

**REPORT ON  
STATEWIDE FINANCIAL MANAGEMENT  
AND COMPLIANCE**

**FOR THE QUARTER ENDED JUNE 30, 2004**



**OFFICE OF THE COMPTROLLER**

**DEPARTMENT OF ACCOUNTS**

Prepared and Published by  
Department of Accounts  
Commonwealth of Virginia  
P. O. Box 1971  
Richmond, VA 23218-1971

For additional copies, contact:  
Administrative Services Division  
Department of Accounts  
☎ (804) 225-3051  
✉ Michael.Rider@doa.virginia.gov

This report is available online at:  
[www.doa.virginia.gov](http://www.doa.virginia.gov)

*Text and graphics were produced using Microsoft Word for Windows in Arial and Times New Roman fonts. Printed August 2004 at the Department of Accounts on a Xerox 4890 highlight color printer and spiral bound at a cost of 10 cents per copy.*

# TABLE OF CONTENTS

## REPORT ON STATEWIDE FINANCIAL MANAGEMENT AND COMPLIANCE *Quarter Ended June 30, 2004*

	Page
STATEMENT OF PURPOSE .....	1
COMPLIANCE .....	2
<u>Auditor of Public Accounts Reports - Executive Branch Agencies</u> .....	2
<i>Audit Reports – Quarter Ended June 30, 2004</i> .....	2
<i>Agency Findings – Quarter Ended June 30, 2004</i> .....	5
<u>Compliance Monitoring</u> .....	8
Exception Registers .....	8
Disbursement Processing .....	8
Paperwork Decentralization .....	9
<i>Decentralized Agencies</i> .....	10
<i>Non-Decentralized Agencies</i> .....	13
Prompt Payment Compliance .....	15
E-Commerce .....	19
<i>Financial Electronic Data Interchange (EDI)</i> .....	20
<i>Employee EDI</i> .....	21
<i>Direct Deposit</i> .....	25
<i>Payroll Earnings Notices</i> .....	29
<i>Small Purchase Charge Card (SPCC) and</i> <i>Increased Limit (GOLD) Card</i> .....	33
<i>Travel Charge Card</i> .....	39
Payroll Controls .....	41
<i>PMIS/CIPPS Payroll Audit</i> .....	41
<i>PMIS/CIPPS Exceptions</i> .....	44
<i>Payroll Certification</i> .....	45
<i>Healthcare Reconciliations</i> .....	47
FINANCIAL MANAGEMENT ACTIVITY .....	48
Commonwealth Accounting and Reporting System (CARS) .....	48
<i>CARS Edits</i> .....	49
Payroll .....	50
<i>Benefit Participation by CIPPS Agencies</i> .....	51
Accounts Receivable .....	52
<i>Comptroller’s Debt Setoff (CDS) Program</i> .....	55
Indirect Costs .....	58
Loans and Advances .....	60
Fixed Asset Accounting and Control System (FAACS) .....	63

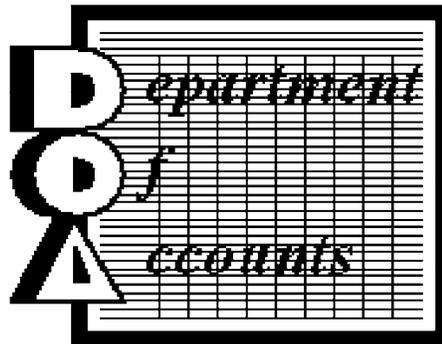
## STATEMENT OF PURPOSE

The *Code of Virginia* requires that the Department of Accounts (DOA) monitor and account for all transactions involving public funds. In order to carry out this mandate, the Department uses a variety of measures, including automated controls, statistical analyses, pre-audits and post-audits, staff studies and reviews of reports issued by the Auditor of Public Accounts. When taken as a whole, these measures provide an important source of information on the degree of agency compliance with Commonwealth accounting and financial management policies, internal controls, procedures, regulations, and best practices.

The Comptroller's *Report on Statewide Financial Management and Compliance* (the *Quarterly Report*) is a summary of measures used by DOA to monitor transactions involving public funds and report findings to the Governor, his Cabinet, and other senior State officials. The *Quarterly Report* uses exception reporting and summary statistics to highlight key findings and trends. The Department also provides additional detailed financial management statistics for agencies and institutions of higher education.

This *Quarterly Report* includes information for the quarter ended June 30, 2004. Some information in the report is for the quarter ended March 31, 2004, which is the most current data available. Fiscal Year 2004 summary data is provided for several measures.

David A. Von Moll, CPA, CGFM  
Comptroller



## COMPLIANCE

### Auditor of Public Accounts Reports - Executive Branch Agencies

Agency audit reports issued by the Auditor of Public Accounts (APA) may contain findings because of noncompliance with state laws and regulations. Agencies may also have internal control findings considered to be reportable conditions. Reportable conditions involve matters relating to significant deficiencies in the design or operation of internal control that, in the Auditor's judgement, could adversely affect the agency's ability to record, process, summarize, and report financial data consistent with the assertions of management.

Each agency must provide a written response that includes a Corrective Action Workplan (CAW) to the Department of Planning and Budget, the Department of Accounts, and the agency's Cabinet Secretary when its audit report contains one or more audit findings. Workplans must be submitted within 30 days of receiving the audit report. Commonwealth Accounting Policies and Procedures (CAPP) manual, Topic 10205, *Agency Response to APA Audit*, contains instructions and guidance on preparing the workplan.

### Audit Reports – Quarter Ended June 30, 2004

The APA issued 14 separate reports covering 38 agencies, offices, boards, commissions and community colleges for the Executive Branch agencies listed on the following table. The last column indicates whether the CAW has been received as of the date of this publication for each agency with audit findings. Note that in some cases, the CAW may not have been received because it is not yet due.

	New Findings	Repeat Findings	Total Findings	CAW Received
<b>Administration</b>				
None Issued				
<b>Commerce and Trade</b>				
None Issued				
<b>Education</b>				
Virginia Commission for the Arts	0	0	0	N/A
University of Mary Washington (formerly Mary Washington College)	0	1	1	Yes
Old Dominion University	0	0	0	N/A
Southwest Virginia Higher Education Center	0	0	0	N/A

	<b>New Findings</b>	<b>Repeat Findings</b>	<b>Total Findings</b>	<b>CAW Received</b>
Virginia Community College System: (1)				
Blue Ridge Community College	0	0	0	N/A
Central Virginia Community College	2	0	2	Yes
Dabney S. Lancaster Community College	0	0	0	N/A
Danville Community College	2	0	2	Yes
Eastern Shore Community College	0	0	0	N/A
Germanna Community College	0	0	0	N/A
J. Sargeant Reynolds Community College	0	1	1	Yes
John Tyler Community College	0	0	0	N/A
Lord Fairfax Community College	1	0	1	Yes
Mountain Empire Community College	1	0	1	Yes
New River Community College	0	0	0	N/A
Northern Virginia Community College	1	0	1	Yes
Patrick Henry Community College	1	0	1	Yes
Paul D. Camp Community College	1	0	1	Yes
Piedmont Community College	1	0	1	Yes
Rappahannock Community College	1	0	1	Yes
Southside Virginia Community College	0	0	0	N/A
Southwest Virginia Community College	1	0	1	Yes
Thomas Nelson Community College	0	0	0	N/A
Tidewater Community College	2	0	2	Yes
Virginia Highlands Community College	0	0	0	N/A
Virginia Western Community College	0	1	1	Yes
Wytheville Community College	2	0	2	Yes
The College of William and Mary in Virginia	0	0	0	N/A
Virginia State University	1	1	2	Yes
Longwood University	0	0	0	N/A
James Madison University	0	0	0	N/A
Radford University	0	0	0	N/A
Virginia Military Institute	0	0	0	N/A

### **Elected Officials**

None Issued

### **Finance**

None Issued

	<b>New Findings</b>	<b>Repeat Findings</b>	<b>Total Findings</b>	<b>CAW Received</b>
<b>Health and Human Resources</b>				
None Issued				
<b>Natural Resources</b>				
Department of Conservation and Recreation	0	0	0	N/A
<b>Public Safety</b>				
Virginia Correctional Enterprises	1	2	3	Yes
Department of Corrections and Virginia Parole Board	0	2	2	Yes
<b>Technology</b>				
None Issued				
<b>Transportation</b>				
None Issued				

No audit reports were received during the quarter for agencies and institutions that report to the Secretaries of Administration, Commerce and Trade, Finance, Health and Human Resources, Technology, and Transportation, or the Executive Offices.

(1) The APA issued one report on the 23 Community Colleges and the Central Office.

## Agency Findings – Quarter Ended June 30, 2004

The following agencies had one or more findings contained in their audit report. Short titles assigned by APA are used to describe the finding, along with a brief summarization of the comments. The audit reports contain the full description of each finding.

### Education

#### *Virginia State University*

1. Improve Contract Administration. **As noted in the prior audit,** VSU spends approximately \$19 million annually on contracts to outsource various services. The audit found that there is no current listing of responsible contract administrators and the University doesn't have formal policies or procedures governing contract administration. Further, annual evaluations of contractor performance have not been performed and individuals with no contract responsibility approve invoices for payment.
2. Obtain Financial Statements for Foundations. VSU has not obtained audited financial statements for fiscal years 2002 and 2003 for either the Virginia State University Foundation or the Virginia State Real Estate Foundation. Beginning in fiscal year 2004, VSU will be required to obtain the foundations' financial statements or have the University's opinion qualified.

#### *University of Mary Washington (Formerly Mary Washington College)*

1. Improve Controls Over Small Purchase Charge Card Procedures. **As noted in the prior audit,** Mary Washington did not comply with state guidelines requiring purchasing logs, reconciliation, and use of cards by non-cardholders. Further, some cardholders record transactions on the Master Purchasing Log after receiving the charge card statement. Four out of five cardholders tested allowed multiple transactions where someone else signed the sales slip. One cardholder reviews and approves his own log reconciliation as well as the monthly charge card statement.

#### *Virginia Community College System*

1. Improve Capital Assets Management and Reporting. **As noted in the prior audit,** J. Sargeant Reynolds and Virginia Western did not properly perform inventories as required. This year, in addition, Danville is reported as having not performed a complete inventory during the past three years. The other five colleges did not perform complete inventory counts timely or did not always record changes in assets throughout the year.

Applicable to:

Danville Community College  
J. Sargeant Reynolds Community College  
Lord Fairfax Community College  
Rappahannock Community College  
Southwest Virginia Community College  
Virginia Western Community College  
Wytheville Community College  
Patrick Henry Community College

2. Improve Procedures for Computer System Access. Employees at three Colleges had unauthorized access to the financial or administrative computer systems. Access was not promptly revoked after employees terminated employment and proper documentation was not maintained of authorizations for employees granted access to the system.

Applicable to:

Central Virginia Community College  
Piedmont Community College  
Tidewater Community College

3. Promptly Reconcile Local Bank Accounts. One College did not promptly reconcile four of eight bank accounts as of June 30, 2003. Three accounts were subsequently reconciled within the following nine months, however, one account was not reconciled.

Applicable to:

Tidewater Community College

4. Discontinue Inappropriate Advance Payments. One College made inappropriate advance payments for fiscal year 2004 on multiple janitorial contracts and one security contract before June 30, 2003. The advance payments were made to avoid reverting money at fiscal year end.

Applicable to:

Wytheville Community College

5. Implement and Improve Procurement Policies and Procedures Over Bookstore Operations. One College does not have procedures for procuring and administering local contracts for the bookstore. As a result the College does not have contracts for the book buyback agreements or for purchases of supplies and inventories for the bookstore.

Applicable to:

Danville Community College

6. Properly Administer Return of Title IV Funds. Central Virginia failed to properly calculate Title IV refund amounts. Paul D. Camp and Northern Virginia did not return federal funds to the U. S. Department of Education in a timely manner. Further, Mountain Empire, Paul D. Camp and Central Virginia lack adequate procedures to identify students who withdraw or cease attendance without notifying college staff.

Applicable to:

Central Virginia Community College  
Mountain Empire Community College  
Northern Virginia Community College  
Paul D. Camp Community College

## Public Safety

### *Virginia Correctional Enterprises:*

1. Implement a Strategic Plan to Guide Operations. VCE has not implemented a strategic plan to guide its current and future operations or set a performance base for management to direct operations.
2. Enforce and Perform Job Sampling to Validate Standard Costs. **As noted in the last several audits**, VCE is not performing the job sampling cost validations according to their internal procedures. While VCE has strengthened their policies and procedures over job sampling validation, the production facilities are still not performing the required validations. The review indicated an average noncompliance rate of 31 percent.

### *Department of Corrections and Virginia Parole Board*

1. Follow Established Inventory Procedures. **As noted in the prior audit**, Corrections staff did not follow established procedures when performing the materials and supplies and commissary inventories.
2. Ensure Proper Recording and Tracking of Leases. **As noted in the prior audit**, Corrections needs to improve internal controls surrounding leases. Nine out of ten lease payments did not have adequate supporting documentation. Also, one capital lease had no documentation.



## Compliance Monitoring

### **Exception Registers**

The Commonwealth Accounting and Reporting System (CARS) contains the Commonwealth's official accounting records. Therefore, State accounting policy requires that each agency reconcile its internal accounting records to CARS at least monthly and submit the results of the reconciliation via an exception register.

DOA closely monitors exception register status, evaluates exceptions, and posts correcting entries in CARS. Exception registers for March, April, May, and June were due 04/27/04, 05/25/04, 06/25/04, and 07/16/04\*, respectively. No exception registers were submitted late and none are outstanding.

