



OFFICE OF INTERNAL AUDIT

ANNUAL AUDIT PLAN

Fiscal Year 2021

**Dr. M. Norman
Oliver, MD, MA**

**State Health
Commissioner**

Maisha Beasley

**Director of
Internal Audit**

INDEPENDENCE ★ INTEGRITY ★ EXCELLENCE



Auditor's Letter

The Virginia Department of Health's Office of Internal Audit is pleased to present its 2021 Audit Plan. Internal Auditing is a method designed to add value and improve VDH's operations by utilizing a systematic and disciplined approach to evaluate the effectiveness of risk management, internal control, and the governance processes.

The novel coronavirus (COVID-19) posed a challenge for Internal Audit conducting traditional fieldwork testing and assessing internal controls. But like many others, we overcame the challenge by performing remote auditing during the COVID-19 crisis. We had to re-engineer the auditing process as best as we could by engaging in remote auditing, but remote auditing still is not ideal for every aspect of the auditing process. Typically auditors do inventory observations by visiting districts to observe physical inventory counting procedures and compare independent test counts to the agency's accounting records.

With employees working remotely many departments changed which employees are responsible for certain internal controls or how a particular control is performed. Thus, assessing changes in internal control was challenging. Lastly, conducting in-person management inquiries was also a challenge. Auditors are trained to observe body language during interviews of personnel. Stay-at-home measures have prevented us from conducting such observations.

The old adage "can't audit behind a desk" is becoming the "new normal" with remote auditing. It requires flexibility, a willingness to embrace technology, and we must adjust how we do what we do without compromising audit quality. This year we developed a SharePoint site where we can at least exchange, review, and analyze relevant documents over secure protocols and have used tele-conferencing more than ever.

Nonetheless, our mission has not waivered. The **mission** is to provide independent, objective, and timely oversight across the VDH enterprise to assist all levels of VDH management in promoting economy, efficiency, and effectiveness in agency programs and operations that protect the health and promote the well-being of all people in Virginia and to detect and deter fraud, waste, abuse, and mismanagement. And our **vision** is to be an inclusive and dynamic team of professionals that serves as the catalytic change agent for process improvements. Providing insight, oversight, and foresight.

The Internal Audit department typically creates its annual audit plan based on a three-year audit cycle. The audit plan incorporates performance, financial related, and fraud detection objectives. However, in developing the FY2021 audit plan, we simply had to carry over the audits from the FY20 audit plan that were incomplete or postponed due to COVID-19. Our goal for FY21 is for each auditor to conduct audits simultaneously in an effort to get back on track. Please see the full plan for details.

If you have any questions feel free to contact me directly at maisha.beasley@vdh.virginia.gov.

Maisha Beasley
Director of Internal Audit

Fiscal Year (FY) 2021 Audit Plan

Carryover Audits

There are five (5) district audits included on the FY 2020 Audit Plan that were initiated but not completed and seven (7) district audits planned but not started. These audits are considered “carryover audits” and will be completed in FY2021:

Regional Area	District
Region 1	Central Shenandoah Thomas Jefferson
Region 2	Loudoun
Region 3	Cumberland Plateau Pittsylvania-Danville West Piedmont
Region 4	Chesterfield Southside Piedmont
Region 5	Three Rivers Hampton Peninsula

Planned Health District, Office Performance, and IT Audits

Health District

The FY2021 audit plan identifies 12 district audits. These audits include economy and efficiency reviews of revenue collections and deposits, accounts receivables, and eligibility determinations, procurement, accounts payable expenditures/cash disbursements/purchase card transactions, payroll, fixed assets, budget, travel reimbursement, vehicle utilization, inventory, contracting, Cardinal reconciliation, time and effort reporting, environmental health, human resources, pharmacy, clinical, and pre-admission screenings. Some examples of the high-risk areas are:

Revenue Collections/Cash Intake

These audits will include a review of billable services and programs that earn or collect revenue for the agency to: ensure revenues are recorded accurately and in compliance with financial requirements; ensure cash receipts are recorded accurately with timely deposits; and determine if there are adequate controls over the receipt of revenue and/or cash intake activities.

