



# SCIENCE MUSEUM OF VIRGINIA

## INTERNAL CONTROL QUESTIONNAIRE

### REVIEW RESULTS

### AS OF AUGUST 2021

Auditor of Public Accounts

Staci A. Henshaw, CPA

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

(804) 225-3350



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Staci A. Henshaw, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

November 12, 2021

Richard Conti, Chief Wonder Officer  
Science Museum of Virginia  
2500 West Broad Street  
Richmond, VA 23220

## INTERNAL CONTROL QUESTIONNAIRE REVIEW RESULTS

We have reviewed the Internal Control Questionnaire for the **Science Museum of Virginia** (Museum). We completed the review on August 31, 2021. 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 Museum is responsible for establishing and maintaining an effective control environment.

The Auditor of Public Accounts has developed a new process for auditing agencies that are not required to have an audit every year, which we refer to as “cycled agencies.” Traditionally, we audit these agencies at least once every three years. We now employ a risk-based approach to auditing the cycled agencies. Under this approach, annually we will perform a risk analysis for all of the cycled agencies considering certain criteria and divide the agencies into two pools. One pool will receive an annual audit and the other pool will be subject to review in a special project focused on one area of significance as well as a review of internal controls in the form of a questionnaire. Our intent is that all cycled agencies will complete an internal control questionnaire at least once every three years. This letter is to communicate the results of the Internal Control Questionnaire review.

### 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 the Museum. 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 Museum’s corrective action for audit findings in the report titled “Cycled Agency Procurement Review – Fiscal Year 2017” as well as the report titled “Science Museum of Virginia for the year ended June 30, 2018.” The agency has taken adequate corrective action with respect to the findings reported in the prior audits.

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 Museum’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; revenues and expenses; procurement and contract management; capital assets; grants management; debt; and information technology and security. 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 Museum does not maintain sufficient policies and procedures for several key business processes. Topic 20905 and other sections of the Commonwealth Accounting Policies and Procedures Manual states that each agency needs to “publish its own policies and procedures documents, approved in writing by agency management.” Management should establish detailed procedures for all critical business processes in order to maintain an effective control environment.
- The Museum did not meet the minimum requirements of Accounts’ ARMICS standards for fiscal year 2020. Although the Museum adequately performed an agency level risk assessment and documented key elements of the control environment, the agency did not include all significant fiscal processes when testing the agency-level or transaction-level control activities. The Museum should ensure ARMICS documentation meets the minimum requirements issued by Accounts.
- The Museum should develop a process to complete bank reconciliations in a timely manner to ensure that financial data is accurate, and that there are no errors within the bank statements. Our review noted the Museum has not reconciled the bank account used for gift shop operations in over a year.

We discussed these matters with management on November 5, 2021. 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/vks



Staci A. Henshaw, CPA  
Auditor of Public Accounts  
P.O. Box 1295  
Richmond, VA 23218

RE: Response to Results Letter of Internal Control Questionnaire Review

Dear Ms. Henshaw,

The Science Museum of Virginia concurs with the findings of the Internal Control Questionnaire Review Results. The agency has already taken great strides in addressing each finding noted below:

- We acknowledge our responsibility in establishing detailed procedures for all critical business processes in order to maintain an effective control environment. The Museum has made significant strides in this area this calendar year and will continue to review, update, and rewrite all agency policies and desk procedures over all key business areas and retain evidence of Management's approval of the policies.
- We acknowledge that we did not include all significant fiscal processes when testing the agency-level or transaction-level control activities for Fiscal Year 2020 ARMICS standards. We have met this important requirement with our Fiscal Year 2021 ARMICS submission and will continue to do so in the future.
- We acknowledge that we should develop a process to complete bank reconciliations in an accurate and timely manner. This process is now underway.

Thank you for the opportunity to be an active participant in the Internal Control Questionnaire Review process and we will make the required changes and improvements in our internal controls.

Sincerely,

Richard Conti  
Director