\* The FY 2004 Year-End Closing Memorandum to the heads of all State agencies and institutions and all fiscal officers required that the final June Exception Register be received in the Comptroller's Office by 5:00 P.M. on July 16, 2004.

### **Disbursement Processing**

During the quarter ended June 30, 2004, DOA deleted, at the submitting agency's request, 65 payments that were awaiting disbursement from the vendor payment file. These included duplicate payments, payments with incorrect vendors or addresses, and payments with incorrect amounts. This type of transaction may point to areas where improved agency internal accounting controls should be evaluated.

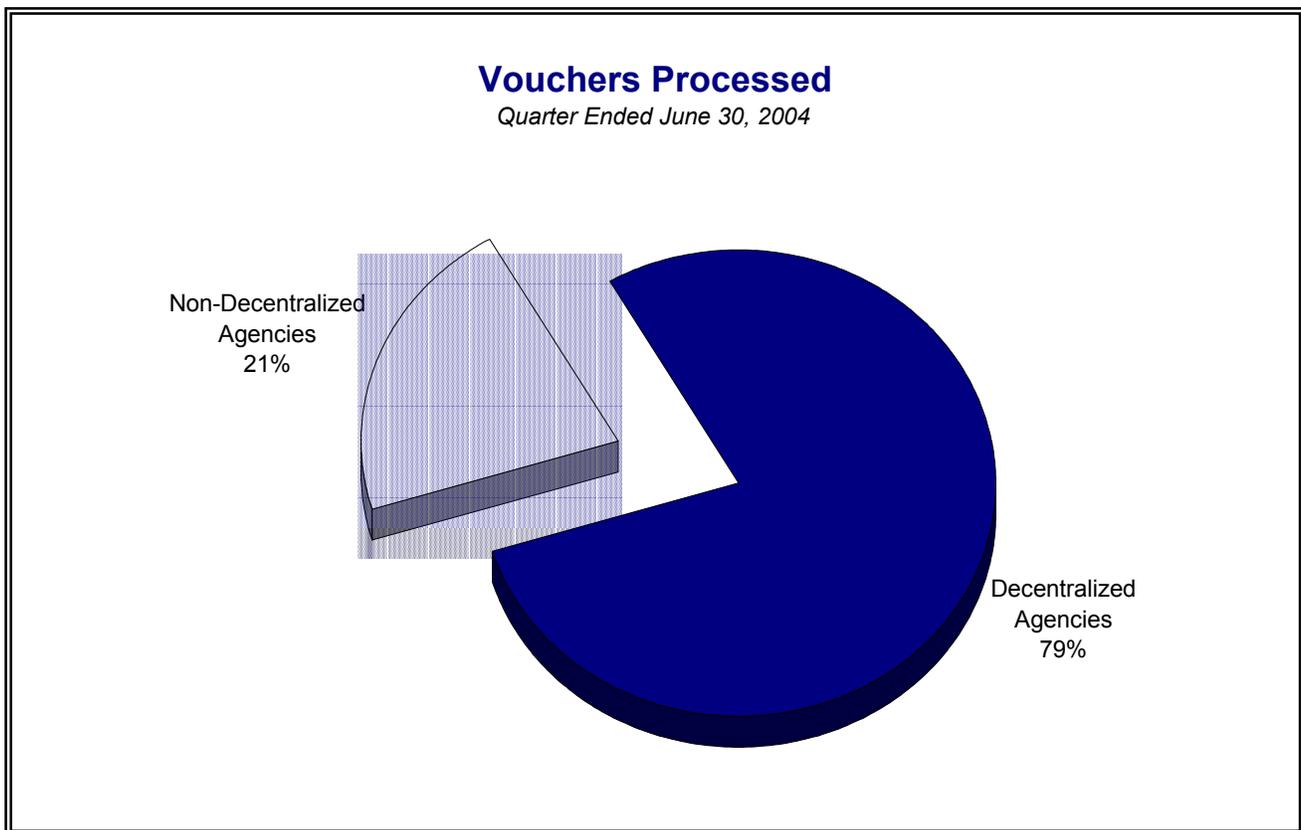
Thirty-three agencies requested deletes during the quarter. Agencies that requested more than four vendor payment deletes during the quarter are as follows:

- Department of Taxation
- Virginia Commonwealth University
- Department of Rehabilitative Services
- Department of Transportation

## Paperwork Decentralization

The Commonwealth has decentralized the pre-auditing of most disbursements to individual agencies under a grant of delegated authority from the State Comptroller. Prior to the implementation of the program, over two million document sets (batches) were sent to the central repository each year. This program reduces the flow of documents from these agencies to the central repository in Richmond.

The overall quality of the State pre-audit program is monitored through the use of quality control reviews conducted by DOA staff. Results of these reviews are provided to the agency with corrective action recommendations. The great majority of problems encountered involve documentation inconsistencies, which should be easily corrected. Travel vouchers continue to be the primary source of all problems found.



Note: Totals include vouchers processed by decentralized higher education institutions.

### *Decentralized Agencies*

Compliance reviews were conducted for six decentralized agencies during the quarter. The agencies were evaluated for compliance with State expenditure policies and procedures. Vouchers are selected for review based on a random sample designed to ensure 95 percent confidence in the conclusions.

The Exception Rate is determined by dividing the number of compliance findings by the number of vouchers reviewed. The primary reasons for an Exception Rate exceeding 3.9 percent are provided below.

<b>Compliance Rating Legend</b>	
> 9.9%	Unacceptable Performance
7.0% to 9.9%	Minimal Performance
4.0% to 6.9%	Satisfactory Performance
1.0% to 3.9%	Good Performance
< 1.0%	Exceptional Performance

<u>Decentralized Agency</u>	<u>Vouchers Reviewed</u>	<u>Compliance Findings</u>	<u>Exception Rate</u>	<u>Performance Measurement</u>
<b><i>Education</i></b>				
Jamestown 2007	146	9	6.2%	Satisfactory
The Science Museum of Virginia	248	14	5.6%	Satisfactory
<b><i>Natural Resources</i></b>				
Department of Conservation and Recreation, and Chippokes Plantation Farm Foundation	409	15	3.7%	Good
<b><i>Public Safety</i></b>				
Culpeper Juvenile Detention Center	25	0	0.0%	Exceptional
<b><i>Transportation</i></b>				
Virginia Port Authority	263	13	4.9%	Satisfactory

Note: No reviews were performed during the quarter for agencies that report to the Secretaries of Administration, Commerce and Trade, Finance, Health and Human Services, and Technology. Additionally, DCR and Chippokes Plantation are performed together as one agency although separate agency numbers are assigned.

## **Agencies With Performance Ratings Lower Than “Good”**

*Jamestown 2007* – Satisfactory Performance – Five of the nine compliance findings are related to travel vouchers and three to vendor payment vouchers. The following items represent the majority of these findings:

### Travel Vouchers

- ◆ Insufficient information or documentation (4)
- ◆ M&IE over guidelines (1)

### Vendor Payment Vouchers

- ◆ Insufficient information or documentation (1)
- ◆ Business meals require proper approval (1)

*The Science Museum of Virginia* – Satisfactory Performance – The majority of the 14 findings noted for the various expenditure categories are due primarily because of failure to comply with documentation requirements. The following summarizes the majority of these findings:

### Travel Vouchers

- ◆ Receipts are either absent or not an original document (3)
- ◆ Travel expense information not properly presented as required or missing (2)

### Petty Cash Vouchers

- ◆ Receipts are not originals (3)

### Moving and Relocation Voucher

- ◆ Moving and Relocation Summary Sheet missing (1)

### Small Purchase Charge Card

- ◆ Copy of invoice instead of original (1)
- ◆ Monthly Amex invoice paid late (1)

### Vendor Payment Vouchers

- ◆ Incorrect due date (1)
- ◆ Fax copy of invoice instead of original (1)

***Virginia Port Authority*** – Satisfactory Performance – Eight of the thirteen compliance findings are related to travel vouchers. The Virginia Port Authority was audited based upon their Board approved agency travel regulations. The following items represent the majority of these findings:

Travel Vouchers

- ◆ No specific business topic listed on the travel voucher (7)
- ◆ List of names is required for business meal reimbursement (1)

Small Purchase Charge Card

- ◆ Original receipt is missing or a copy of the original was submitted (3)

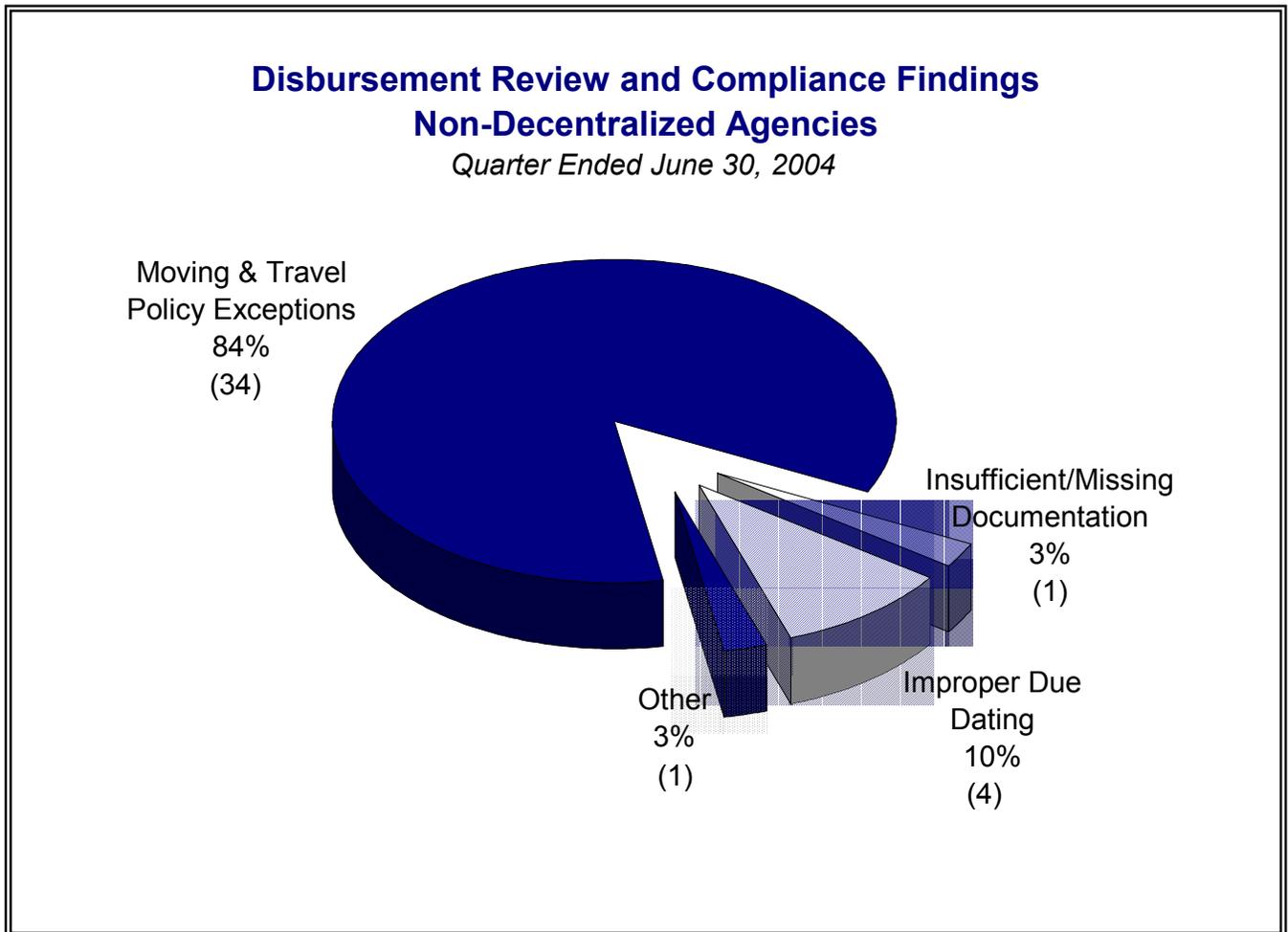


### *Non-Decentralized Agencies*

Pre-audit of disbursements is conducted at the Department of Accounts for certain agencies that have not demonstrated the capability to manage a delegated program (i.e., have not met statewide decentralization management standards), agencies for which the cost of delegation is greater than the efficiency benefits to be gained through decentralization, or those few agencies, primarily those comprised of elected

officials and cabinet officers, for whom this additional safeguard is warranted.

During the quarter, DOA reviewed 134 non-decentralized agencies on a rotating schedule. A total of 1,113 non-travel disbursement batches and 279 travel disbursement batches were reviewed, disclosing 40 exceptions that were resolved prior to releasing the transactions for payment.



The following chart compares compliance findings as a percentage of total batches reviewed among non-decentralized agencies, by quarter, for the past two years.



## Prompt Payment Compliance

The Prompt Payment Act requires that State agencies and institutions pay for goods and services by the required payment due date. The reporting required by the Code of Virginia Section 2.2-4356 is being met by the information presented here. This section details the number and dollar amounts of late payments by secretarial area, institutions

and agencies, and the total amount of interest paid. Agencies and institutions that process 50 or more vendor payments during a quarter are reported as not meeting Prompt Pay requirements if fewer than 95 percent of their payments are processed by the required due date.

