNE 30, 2020

Auditor of Public Accounts
Staci A. Henshaw, CPA

www.apa.virginia.gov

(804) 225-3350



AUDIT SUMMARY

Our audit of the federal Workforce Innovation and Opportunity Act (WIOA) Cluster of programs, administered by the Virginia Community College System (System), for the fiscal year ended June 30, 2020, found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth's accounting and financial reporting system, the System's accounting system, and in the Federal Schedules attachment submitted to the Department of Accounts; and
- a matter involving internal control and its operation related to noncompliance with applicable laws and regulations or other matters that is necessary to bring to management's attention and is required to be reported.

The WIOA Cluster consists of the following federal programs: Adult Programs, Youth Activities, and Dislocated Worker Formula Grants.

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INTERNAL CONTROL AND COMPLIANCE FINDING AND RECOMMENDATION

Monitor Statewide WIOA Grant Program According to Policy

Type: Internal Control and Compliance

Severity: Significant Deficiency

Repeat: No

The Compliance Monitoring Team, which is part of the System's Workforce Innovation and Opportunity Act (WIOA) Administration and Compliance Department (Department), did not monitor one of its statewide WIOA grant programs in accordance with its policy. The System used \$3.4 million (or eight percent) of its WIOA Cluster funds for this statewide WIOA grant program to allow community colleges to reconfigure college curricula, which is an allowable expense for the WIOA Cluster.

The Department's monitoring policy requires the Compliance Monitoring Team to monitor each grant program at least once within the performance period. Further, 2 C.F.R. § 200.303(a) states that the non-federal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. The Compliance Monitoring Team was not able to monitor this statewide WIOA grant program within the performance period because of staffing and workload challenges. Not performing monitoring reviews prevents the Department from obtaining the assurance it needs to confirm that the System is managing the program in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

The Compliance Monitoring Team has implemented monitoring tools for this statewide WIOA program and intends to monitor it before the end of the next performance period. Department leadership should oversee the efforts of the Compliance Monitoring Team to ensure it has the necessary resources to maintain effective internal controls over federal awards.



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

January 22, 2021

The Honorable Ralph S. Northam
Governor of Virginia

The Honorable Kenneth R. Plum
Chairman, Joint Legislative Audit
and Review Commission

We have audited the financial records and operations of the federal **Workforce Innovation and Opportunity Act (WIOA) Cluster** of programs, administered by the Virginia Community College System (System), for the year ended June 30, 2020. We conducted this audit in accordance with 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, in support of the Commonwealth's Single Audit. 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 objective was to audit the WIOA Cluster in support of the Commonwealth's Single Audit. In support of this objective, we evaluated the accuracy of recorded financial transactions in the Commonwealth's accounting and financial reporting system, the System's accounting system, and the Federal Schedules attachment submitted to the Department of Accounts. We also reviewed the adequacy of the System's internal controls over compliance with applicable laws, regulations, contracts, and grant agreements.

Audit Scope and Methodology

The System's 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 materiality and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the WIOA Cluster.

We performed audit tests to determine whether the System'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 System's operations. We performed analytical procedures, including budgetary and trend analyses, and tested details of transactions to achieve our 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.

Our consideration of internal control over compliance was for the limited purpose described in the section "Audit Objectives" and was not designed to identify all deficiencies in internal control over compliance 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 over compliance that we consider to be material weaknesses. We did identify a deficiency in internal control that we consider to be a significant deficiency, which is described in the section titled "Internal Control and Compliance Finding and Recommendation."

A deficiency in internal control over compliance 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, noncompliance 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 material noncompliance with a type of compliance requirement of a federal program 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 over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Conclusions

We found that the System properly stated, in all material respects, the amounts recorded and reported in the Commonwealth's accounting and financial reporting system, the System's accounting system, and the Federal Schedules attachment submitted to the Department of Accounts.

The results for the Commonwealth's Single Audit for the year ended June 30, 2020, are contained in a separate report, which will be available on our website at www.apa.virginia.gov in February 2021.

We noted a matter involving internal control and its operation and compliance with applicable regulations and grant agreements that requires management's attention and corrective action. This matter is described in the section titled "Internal Control and Compliance Finding and Recommendation."

Since the finding noted above has been identified as a significant deficiency, it will be reported as such in the "Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance," which is included in the Commonwealth of Virginia's Single Audit Report for the year ended June 30, 2020. The Single Audit Report will be available at www.apa.virginia.gov in February 2021.

Exit Conference and Report Distribution

We discussed this report with management on February 8, 2021. Management's response to the finding and recommendation identified in our audit is included in the section titled "Virginia Community College System 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, management, and the citizens of the Commonwealth of Virginia and is a public record.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

MAS/vks



February 2, 2021

Staci Henshaw
Auditor of Public Accounts
101 N. 14th Street
P.O. Box 1295
Richmond, VA 23218

Dear Ms. Henshaw:

We are providing this letter in response to your report on the financial records and operations of the Workforce Innovation and Opportunity Act (WIOA) Cluster federal program, for fiscal year ending June 30, 2020.

We confirm that we have received the internal control and compliance finding and recommendation and we are in the process of preparing a corrective action plan that will be submitted to the Department of Accounts.

If you have any questions, please contact Dr. Craig Herndon, Senior Vice Chancellor for Administration, Finance, and Technology, at (804) 819-4782.

Sincerely,

A handwritten signature in black ink, appearing to read "Glenn DuBois", is written over a light blue horizontal line.

Glenn DuBois
Chancellor

Copy: Craig Herndon
Sharon Morrissey
Randy Stamper
George Taratsas
Thomas Sheeran

VIRGINIA COMMUNITY COLLEGE SYSTEM OFFICIALS

As of June 30, 2020

Glenn DuBois
Chancellor

M. Craig Herndon
Senior Vice Chancellor for Administration, Finance, and Technology

Sharon Morrissey
Senior Vice Chancellor for Academic and Workforce Programs

Randall Stamper
Assistant Vice Chancellor for Grants and Federal Programs

George Taratsas
Director of WIOA Title I Administration and Compliance