Accounts Payable Expenditures/Cash Disbursements/Purchase Card Transactions

Accounts payable is an inherently high-risk activity. These audits will review the controls in place to ensure: expenditures and disbursements monitoring and oversight are in place; expenditures are proper, submitted in compliance with the Prompt Pay Act; and disbursements are allocated to appropriate activities, properly reviewed and approved prior to payment to avoid possible fraud, waste, and abuse.

Payroll

Payroll is one of the largest expenses incurred by an agency, which makes it a crucial area for audit review. There is a risk: that employees are improperly paid; duplicate or improper payments are made; and payments are not in compliance with agency and state regulatory requirements, policies, and procedures. These audits will assess if controls are in place for the payroll process and if payroll information is properly secured, accurate, and reliable.

Office Performance Audits:

The FY2021 audit plan identifies office performance audits that include economy, efficiency and program audits. Program audits include determining the extent to which the desired results or benefits established by legislative or other authority are being achieved; the effectiveness of organizations, programs, activities, or functions; and whether the agency has complied with laws and regulations applicable to the program. Program audits may, for example:

- Assess whether the objectives of a proposed, new, or on-going program are proper, suitable, or relevant
- Determine the extent to which a program achieves a desired level of program results
- Assess the effectiveness of the program and/or of individual program components
- Identify factors inhibiting satisfactory performance
- Determine whether management has considered alternatives for carrying out the program that might yield desired results more effectively or efficiently (e.g. at a lower cost)
- Identify ways of making programs work better
- Assess the adequacy of management's system for measuring and reporting effectiveness

IT Audits

The FY2021 audit plan identifies several applications across multiple VDH offices. These IT audits will review the controls in place for IT Network Security. The objectives of these audits will be to evaluate controls over confidentiality, integrity, and availability of VDH data processed and maintained in IT environments. We accomplish these objectives by reviewing the following areas:

- Security Management;
- Access Controls;
- Network Security;
- Configuration Management; and
- Contingency Planning

Control deficiencies put the agency at risk for compromised networks and unauthorized access. This could result in data breach, loss of protected information, and disruption to operations as well as a negatively impacted image and reputation of VDH.

Fiscal Year 2021 VDH Internal Audit Plan

Health Districts:

Region 1 Central Shenandoah Thomas Jefferson	Region 2 Loudoun	Region 3 Cumberland Plateau Pittsylvania-Danville West Piedmont	Region 4 Piedmont Southside Chesterfield	Region 5 Three Rivers Hampton Peninsula
---	----------------------------	---	---	--

Administration:

Agency Risk Management and Internal Controls

Office of the Commissioner:

Vital Records
 Shared Business Services

Population Health: N/A

Public Health: N/A

Information Management and Sensitive Systems:

VSAP Virginia State Anatomical Program Inventory Management System
 VIIS Virginia Immunization Information System
 NRx NRx Pharmacy Management
 HIV-CTR HIV Counseling, Testing and Referral
 SSuN Clinic & County STD Surveillance Network System
 X-Ray Registrant X-Ray Machine Registration and Certification Database
 ESSENCE Electronic Surveillance System for the Early Notification of Community-based Epidemics
 VEDSS Virginia Electronic Disease Surveillance System
 REDCap Research Electronic Data Capture
 CCC-SUN Care Connection for Children System Users Network
 LISSDEP Low Income Safety Seat Distribution and Education Program (LISSDEP) Data Warehouse

Internal Audit Administration:

Coordinate the APA Audit and Management Corrective Action Plan
 Coordinate the OSIG Performance Review
 Investigate Hotline Complaints as directed by OSIG
 Perform Special Projects requested by Management
 Perform Follow-up Reviews of Prior Year Audits
 Perform the OIA Quality Assurance Self-Assessment
 Coordinate Audit & Risk Advisory Committee Meetings

Prepared by:

OIA-Maisha Beasley, Director

Date: Aug 18, 2021

DocuSigned by:

Maisha Beasley

D2881C63C852464...

Approved by:

Norman Oliver, MD, State Health Commissioner

Date: 8/19/2020 | 10:29:28 AM EDT

DocuSigned by:

M. Norman Oliver, MD

E9885CE3DE124C6...