### Statewide Prompt Payment Performance Statistics

	<i>Quarter Ending June 30, 2004</i>		<i>Fiscal Year 2004 To Date</i>		<i>Comparative FY 2003 to Date</i>	
	<u>Late</u>	<u>Total</u>	<u>Late</u>	<u>Total</u>	<u>Late</u>	<u>Total</u>
<b>Number of Payments</b>						
<b>Payments</b>	6,757	665,166	29,753	2,550,969	31,546	2,476,985
<b>Dollars (in thousands)</b>	\$ 20,977	\$ 1,214,074	\$ 105,409	\$ 4,866,740	\$ 176,729	\$ 4,506,661
<b>Interest Paid on Late Payments</b>				\$ 12,276		
<b>Current Quarter Percentage of Payments in Compliance</b>				99.0%		
<b>Fiscal Year-to-Date Percentage of Payments in Compliance</b>				98.8%		
<b>Comparative Fiscal Year 2003 Percentage of Payments in Compliance</b>				98.7%		



**Prompt Payment Performance by Secretarial Area**  
*Quarter Ended June 30, 2004*

<b>Secretarial Area</b>	<b>Payments in Compliance</b>	<b>Dollars in Compliance</b>
Administration	99.7%	99.9%
Commerce and Trade	99.4%	99.5%
Education*	98.9%	98.3%
Elected Officials	99.7%	99.9%
Finance	98.0%	98.8%
Health and Human Resources	98.8%	96.6%
Independent Agencies	99.1%	99.9%
Judicial	99.5%	100.0%
Legislative	99.7%	97.7%
Natural Resources	99.6%	99.5%
Public Safety	99.4%	98.1%
Technology	98.7%	98.6%
Transportation*	99.0%	98.4%
<b>Statewide</b>	<b>99.0%</b>	<b>98.3%</b>

**Prompt Payment Performance by Secretarial Area**  
*Fiscal Year 2004*

<b>Secretarial Area</b>	<b>Payments in Compliance</b>	<b>Dollars in Compliance</b>
Administration	99.3%	98.5%
Commerce and Trade	99.0%	99.1%
Education*	98.9%	97.9%
Elected Officials	98.2%	96.5%
Finance	99.0%	97.7%
Health and Human Resources	98.7%	97.0%
Independent Agencies	98.8%	99.3%
Judicial	99.5%	99.8%
Legislative	99.6%	98.6%
Natural Resources	99.3%	99.2%
Public Safety	99.0%	98.5%
Technology	97.9%	97.2%
Transportation*	98.7%	96.9%
<b>Statewide</b>	<b>98.8%</b>	<b>97.8%</b>

\* Statistics include those provided independently by Virginia Port Authority, Virginia Polytechnic Institute and State University, University of Virginia, Radford University, James Madison University, Old Dominion University, Virginia Commonwealth University, George Mason University, and the College of William and Mary in Virginia and may include local payments. These agencies and institutions are decentralized for vendor payment processing.

For the quarter ended June 30, 2004, the following agencies and institutions that processed more than 50 vendor payments during the quarter were below the 95 percent prompt payment performance standard.

**Prompt Payment Compliance Rate**  
**Agencies Below 95%**  
*Quarter Ended June 30, 2004*

Agency	Late Payments	Total Payments	Payments in Compliance
<b>Education</b>			
The Science Museum of Virginia	289	845	65.8%
Gunston Hall Plantation	20	102	80.4%
<b>Health and Human Resources</b>			
Eastern State Hospital	278	2,387	88.4%
Hiram W. Davis Medical Center	175	1,177	85.1%

For FY 2004, the following agencies and institutions that processed more than 200 vendor payments during the year were below the 95 percent prompt payment performance standard.

**Prompt Payment Compliance Rate**  
**Agencies Below 95%**  
*Fiscal Year 2004 to Date*

Agency	Late Payments	Total Payments	Payments in Compliance
<b>Education</b>			
The Science Museum of Virginia	441	3,269	86.5%
Gunston Hall Plantation	73	506	85.6%
<b>Health and Human Resources</b>			
Hiram W. Davis Medical Center	276	4,664	94.1%
Southeastern Virginia Training Center	476	3,490	86.4%

*Prompt Payment Explanations*

Explanations for low, prompt payment compliance rates for the fourth quarter of FY 2004 and for the fiscal year to date were provided by the following agencies. Not all agencies elected to provide written explanations.

*The Eastern State Hospital* reports special fund cash flow problems. This combined with computer problems at DMHMRSAS and Eastern State Hospital resulted in their failure to meet prompt payment standards.

*The Science Museum of Virginia* reports extremely slow cash flows during the period of March through June which affected their ability to meet prompt payment requirements.

*Southeastern Virginia Training Center* reports cash flow problems because their cash was needed at another DMHMRSAS facility. Consequently, they did not have enough cash to pay the pending bills.

*Southside Virginia Training Center* reports special fund cash flow problems during the third quarter causing them to miss prompt payment standards. Processed invoices were on the error file awaiting cash transfers.

*Gunston Hall Plantation* reports continuing to struggle to meet prompt pay with no clerical assistance. They are currently advertising for part time assistance.



## E-Commerce

The primary goal of the Department of Accounts' electronic commerce initiative is to reduce the number of state issued checks by using more efficient electronic payment processes. Tools such as Financial Electronic Data Interchange (EDI), Payroll Direct Deposit, and the Small Purchase Charge Card (SPCC) are more reliable and cost effective than traditional paper checks. Electronic payments are also more secure because of the use of encryption devices and other security measures. In addition to these tools, the use of electronic earnings notices through the Payline Opt Out program further reduces paper processing and related costs.

EDI, Direct Deposit, SPCC and Payline Opt Out are best practices that demonstrate effective financial management. They increase efficiency in processing and eliminate wasteful use of time, paper, printing, and postage for both large and small vendor payments, payroll, and employee travel reimbursement. Agencies and institutions are expected to embrace these practices to the fullest extent possible. Agencies and institutions are reported if e-commerce statistics indicate that they are not fully utilizing these tools.

### Statewide E-Commerce Performance Statistics

	<i>Quarter Ended June 30, 2004</i>			<b>Comparative Quarter Ended June 30, 2003</b>
	<b>E-Commerce</b>	<b>Total</b>	<b>Percent</b>	<b>Percent</b>
<b>Number of Payments</b>	621,884	1,061,692	58.6%	55.3%
<b>Payment Amounts</b>	\$ 5,798,897,978	\$ 6,710,407,423	86.4%	86.0%
	<i>Fiscal year 2004 to Date</i>			<b>Comparative Fiscal Year 2003</b>
	<b>E-Commerce</b>	<b>Total</b>	<b>Percent</b>	<b>Percent</b>
<b>Number of Payments</b>	2,354,657	4,125,338	57.1%	55.2%
<b>Payment Amounts</b>	\$ 20,758,319,079	\$ 24,286,187,000	85.5%	84.3%

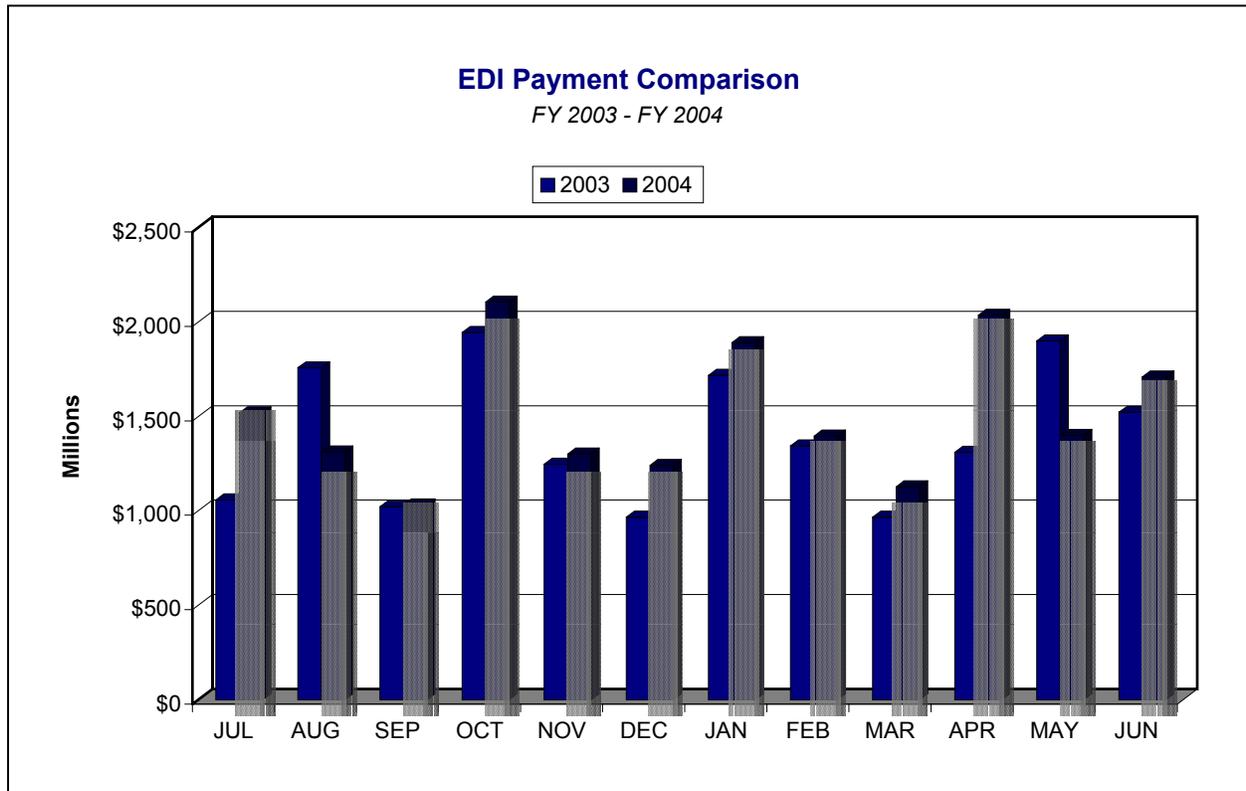
*Financial Electronic Data Interchange (EDI)*

The dollar volume of Financial EDI payments increased for the fourth quarter of FY 2004 by \$411.7 million (8.7 percent) from the same quarter last year. The number of trading partner

accounts increased by 97 percent from June 2003. The largest portion of this increase is due to efforts to convert state employee travel reimbursements from checks to electronic payments.

**Financial EDI Activity**

<b>Financial EDI Activity</b>	<b>Quarter Ended June 30, 2004</b>	<b>Fiscal Year 2004 to Date</b>	<b>Comparative FY 2003 to Date</b>
Number of Payments	46,484	143,104	95,558
Amount of Payments	\$ 5,140,542,008	\$ 18,054,266,862	\$ 16,744,865,729
Number of Invoices Paid	192,489	655,081	543,401
Estimated Number of Checks Avoided	78,160	256,145	197,331
Number of Trading Partner Accounts As of 6/30/04		23,651	12,016

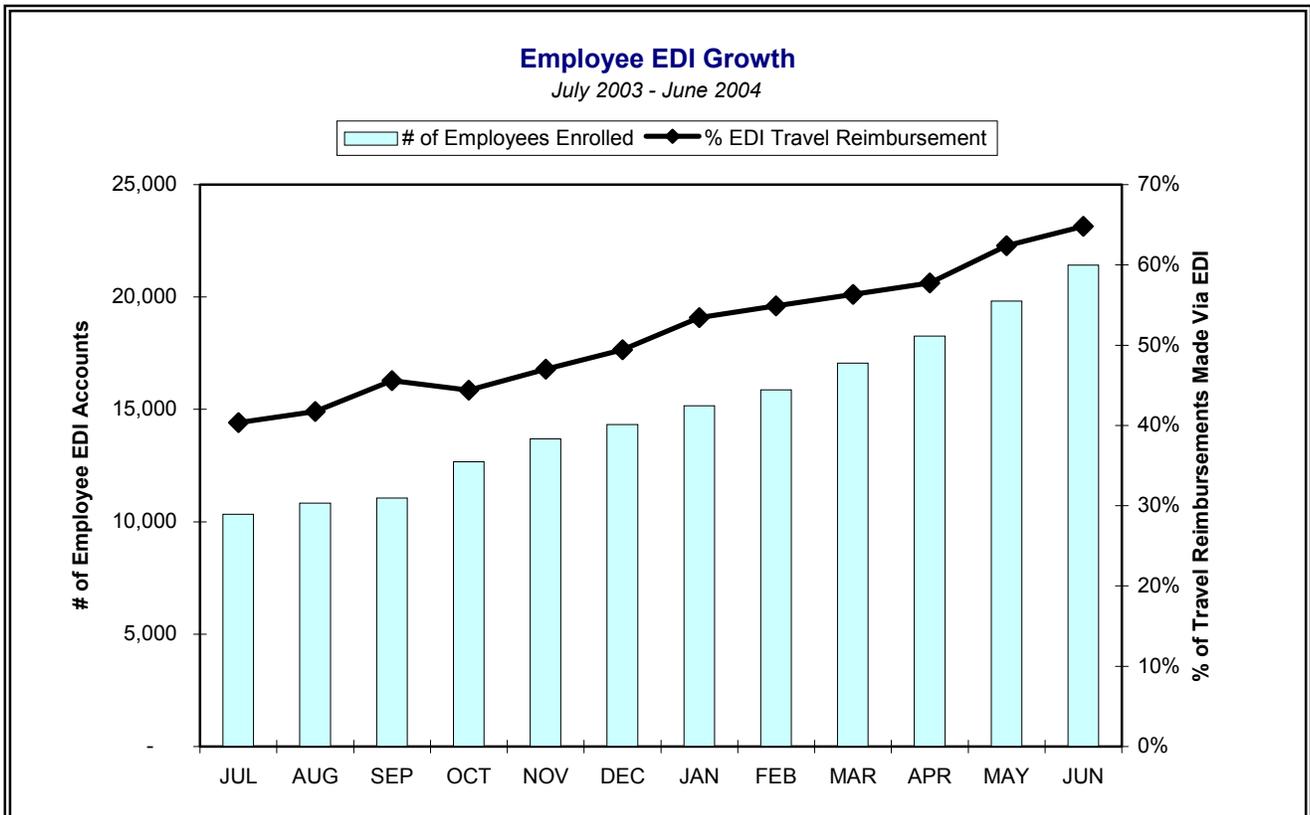


### Employee EDI

Expansion of the Employee EDI program is an integral part of the statewide effort to reduce the administrative costs associated with paying for goods and services for the Commonwealth. The Appropriation Act requires employees who travel more than twice a year to be reimbursed using EDI. DOA notified agencies of the requirement through a CARS broadcast screen and calls to the agencies that produce the largest number of travel reimbursement checks. Utilization statistics are provided to the fiscal officers of the agencies in an effort to increase the

number of employees enrolled.

