



# VIRGINIA MUSEUM OF NATURAL HISTORY

## INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS AS OF APRIL 2022

Auditor of Public Accounts  
Staci A. Henshaw, CPA

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# Commonwealth of Virginia

## Auditor of Public Accounts

Staci A. Henshaw, CPA  
Auditor of Public Accounts

P.O. Box 1295  
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May 18, 2022

Joe Keiper, Executive Director  
Virginia Museum of Natural History  
21 Starling Avenue,  
Martinsville, VA 24112

### INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS

We have reviewed the Internal Control Questionnaire for the **Virginia Museum of Natural History** (Natural History). We completed the review on April 18, 2022. 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 Natural History 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 Natural History. 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, including findings in the report titled "Cycled Agency Information Systems Security Review" conducted in 2019. The agency has taken adequate corrective action with respect to review findings reported in the prior reviews conducted in 2019 and 2020 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 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 Natural History's ARMICS program included a review of all current ARMICS documentation and a comparison to statewide guidelines established by Accounts. Further, we evaluated Natural History'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:

- **Partial Repeat** - Natural History is making progress to improve information technology (IT) security governance and is updating policies annually in accordance with the Commonwealth's Information Security Standard (Security Standard), SEC 501. However, we could not determine if Natural History performed an adequate evaluation of IT resources, which creates an increased risk that Natural History will not be able to implement any IT security governance changes and remediate any control deficiencies timely. Additionally, due to the reclassification of sensitive systems to non-sensitive and other improvements implemented by Natural History, a full-time Information Security Officer (ISO) may not be necessary; however, Natural History should ensure that the part-time ISO has the appropriate level of training and knowledge base to perform the ISO duties.

- **Repeat** - Natural History made significant progress to improve security awareness training by consolidating training systems and implementing a policy to require annual training. However, no employees completed security awareness training during fiscal year 2021. Natural History should ensure that all employees take the training once it is available.
- **Repeat** – Natural History has made progress to improve risk management and contingency planning. Natural History worked with the Virginia Information Technologies Agency (VITA) to reclassify some systems to be non-sensitive and continues to work with VITA to determine the proper classification for the remaining systems. However, Natural History was not able to provide documentation of the assessment used to reclassify the systems. Additionally, Natural History could not provide the following: Business Impact Analysis, IT Disaster Recovery Plan, nor the results from the most recent IT disaster recovery exercise. Natural History should continue working with VITA to properly classify systems and meet the requirements of the Security Standard.
- Natural History does not maintain supervisory approval of bank account and small purchase charge card reconciliations. The reconciliations that we reviewed did not include a sign-off and date by the reviewer which does not allow us to determine if the reconciliation was timely or if there was proper segregation of duties. Reconciliations should include both preparer and reviewer signoffs as evidence of proper segregation of duties.

We discussed these matters with management on May 12, 2022. 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,

Staci A. Henshaw  
Auditor of Public Accounts

JDE/clj

**Agency Response:**

Virginia Museum of Natural History

We have reviewed the Internal Control Questionnaire Results Letter from the Auditor of Public Accounts.

The staff of the Virginia Museum of Natural History appreciates the professionalism and suggestions set forth by the summary report. We plan to work with staff to implement processes and procedures to effectively eliminate issues discovered during the audit process.

On May 12, 2022, we spoke with representatives from the Auditor of Public Accounts. VMNH staff explained that some issues were in the process of being rectified and asked for suggestion of how to proceed. The Staff with the APA were very helpful and made a few suggestions other agencies to reach out to for guidance.

We appreciate the information that came to light throughout the audit process. Efforts are already underway to prevent future issues.

Thanks,



Dr. Joe Keiper  
Executive Director  
Virginia Museum of Natural History