Although participation among certain agencies has increased, many agencies have failed to enroll employees in EDI as required by law. In accordance with Section 4-5.06g of the Appropriation Act, the Comptroller began charging agencies \$1 for each travel reimbursement check issued in lieu of Employee EDI beginning with the second quarter of FY 2004. Agencies are expected to take action to enroll applicable employees in the EDI program and thus avoid the fees altogether.



The following table lists by secretarial area the percentage of travel reimbursements that were made via EDI and the number of checks that were written for travel reimbursements during the quarter. *The statistics include all travel reimbursements, whether for state or non-state employees.*

**Travel Reimbursement  
Employee EDI Performance  
By Secretarial Area**

*Quarter Ended June 30, 2004*

Secretarial Area	Percent	Reimbursement Checks Issued
Administration	59.6%	174
Commerce and Trade	83.0%	595
Education *	50.1%	3,825
Elected Officials	79.7%	53
Finance	92.0%	76
Health and Human Resources	75.5%	2,366
Independent Agencies	90.1%	146
Judicial	10.5%	3,559
Legislative	84.8%	68
Natural Resources	80.6%	417
Public Safety	56.7%	3,229
Technology	12.5%	119
Transportation*	67.4%	255
<b>Statewide for Quarter</b>	<b>61.8%</b>	<b>14,882</b>
<i>Fiscal Year 2004 to Date</i>		
<b>Statewide</b>	<b>52.1%</b>	<b>62,418</b>
<i>Comparative Fiscal Year 2003 to Date</i>		
<b>Statewide</b>	<b>22.8%</b>	<b>95,291</b>

\* Statistics do not include agencies and institutions decentralized for vendor payment processing and the Department of Transportation, which currently processes travel reimbursements through petty cash.

The following table lists agencies with Employee EDI participation rates below 75 percent that issued more than 25 travel reimbursement checks during the quarter.

**Agency Employee EDI Performance  
Utilization Below 75 Percent**

<b>Agency</b>	<b>Percent</b>	<b>Reimbursement Checks Issued</b>
<b>Administration</b>		
Department of General Services	68.8%	44
Department of Veterans Services	53.7%	56
<b>Education</b>		
Patrick Henry Community College	72.0%	49
Wytheville Community College	68.3%	45
New River Community College	61.2%	38
Virginia Western Community College	60.9%	34
Christopher Newport University	59.0%	102
Virginia Highlands Community College	57.5%	34
Northern Virginia Community College	57.3%	128
The Library of Virginia	55.9%	26
Danville Community College	55.3%	68
Rappahannock Community College	55.2%	52
Southside Virginia Community College	54.0%	75
Lord Fairfax Community College	52.2%	77
Piedmont Virginia Community College	49.0%	49
Tidewater Community College	40.7%	178
Thomas Nelson Community College	31.2%	108
Norfolk State University	29.8%	314
J Sargeant Reynolds Community College	0.0%	118
<b>Health and Human Resources</b>		
Northern Virginia Mental Health Institute	55.2%	26
Department of Social Services	49.3%	532
Eastern State Hospital	49.2%	32
Southside Virginia Training Center	7.5%	37
Central Virginia Training Center	0.0%	39
<b>Judicial</b>		
Supreme Court	2.0%	863
Combined Courts	1.5%	269
Juvenile and Domestic Relations District Courts	1.1%	269
Circuit Courts	0.4%	501
District Courts	0.0%	335
Magistrate System	0.0%	222
Court of Appeals of Virginia	0.0%	46

**Public Safety**

Department of Juvenile Justice	69.8%	326
Department of Corrections-Central Administration	64.9%	46
Division of Community Corrections	63.1%	305
Department of Corrections- Division of Institutions	58.0%	82
Department of State Police	44.5%	768
Wallens Ridge State Prison	38.6%	43
Department of Military Affairs	35.9%	34
Sussex II State Prison	32.5%	27
Western Region Correctional Field Units	24.2%	47
Department of Fire Programs	13.0%	301
Greensville Correctional Center	0.0%	36
Fluvanna Women's Correctional Center	0.0%	30

**Technology**

Virginia Information Technologies Agency	5.6%	119
--	------	-----

**Transportation**

Department of Motor Vehicles	62.3%	231
------------------------------	-------	-----

*Direct Deposit*

During the fourth quarter of FY 2004, 363,321 checks were avoided using direct deposit. Agencies are expected to

take proactive steps to improve participation rates, particularly for wage employees.

**Direct Deposit Performance by Secretarial Area**

*Quarter Ended June 30, 2004*

<u>Secretarial Area</u>	<u>Direct Deposit % of Salary Employees</u>	<u>Direct Deposit % of Wage Employees</u>
Administration	89.2%	83.0%
Commerce and Trade	94.9%	79.5%
Education	93.6%	38.6%
Elected Officials	96.0%	71.1%
Finance	94.2%	66.3%
Health and Human Resources	83.0%	66.2%
Independent Agencies	95.9%	66.3%
Judicial	95.2%	41.4%
Legislative	92.5%	71.8%
Natural Resources	96.1%	38.2%
Public Safety	87.4%	68.2%
Technology	91.9%	85.7%
Transportation	81.8%	67.4%
<b>Statewide</b>	<b>87.8%</b>	<b>50.4%</b>
<i>Comparative</i>		
<i>Quarter Ended June 30, 2003</i>		
<b>Statewide</b>	<b>85.9%</b>	<b>46.2%</b>

## Statewide Salaried Direct Deposit Performance

*Quarter Ended June 30, 2004*

<b>Salaried Direct Deposit Participation</b>	<b>87.8%</b>
--	--------------

### Salaried Direct Deposit Below 80 Percent

<u>Agency</u>	<u>Percent</u>	<u>Number of Employees</u>
<b><i>Health and Human Resources</i></b>		
Southern Virginia Mental Health Institute	78.1%	165
Hiram W. Davis Medical Center	73.8%	180
Central State Hospital	70.7%	710
Piedmont Geriatric Hospital	67.1%	323
Southside Virginia Training Center	64.3%	1,405
Central Virginia Training Center	62.5%	1,545
<b><i>Independent</i></b>		
VA Office for Protection & Advocacy	77.4%	31
<b><i>Public Safety</i></b>		
Fluvanna Women's Correctional Center	79.5%	366
Greensville Correctional Center	78.8%	828
Lunenburg Correctional Center	78.7%	263
Augusta Correctional Center	77.7%	386
Eastern Regional Correctional Field Units	76.8%	212
Mecklenburg Correctional Center	76.6%	309
Southampton Reception & Classification Center	76.0%	250
Bland Correctional Center	73.4%	294
Brunswick Correctional Center	73.0%	375
Buckingham Correctional Center	70.8%	346
Dillwyn Correctional Center	70.7%	267
Nottoway Correctional Center	67.9%	418
Virginia Center for Behavioral Rehabilitation	67.2%	61
<b><i>Transportation</i></b>		
VDOT Richmond District	78.6%	1,141
VDOT Staunton District	77.9%	792
VDOT Lynchburg District	72.9%	757
VDOT Salem District	71.0%	940
VDOT Bristol District	69.7%	1,002
VDOT Culpeper District	69.3%	630

## Statewide Wage Direct Deposit Performance

Quarter Ended June 30, 2004

<b>Wage Direct Deposit Participation</b>	<b>50.4%</b>
--	--------------

### Wage Direct Deposit Below 40 Percent

<u>Agency</u>	<u>Percent</u>	<u>Number of Employees</u>
<b>Commerce and Trade</b>		
Virginia Racing Commission	6.2%	32
<b>Education</b>		
Virginia Museum of Fine Arts	36.8%	57
Central Virginia Community College	32.8%	125
Eastern Shore Community College	32.7%	55
Germanna Community College	32.0%	175
New River Community College	31.7%	208
Lord Fairfax Community College	31.6%	193
Piedmont Virginia Community College	31.5%	168
Paul D. Camp Community College	27.6%	105
Southwest Virginia Community College	27.5%	189
Gunston Hall Planatation	27.2%	22
John Tyler Community College	27.0%	255
Thomas Nelson Community College	25.9%	343
Longwood University	23.6%	148
Dabney S. Lancaster Comm. College	22.7%	88
Wytheville Community College	22.6%	97
Mountain Empire Community College	18.5%	140
Rappahannock Community College	17.7%	107
Virginia Western Community College	16.3%	220
Northern Virginia Community College	13.4%	1,236
Danville Community College	13.2%	242
Radford University	12.2%	604
Southside Virginia Community College	9.6%	177
Richard Bland College	6.8%	58
Virginia Highlands Community College	5.7%	175
<b>Health and Human Resources</b>		
Central Virginia Training Center	0.0%	136
<b>Independent</b>		
State Corporation Commission	17.6%	17
<b>Judicial</b>		
General District Courts	34.2%	242

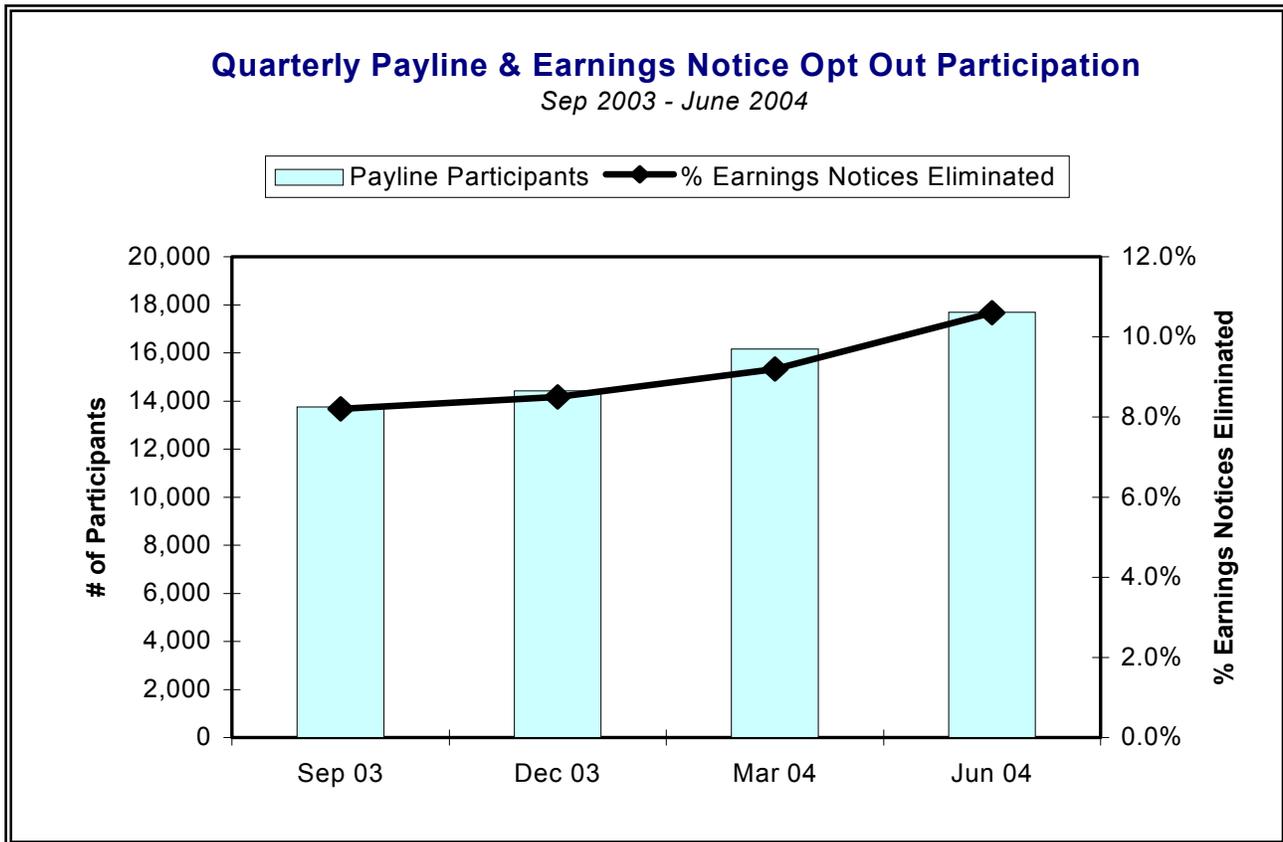
<b>Agency</b>	<b>Percent</b>	<b>Number of Employees</b>
<b><i>Natural Resources</i></b>		
Department of Conservation & Recreation	31.4%	884
<b><i>Public Safety</i></b>		
Department of Fire Programs	21.0%	100
Buckingham Correctional Center	20.0%	10



### Payroll Earnings Notices

Elimination of earnings notices associated with direct deposit is an additional method for increasing the benefits of electronic payments. Employees are currently able to obtain enhanced information online using the web-based Payline system.

In addition to increasing direct deposit participation, agencies and institutions are expected to encourage employees to enroll in Payline and discontinue receipt of centrally printed earnings notices. Since inception in November 2002, the Commonwealth has eliminated the printing of approximately 217,900 earnings notices. However, statewide participation rates remain low.



The following table lists participation among all statewide employees in Payline and the Opt-Out initiative by secretarial area.

**Payline and Earnings Notice Opt-Out Participation  
by Secretarial Area**

*Quarter Ended June 30, 2004*

<b>Secretarial Area</b>	<b>Percent Payline Participation</b>	<b>Percent Earnings Notices Eliminated*</b>
Administration	49.7%	27.6%
Commerce and Trade	51.6%	35.5%
Education	16.5%	9.3%
Elected Officials	23.8%	17.7%
Finance	59.0%	30.8%
Health and Human Resources	21.6%	9.5%
Independent Agencies	37.5%	24.1%
Judicial	3.2%	1.2%
Legislative	34.2%	29.6%
Natural Resources	34.1%	25.8%
Public Safety	14.3%	5.7%
Technology	71.0%	36.1%
Transportation	21.5%	7.0%
<b>Statewide</b>	<b>21.3%</b>	<b>10.6%</b>
<i>Comparative Quarter Ended June 30, 2003</i>		
<b>Statewide</b>	<b>15.8%</b>	<b>7.2%</b>

\* Employees must participate in Direct Deposit and Payline in order to opt out of receiving centrally printed earnings notices.

Statistics do not include employees of eight institutions of higher education that are decentralized for payroll processing.

Listed below are agencies where less than two percent of earnings notices have been eliminated by employees on direct deposit. Only agencies and institutions with more than 25 employees are included in this report.

<b>Agency</b>	<b>Percent Earnings Notices Eliminated</b>	<b>Earnings Notices Printed for 6/30/04 Payday</b>
<b>Commerce and Trade</b>		
Virginia Racing Commission	0.0%	7
<b>Education</b>		
Southside Virginia Community College	1.9%	174
Danville Community College	1.8%	166
Radford University	1.6%	1,035
Rappahannock Community College	1.6%	108
Northern Virginia Community College	1.3%	1,420
Virginia Highlands Community College	1.0%	120
Thomas Nelson Community College	0.8%	374
Frontier Culture Museum of Virginia	0.0%	48
<b>Elected Officials</b>		
Attorney General and Department of Law	1.5%	242
<b>Health and Human Resources</b>		
Central Virginia Training Center	1.8%	924
<b>Judicial</b>		
Public Defender Commission	1.9%	345
Virginia State Bar	1.1%	85
Combined District Courts	0.9%	189
Juvenile and Domestic Relations District Court	0.7%	567
General District Courts	0.2%	904
Magistrate System	0.2%	399
Circuit Courts	0.0%	165
Court of Appeals of Virginia	0.0%	61
<b>Legislative</b>		
Division of Capitol Police	1.1%	84

<b>Agency</b>	<b>Percent Earnings Notices Eliminated</b>	<b>Earnings Notices Printed for 6/30/04 Payday</b>
<b>Public Safety</b>		
Virginia Correctional Enterprises	1.8%	135
Southampton Correctional Center	1.6%	183
Dearfield Correctional Center	1.5%	164
Dillwyn Correctional Center	1.5%	184
Buckingham Correctional Center	1.4%	239
Eastern Region Correctional Field Units	1.4%	160
Haynesville Correctional Center	1.3%	270
Department of Corrections - Adult Community Services	1.3%	1,187
Wallens Ridge Correctional Center	1.2%	349
Fluvanna Women's Correctional Center	1.1%	281
James River Correctional Center	1.1%	230
Bland Correctional Center	1.0%	215
Greensville Correctional Center	1.0%	632
Red Onion Correctional Center	1.0%	383
Powhatan Correctional Center	0.9%	272
Brunswick Correctional Center	0.8%	269
Western Region Correctional Field Units	0.6%	410
Nottoway Correctional Center	0.5%	279
Lunenburg Correctional Center	0.0%	206
Powhatan Reception and Classification Center	0.0%	96
Southampton Reception and Classification Center	0.0%	71
Virginia Correctional Center for Women	0.0%	166
<b>Transportation</b>		
Department of Transportation - Hourly	0.7%	182



*Small Purchase Charge Card (SPCC) and Increased Limit (Gold) Card*

Two purchasing charge card programs offer State agencies and institutions alternative payment methods that improve administrative efficiency by consolidating invoice and payment processing for purchases of less than \$50,000. Use of purchasing charge cards decreases the number of checks issued and the associated administrative costs of processing invoices. Suppliers benefit from expedited receipt of payments and reduced billing costs.

continues to be used for purchases under \$5,000. Agencies are also strongly encouraged to obtain a Gold Card for use by a procurement professional for purchases in the \$5,000 to \$50,000 range.

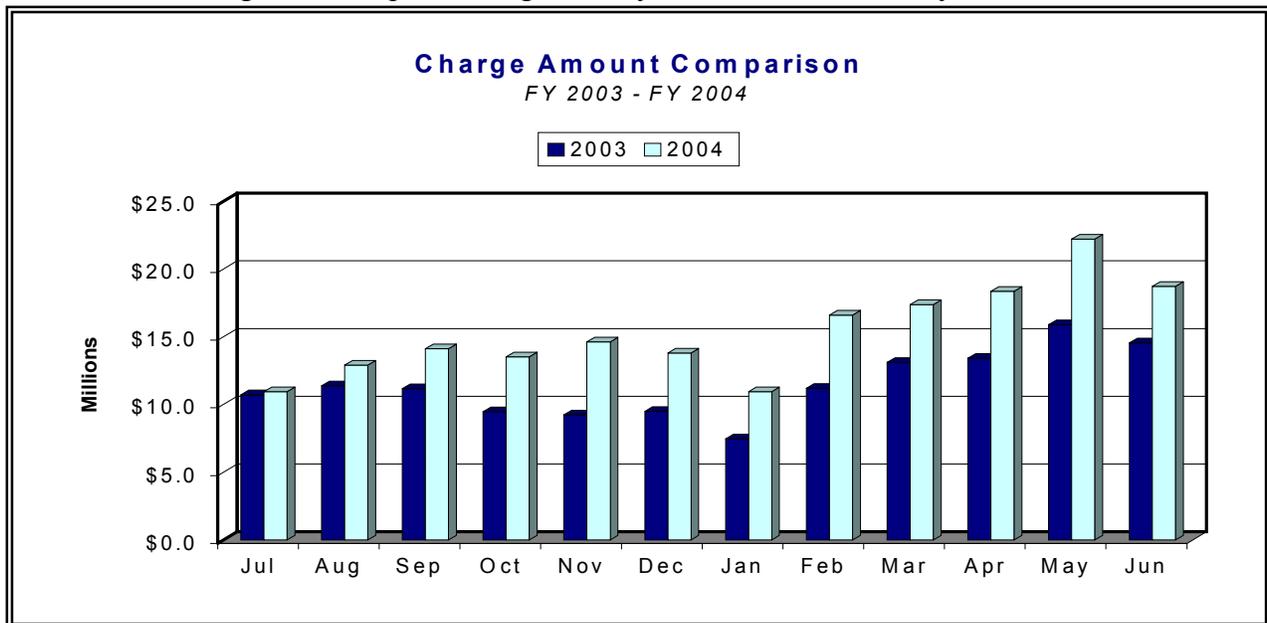
The total amount charged on SPCC and Gold cards during the fourth quarter of FY 2004 increased by \$15.5 million or 26.1 percent from the same quarter last year. Total charge card purchases for FY 2004 increased by \$47.1 million or 25.6 percent from FY2003.

The Small Purchase Charge Card

**Small Purchase Charge Card Program**

<b>Charge Card Activity</b>	<b>Quarter Ended June 30, 2004</b>	<b>Fiscal Year 2004 To Date</b>	<b>Comparative Fiscal Year 2003 To Date</b>
Amount of Charges	\$ 59,268,956	\$ 184,037,843	\$ 136,957,832
Estimated Number of Checks Avoided	132,532	469,278	396,325
Total Number of Participating Agencies		182	194
Total Number of Cards Outstanding		9,597	10,227

The following chart compares charge activity for FY 2004 to activity for FY 2003.



*SPCC Utilization Compliance*

Maximum use of the SPCC program, in conjunction with other e-commerce initiatives, is essential to the statewide effort to reduce the costs associated with paying for goods and services for the Commonwealth. The tables on the following pages list SPCC participation by secretarial area and identify those agencies that are not maximizing charge card use and the associated cost savings. Agencies who have a Gold card and are not utilizing the Gold card to the fullest extent will also be identified in future issues of this *Quarterly Report*.

The statewide SPCC utilization rate has increased by 9% from the fourth quarter last year. This increase is improved over prior years, but certain Agencies have not yet incorporated all of the services available to them under the program. The Comptroller began assessing the \$1 charge to agencies in accordance with Section 4-5.06g of the Appropriation Act based on underutilization during the second quarter of FY 2004. Agencies are expected to use purchasing cards for transactions with all participating vendors (i.e., vendors who accept the American Express card) and thus avoid the fee altogether.

**Statewide SPCC Performance**

*Quarter Ended June 30, 2004*

**Percentage Utilization for Eligible Transactions** **81%**

*Comparative*

*Quarter Ended June 30, 2003*

**Percentage Utilization for Eligible Transactions** **72%**



## SPCC Utilization by Secretarial Area

*Quarter Ended June 30, 2004*

<u>Secretarial Area</u>	<u>Payments in Compliance<sup>(1)</sup></u>	<u>Non-Compliant Transactions<sup>(2)</sup></u>
Administration	80%	832
Commerce and Trade	78%	1,605
Education*	81%	7,132
Elected Officials	85%	74
Finance	74%	257
Health and Human Resources	71%	8,222
Independent Agencies	67%	650
Judicial	47%	1,769
Legislative	92%	84
Natural Resources	94%	657
Public Safety	80%	6,635
Technology	52%	265
Transportation*	88%	5,098
<b>Statewide</b>	<b>81%</b>	<b>33,280</b>

\* Statistics do not include agencies and institutions decentralized for vendor payment processing.

(1) **“Payments in Compliance”** represents the percentage of purchases made from participating SPCC vendors using the purchasing card.

(2) **“Non-Compliant Transactions”** represents the number of small purchases from participating SPCC vendors where the purchasing card was not used for payment.



**Agency SPCC Performance  
Utilization Below 70 Percent**

<b>Agency</b>	<b>Payments in Compliance</b>	<b>Non-Compliant Transactions</b>
<b>Administration</b>		
Department of Human Resource Management	59%	60
Council on Human Rights	0%	5
<b>Commerce and Trade</b>		
Virginia Employment Commission	47%	631
Department of Minority Business Enterprise	33%	6
Department of Labor and Industry	15%	157
<b>Education</b>		
Dabney S Lancaster Community College	69%	103
Wytheville Community College	60%	203
Thomas Nelson Community College	59%	348
Gunston Hall	57%	20
Virginia School for the Deaf & Blind at Staunton	55%	149
Christopher Newport University	49%	873
Norfolk State University	41%	1,104
New River Community College	40%	356
Virginia State University – Cooperative Extension and Agricultural Research Services	13%	1,066
Virginia Commission for the Arts	0%	12
<b>Finance</b>		
Department Taxation	68%	229
<b>Health and Human Resources</b>		
Commonwealth Center for Children and Adolescents	63%	48
Eastern State Hospital	56%	403
Northern Virginia Training Center	54%	151
Northern Virginia Mental Health Institute	52%	162
Hiram W. Davis Medical Center	49%	106
Department of Rehabilitative Services	24%	2,587
Department for the Deaf and Hard-of- Hearing	16%	92
Department for the Blind and Vision Impaired	0%	582
Virginia Center for Behavioral Rehabilitation	0%	16

<b>Agency</b>	<b>Payments in Compliance</b>	<b>Non-Compliant Transactions</b>
<b>Independent Agencies</b>		
State Lottery Department	63%	146
<b>Judicial</b>		
Circuit Courts	0%	191
Combined District Courts	0%	236
Court of Appeals of Virginia	0%	2
General District Courts	0%	339
Judicial Inquiry and Review Commission	0%	2
Juvenile and Domestic Relations District Court	0%	670
Magistrate System	0%	32
State Board of Bar Examiners	0%	15
Virginia Criminal Sentencing Commission	0%	13
<b>Legislative</b>		
Virginia Commission on Youth	67%	4
Commonwealth of Virginia Alcohol Safety Action Program	0%	13
<b>Natural Resources</b>		
Virginia Museum of Natural History	64%	43
<b>Public Safety</b>		
Department of Fire Programs	68%	89
Powhatan Correctional Center	67%	146
Keen Mountain Correctional Center	67%	116
Eastern Region Correctional Field Units	65%	106
Deep Meadow Correctional Center	63%	132
Virginia Correctional Enterprises	62%	905
Nottoway Correctional Center	51%	139
Brunswick Correctional Center	50%	221
Powhatan Reception & Classification Center	46%	36
Virginia Correctional Center for Women	38%	174
Department of Corrections – Central Activities	0%	24
Marion Correction Treatment Center	0%	117
Virginia Parole Board	0%	3
<b>Technology</b>		
Virginia Information Technologies Agency	52%	259
<b>Transportation</b>		
Motor Vehicle Dealer Board	19%	21

*SPCC Payment Compliance*

Agencies and institutions participating in the SPCC program are required to submit payments via EDI to the SPCC vendor by the 14<sup>th</sup> of each month. Failure to pay the correct amount when due jeopardizes the Commonwealth's

contractual relationship with the purchasing card vendor and may result in suspension of an agency's charge card program. The following chart lists agencies more than three days late in submitting their payments.

<b>Agency Name</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>
<b>Administration</b>			
Department of Human Resource Management	X		
<b>Education</b>			
Science Museum of Virginia	X	X	X
Wytheville Community College		X	
<b>Health and Human Resources</b>			
Eastern State Hospital			X
<b>Legislative</b>			
Senate of Virginia			X
<b>Public Safety</b>			
Department of Corrections		X	
<b>Technology</b>			
Virginia Information Technologies Agency		X	



## *Travel Charge Card*

The Commonwealth of Virginia has contracted with American Express (AMEX) to provide employees with a means of charging reimbursable travel and related expenses while conducting official state business. Unlike the SPCC program, in which the agency directly receives and pays a summarized bill for all cardholders, each cardholder is personally responsible for all charges placed on the travel card and for paying the bill on time.

A Special Report released by the Auditor of Public Accounts in November 2003 presented several recommendations for improving the program, including closer monitoring of charge and payment activity.

One of the major concerns is the timely payment of card statements. Delinquent accounts result in higher costs to the contractor and ultimately threaten the viability of the Commonwealth's travel charge card program. The contract

provides for the following actions on delinquent accounts:

- 30 days past due – noted on statement
- 60 days past due – on statement and separate notice plus 2.75% delinquency charge
- 90 days past due – additional 2.25% delinquency charge assessed
- > 90 days past due - privileges may be suspended and further action may be taken to cancel the account.

A joint memo from the State Comptroller and the Director of DGS Division of Purchases and Supply, dated June 25, 2004, advised agencies of the large amount of inactive cards for over 12 months. Agencies were required to review their lists and provide documentation to DGS by July 15, 2004 as to the status of the identified cards. The following table identifies the number of delinquent active card accounts by agency during the quarter ended June 30, 2004, and the total amounts past due.

### **Travel Charge Card Program**

*As of June 30, 2004*

<u>Agency</u>	<b>Total Delinquent Active Accounts</b>	<b>Amounts 60 Days Past Due</b>	<b>Amounts 90-120 Days Past Due</b>	<b>Amounts &gt;150 Days Past Due</b>
<b>Commerce and Trade</b>				
Department of Forestry	1	\$ 57	\$ -	\$ -
Department of Housing and Community Development	2	606	3	-
<b>Education</b>				
College of William and Mary	4	1,050	296	-
George Mason University	2	773	-	-
J. Sargeant Reynolds Community College	2	32	-	121
James Madison University	5	1,071	1	19
Longwood University	3	777	1,306	987

<b>Agency</b>	<b>Total Delinquent Active Accounts</b>	<b>Amounts 60 Days Past Due</b>	<b>Amounts 90-120 Days Past Due</b>	<b>Amounts &gt;150 Days Past Due</b>
Mountain Empire Community College	1	\$ -	\$ -	\$ 1
New River Community College	1	430	-	-
Norfolk State University	15	9,533	117	11
Old Dominion University	4	2,067	17	-
University of Virginia	17	7,887	1,832	999
University of Virginia Medical Center	1	-	-	1
Virginia Commonwealth University	7	5,856	-	1
Virginia Military Institute	2	376	43	690
Virginia Polytechnic Institute and State University	3	382	190	-
Virginia State University	15	7,477	193	800
<b>Elected Officials</b>				
Attorney General	2	1,712	1,226	-
<b>Health and Human Resources</b>				
Department of Mental Health, Mental Retardation and Substance Abuse Services	2	24	-	-
Southwestern Virginia Mental Health Institute	1	25	-	-
<b>Independent</b>				
Virginia Retirement System	1	72	-	-
<b>Natural Resources</b>				
Department of Environmental Quality	1	-	1	-
Department of Game and Inland Fisheries	2	51	123	-
<b>Public Safety</b>				
Department of Corrections	1	567	-	-
Department of Criminal Justice Services	1	3	-	-
Department of Fire Programs	1	93	-	-
Department of Juvenile Justice	1	5	-	-
<b>Technology</b>				
Virginia Information Technology Agency	2	3	170	134
<b>Transportation</b>				
Virginia Department of Transportation	4	390	-	1

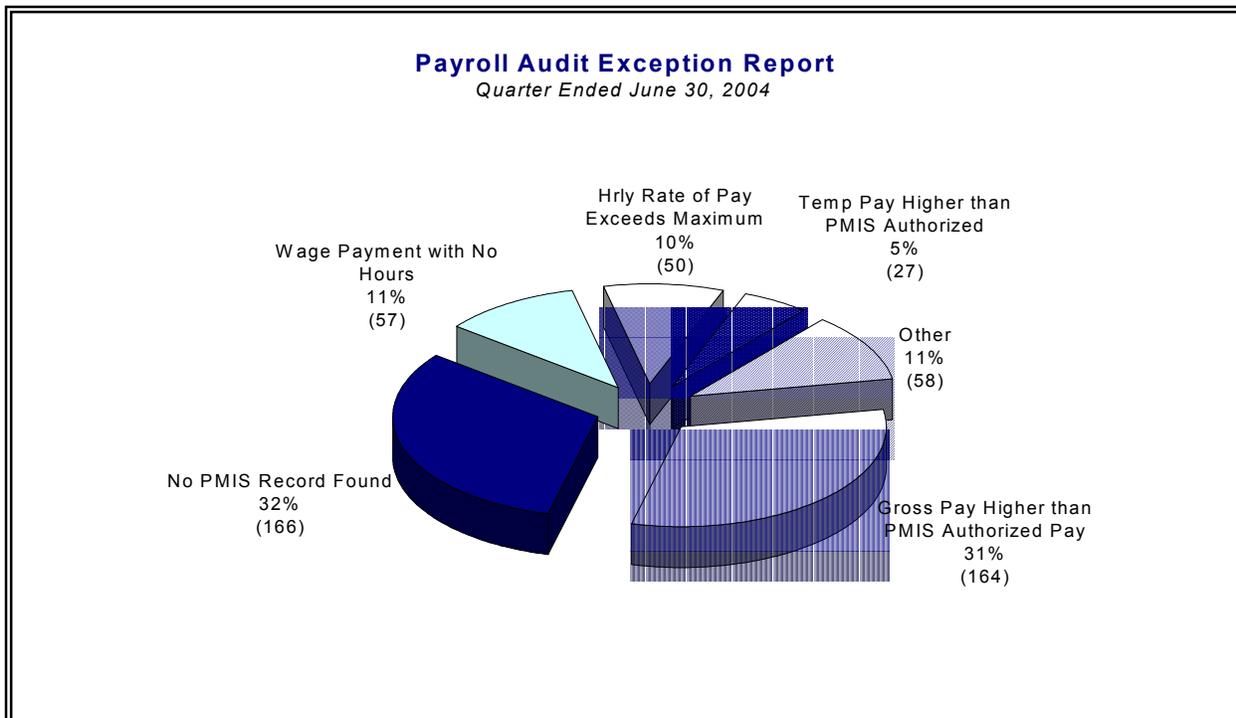
## Payroll Controls

### *PMIS/CIPPS Payroll Audit*

During the quarter, DOA's automated comparison of payroll and personnel (PMIS) records examined 422,922 salaried pay transactions and 236,472 wage pay transactions. The comparison is performed following each payday and is designed to identify discrepancies between authorized salary/wage amounts in PMIS and amounts paid in CIPPS. There were 1,895 new exceptions noted statewide during the quarter, with an overall exception rate of 0.31 percent.

The statewide salaried payroll exception rate was 0.44 percent and the wage payroll exception rate was 0.07 percent. During this quarter, 42 employee paychecks were reduced to recover \$16,313.21 in overpayments.

While the largest cause of exceptions is related to timing differences of payroll and PMIS processing due to transfers, the second largest cause of exceptions remains agency failure to complete the salary increase authorization process by updating PMIS salary amounts *prior* to paying the increased salary amount in CIPPS. The PMIS authorization is an important internal control over payroll processing. Such exceptions can largely be avoided through timely PMIS data entry by agency Human Resource staff. Although segregation of these Human Resource and Payroll functions is an effective internal control, coordination and communication between agency Human Resource and Payroll staffs is essential.



Exception percentages are calculated by dividing the number of exceptions by the number of salaried or wage employees. For the quarter ending June 30, 2003, the number of reported salaried exceptions increased due to refinements in audit procedures, not significant changes in agency performance. The refinements are designed to improve accuracy in payroll and benefit calculations by increasing agency awareness of the importance of timely personnel system updates and proper payroll payment classification. Agencies are reported below if the percentage of payroll exceptions to salaried or wage payments exceeds twice the statewide average for the quarter.

**Payroll Exception Audit**  
**Agency Payroll Exceptions as a Percent of Salaried Payments**

*Quarter Ended June 30, 2004*

**Exceptions as a  
% of Salaried  
Payments**

**Agency**

No agency exceeded the reportable percentage.

<b>Total Salaried Payroll Exceptions for the Quarter</b>	<b>0.44%</b>
--	--------------

The following chart compares payroll exceptions as a percentage of salaried payments by quarter for the past two years.

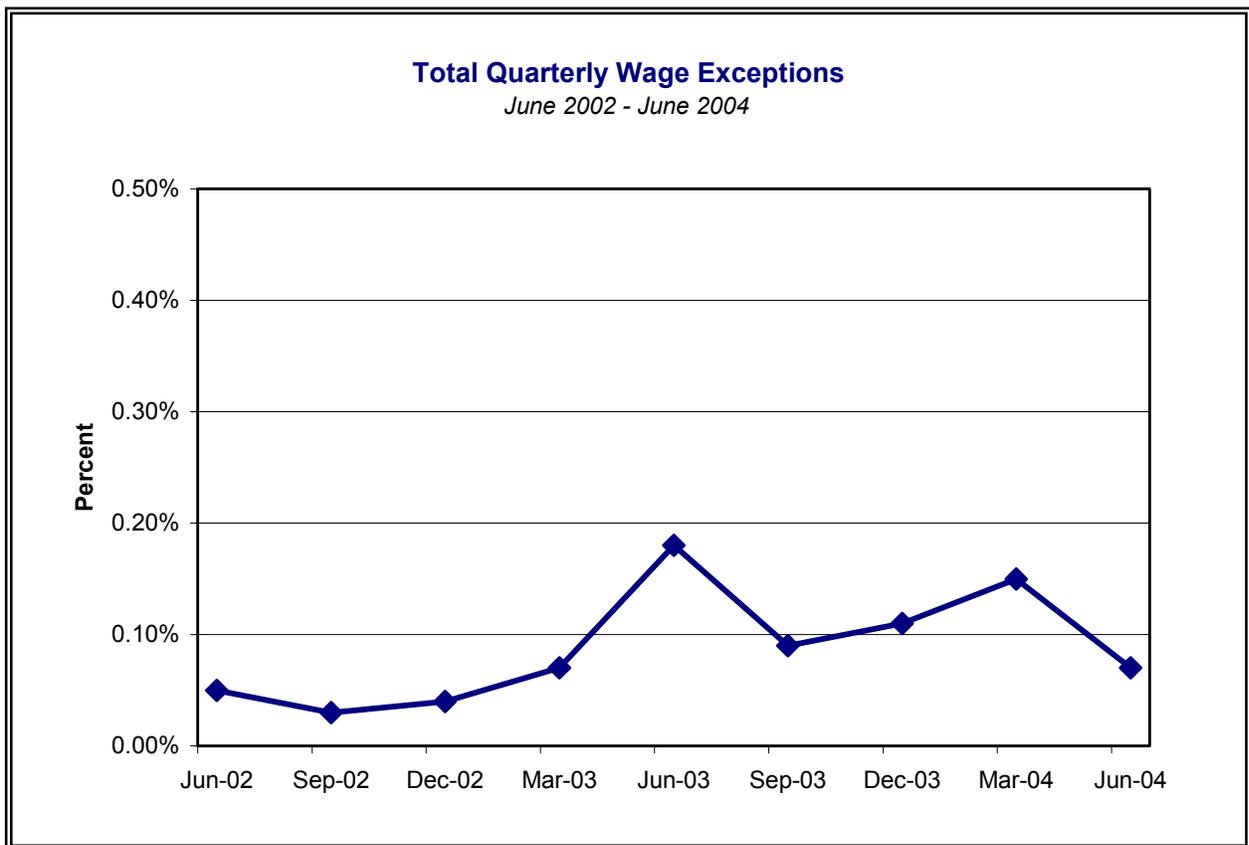


Note: Third quarter FY 2004 increase caused by increase in retroactive adjustments due to IPP increases not appearing in PMIS at the time of the automatic regrade.

**Payroll Exception Audit**  
**Agency Payroll Exceptions as a Percent of Wage Payments**  
*Quarter Ended June 30, 2004*

Agency	Exceptions as a % of Wage Payments
J. Sargeant Reynolds Community College	0.60%
Department of Social Services	4.95%
<b>Wage Payroll Exceptions for the Quarter</b>	
	<b>0.07%</b>

The following chart compares payroll exceptions as a percentage of wage payments by quarter for the past two years.



*PMIS/CIPPS Exceptions*

Agencies are required to submit explanations and/or reconciliations for the differences identified on the CIPPS/PMIS Unresolved Exceptions Report, within 6 weeks of notification. The following table lists those agencies having exceptions that remain unresolved six weeks after receipt of the report.

<b><u>Agency</u></b>	<b><u>Unresolved Exceptions</u></b>
<b><i>Education</i></b>	
Norfolk State University	4
Christopher Newport University	2
<b><i>Public Safety</i></b>	
Bland Correctional Center	1
<b><i>Health and Human Resources</i></b>	
Western State Hospital	1
<b><i>Independent Agencies</i></b>	
Virginia Workers' Compensation Commission	1



### *Payroll Certification*

Agencies are required to calculate, verify, and authorize the amount to be disbursed for each payroll. This responsibility can be met through the timely preparation of agency payrolls, request and review of automated edit reports, and correction of errors prior to requesting actual payroll runs which result in payroll disbursements. This process is referred to as "payroll certification." Payroll certification serves as a critical internal control to ensure payroll disbursements are accurate and authorized. Agency payroll certifications are monitored centrally to ensure that agencies conduct this important function.

Differences between the amount calculated by the payroll system based on agency input and the amount certified by the agency to be disbursed based on edit reports are identified in automated reports provided to agencies. Agencies are required to submit explanations and/or reconciliations of the differences identified on this report by the end of the day following receipt of the report. Differences result from agency payroll errors, miscalculations, online certification data entry errors, and inappropriately high volumes of changes following certification. Although differences do not result in undetected

incorrect payments, such errors are avoidable and are not consistent with sound internal control over payroll.

Since timely certification is also essential, authorized and trained staff, as well as telecommunications access and computer terminals, must be available at all times. Reliable back-up plans are necessary should any of these resources be unavailable on a critical payroll processing date due to emergency or other circumstances.

Agencies are required to enter applicable payroll certification requests into the payroll system by 3:30 p.m. daily to ensure sufficient time is available for central review by DOA staff to validate certification entries, a critical compensating control. Late entries, either initial or correcting, make certification review more difficult or impossible. When a data entry error is detected during the review process, DOA must make corrections to avoid inaccurate payroll disbursements and/or voluminous and costly corrective action.

The table on the following page lists agencies and institutions that have failed to comply with one or more of the requirements for accurate and timely payroll certification.

## Payroll Certification Compliance

Agency	Variance Amount (a)	Performed by DOA (b)	Submitted Late (c)	Corrected by DOA (d)
<b>Education</b>				
Rappahannock Community College	\$ 20,130			
Northern Virginia Community College	441,619		3	
Southwest Virginia Community College	51,799			
Mountain Empire Community College	31,553			
Norfolk State University			3	
Frontier Culture of Virginia		1	2	
<b>Health and Human Resources</b>				
Central State Hospital	20,075			
Western State Hospital			2	
Northern Virginia Training Center			2	
<b>Independent</b>				
Virginia Retirement System	45,211			
<b>Judicial</b>				
General District Courts	510,300			
Juvenile and Domestic Relations Courts	510,300			
<b>Natural Resources</b>				
Virginia Museum of Natural History		1		
<b>Public Safety</b>				
Sussex Correctional Center	35,751			
Lunenburg Correctional Center	1,000,000			
Department of Fire Programs *	54,269			
Department of Alcoholic Beverage Control	37,332			
<b>Transportation</b>				
VDOT Salem District	30,362			

\* Payrolls processed by DOA Payroll Service Bureau

Columns show the following:

- (a) Variance in dollars for agencies whose certified amounts varied from actual computed amounts by more than \$20,000 for any payrolls processed during the quarter.
- (b) The number of times DOA had to perform the certification function for the agency due to inadequate agency back-up.
- (c) The number of certifications that were submitted or altered later than the daily deadline.
- (d) The number of times DOA made corrections to agency certifications during the quarter

Agencies are required to submit explanations for the differences between the certified payroll amounts and the actual gross payrolls calculated the day after certification. The following table lists those agencies having exceptions that remain unresolved as of mid-July.

<u>Agency</u>	<u>Unresolved Exceptions</u>
<b>Education</b>	
Piedmont Virginia Community College	3
<b>Commerce and Trade</b>	
Department of Forestry	1

*Healthcare Reconciliations*

Employee healthcare fringe benefits costs are covered by a combination of agency paid and employee-paid premiums. Agencies are required to return a *Certification of Automated Health Care Reconciliations* form to DOA by the close of the month following the month of coverage. This reconciliation annotates differences between healthcare eligibility records (BES) and healthcare premium payments collected through

payroll deduction. The following table lists those agencies that were late in submitting their certification or had problems requiring additional adjustments. Such problems may include incomplete or incorrect documents or required IAT's not submitted to DOA. Healthcare reconciliations for the months of March, April and May were due 04/30/04, 05/28/04 and 06/14/04, respectively.

**Schedule of Late Health Care Reconciliations**

	<u>March</u>	<u>April</u>	<u>May</u>
<b>Education</b>			
George Mason University*	X	X	X
Virginia School for the Deaf, Blind, and Multi-Disabled at Hampton		X	
Blue Ridge Community College		X	
Piedmont Virginia Community College	X		
<b>Public Safety</b>			
Department of Alcoholic Beverage Control		X	

\*George Mason University is decentralized but is required to submit healthcare reconciliations to the Department of Human Resource Management by the end of the month following each quarter.



## FINANCIAL MANAGEMENT ACTIVITY

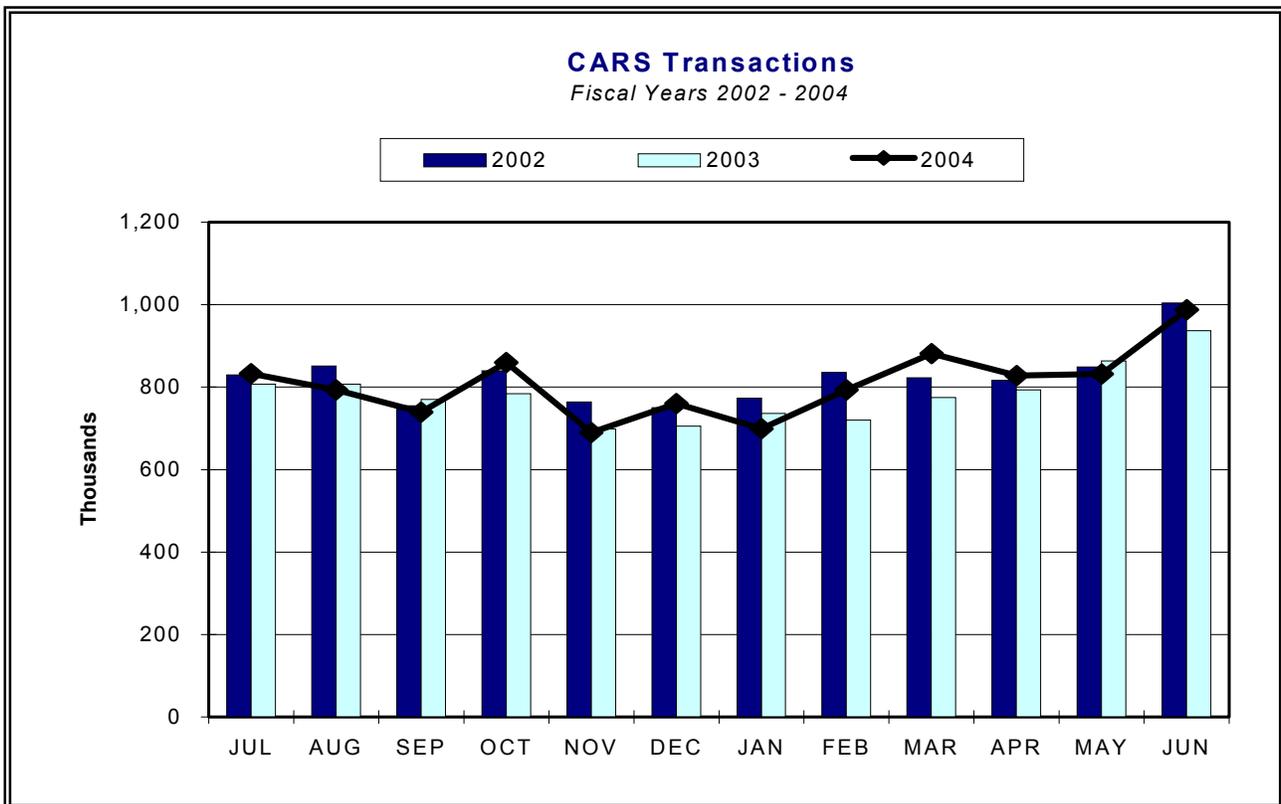
DOA monitors several types of financial activity. Various measures are used to track activities for CARS, payroll,

accounts receivable, indirect cost recoveries, treasury loans, and Fixed Asset Accounting and Control System (FAACS).

### Commonwealth Accounting and Reporting System (CARS)

CARS activity trends provide important information about Statewide accounting. Currently, measures are used to track CARS transactions and error counts. A marked increase or decrease in the

number of CARS transactions may indicate that an agency has changed the way it accounts for an activity. Such change may require DOA review.

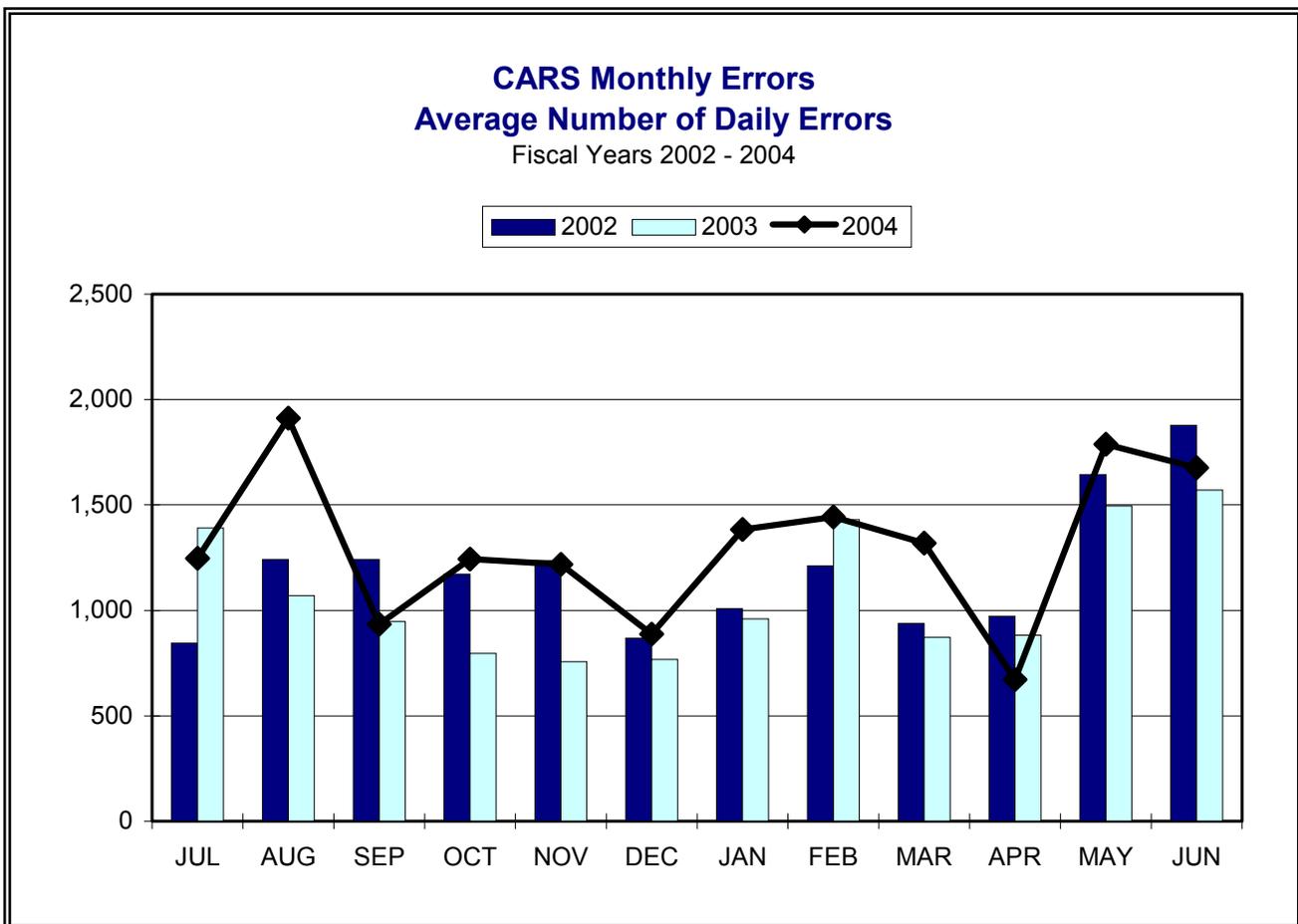


### CARS Edits

One of the most important management tools used by DOA is the monitoring of CARS errors generated by standard system edits. Batches remain on the error file until problems are resolved, which, for disbursement transactions, can lead to noncompliance with prompt payment standards and poor vendor relations. During the fourth quarter of FY 2004, the most frequent reasons cited for batches being sent to the error file were:

Agencies may avoid such errors by more closely monitoring cash and allotment balances. Sound agency cash management practices should be developed to ensure transactions are not submitted to CARS when funding is not available.

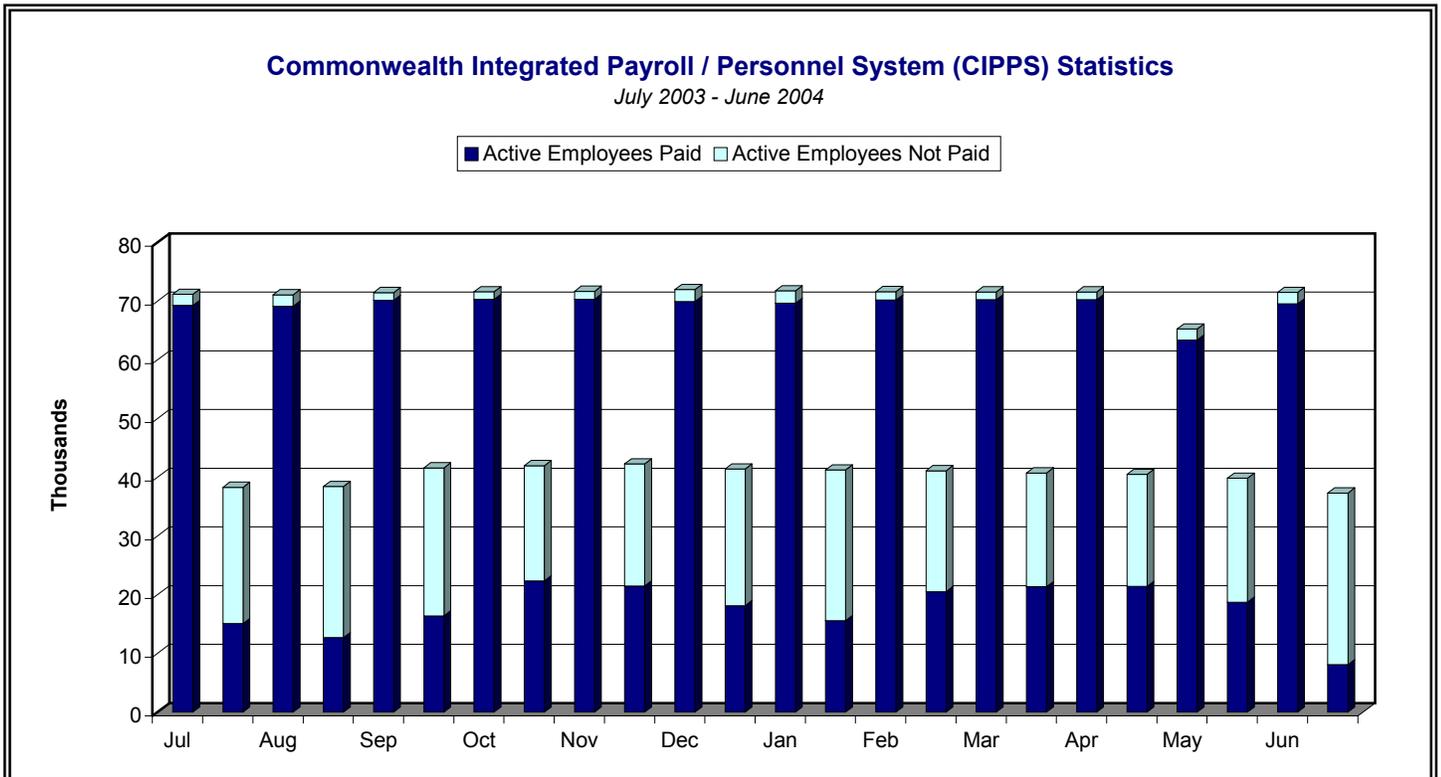
- ◆ Expenditures Exceed Allotment
- ◆ Available Cash Negative
- ◆ Certified Amount Not Balanced



## Payroll

The central payroll system for State government is known as *CIPPS*, the Commonwealth Integrated Payroll Personnel System. CIPPS is one of the largest payroll operations in the Commonwealth, serving 110,658 employees. Payroll services are also provided through eight decentralized higher education institutions.

Total gross payrolls for the Commonwealth were approximately \$419- million each month of the quarter. On average, 88,453 employees were paid each month, of which 69,720 were salary employees.



NOTE: The first bar for each month represents salaried employees, and the next bar represents wage employees. Not all active employees are paid on a current basis. Examples would include employees on extended leave without pay and adjunct faculty not teaching during the current semester.

Statistics do not include employees of eight institutions of higher education that are decentralized for payroll processing.

*Benefit Participation by CIPPS Agencies*

The Commonwealth offers a variety of benefits to State employees, including health care, optional retirement plans, deferred compensation, and flexible reimbursement programs. During the quarter, state employees purchased 14,341 savings bonds with a face value of over \$1.8 million.

**Benefit Participation  
Number of Participating Employees**

	<u>As of 6/30/04</u>	<u>Comparative</u>	
		<u>As of 6/30/03</u>	<u>As of 6/30/02</u>
<b>Health Care</b>			
COVA Care	79,545	N/A	N/A
Key Advantage	N/A	61,102	65,952
Cost Alliance	N/A	17,060	12,796
Aetna - PS	N/A	198	69
Aetna - HMO	N/A	1,160	315
Optimum Choice - Std.	N/A	N/A	34
Optimum Choice - High	N/A	N/A	126
Kaiser	1,843	1,755	1,784
Cigna	N/A	N/A	2,609
Piedmont	N/A	139	107
<b>Optional Retirement Plans *</b>			
Fidelity Investments	437	226	235
Great West Life	0	11	12
TIAA/CREF	1,249	1,105	1,077
T. Rowe Price	0	51	53
VALIC	0	204	207
Political Appointee - ORP	86	74	75
<b>Deferred Compensation *</b>			
Great West Life	28,723	26,026	25,022
<b>Flexible Reimbursement *</b>			
Dependent Care	634	631	633
Medical Care	4,003	3,444	3,089

\* Statistics do not include employees of eight institutions of higher education that are decentralized for payroll processing.

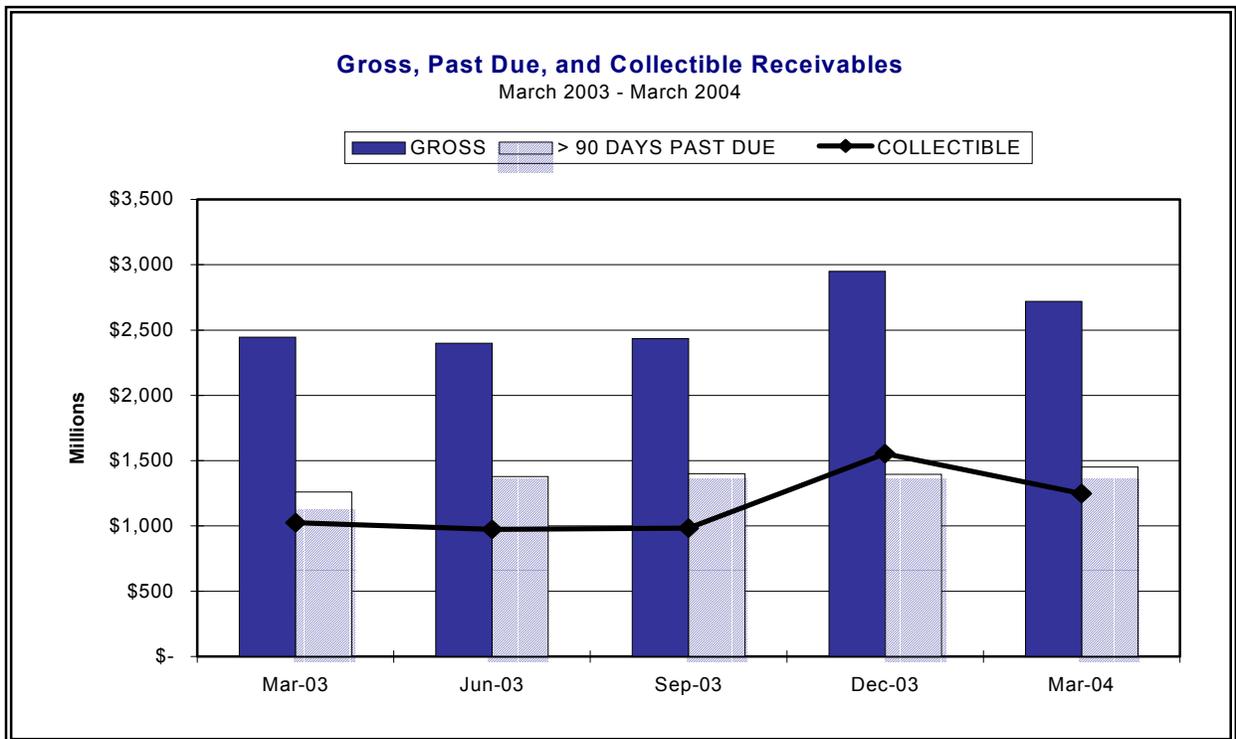
Note: TIAA-CREF and Fidelity are the only ORP's offered to higher education after June 16, 2004.

## Accounts Receivable

Chapter 48 of the *Code of Virginia* requires the Department of Accounts, along with the Office of the Attorney General, to oversee, report on, and monitor the Commonwealth's accounts receivable program. In order to carry out this responsibility, DOA has issued policies and procedures on accounting, collecting, reporting, and writing off accounts receivable. In addition, DOA provides technical assistance to agencies and institutions and uses statistical analyses and audit reports to monitor the ongoing effectiveness of agencies in managing their accounts receivable. Commonwealth agencies and institutions reported total gross receivables of \$2.7 billion at March 31, 2004, with \$1.2 billion considered collectible. Receivables over 90 days past due as of

March 31, 2004 totaled \$1.5 billion. Of that amount, \$578 million was placed with collection agencies or attorneys for additional collection efforts, another \$468 million was with the Department of Taxation's field agents and in-house collectors, and \$199 million was with the state court clerks and Commonwealth's Attorneys.

It is important to note that state receivables largely consist of taxes, fines, penalties, tuition and fees, and billings for several indigent care programs, which present numerous special problems in collection. "Trade receivables" typical of the private sector, which are generated by billings for the provision of goods and/or services, make up only a small portion of state receivables.



As of March 31, 2004, agencies expected to collect \$1.2 million (46 percent) of all receivables. About 27 percent of these receivables are due to the General Fund,

primarily for tax assessments. The balance (\$908 million) consists of amounts due to various nongeneral funds' activities.

### Collectible Receivables by Fund

*As of March 31, 2004*

<u>Fund</u>	<u>Source</u>	<u>Amount</u>	<u>Percent</u>
<b>General Fund</b> 27%	Medicaid	\$ 82,280,831	24%
	Individual Taxes	150,504,970	45%
	Business Taxes	75,478,469	22%
	Courts of Justice	23,419,646	7%
	Other	<u>6,696,678</u>	<u>2%</u>
	Subtotal	338,380,594	100%
	Interagency Receivables	977,994	0%
<b>Total General Fund Collectible</b>		<b>\$ 339,358,588</b>	<b>100%</b>
<b>Nongeneral Funds</b> 73%	Medicaid	\$ 5,767,297	1%
	Unemployment Taxes	262,117,068	29%
	Transportation	43,354,771	5%
	Child Support Enforcement	35,126,733	4%
	Federal Government	63,758,954	7%
	MHMR Patient Services	32,707,174	4%
	Hospital	140,195,158	15%
	Enterprise	47,380,208	5%
	Higher Education	154,804,799	17%
	Courts of Justice	23,449,982	2%
	Other	<u>27,664,824</u>	<u>3%</u>
	Subtotal	836,326,968	92%
	Interagency Receivables	72,073,534	8%
<b>Total Nongeneral Fund Collectible</b>		<b>\$ 908,400,502</b>	<b>100%</b>
<b>All Funds</b>	<b>Grand Total</b>	<b>\$ 1,247,759,090</b>	<b>100%</b>

Ten agencies account for 92 percent of the Commonwealth's gross accounts

receivable and 83 percent of the collectible accounts receivable balances.

### Accounts Receivable Summary

*Quarter Ended March 31, 2004*

Agency	Gross	Allowance for Uncollectible Accounts	Collectible
Virginia Employment Commission	\$ 295,401,416	\$ 30,611,191	\$ 264,790,225
Department of Taxation	1,110,266,868	875,292,803	234,974,065
University of Virginia Medical Center	162,914,318	19,862,520	143,051,798
Department of Social Services	177,138,712	75,962,004	101,176,708
Department of Medical Assistance Services	123,151,621	34,781,290	88,370,331
Courts of Justice	449,382,399	402,512,771	46,869,628
State Lottery Department	41,477,328	-	41,477,328
Department of Transportation	42,193,639	781,175	41,412,464
Virginia Polytechnic Institute and State University	40,799,866	1,267,801	39,532,065
Department of Mental Health, Mental Retardation, and Substance Abuse Services	45,360,330	12,653,156	32,707,174
<b>Total</b>	<b>2,488,086,497</b>	<b>1,453,724,711</b>	<b>1,034,361,786</b>
All Other Agencies	230,712,209	17,314,905	213,397,304
<b>Grand Total</b>	<b>\$ 2,718,798,706</b>	<b>\$ 1,471,039,616</b>	<b>\$ 1,247,759,090</b>

In addition to internal administrative collection efforts, agencies have three other collection tools available to them. These are computerized matching and debt setoff programs at the Departments of Taxation, Lottery and Accounts, private collection agencies, and the Attorney General's Division of Debt Collection.

DOA requires state agencies and institutions to use the computerized matching and debt setoff programs for receivables that are 30 days or more past due. DOA also requires the use of private collection agencies on delinquent accounts that are 90 days or more past due that are not sent to the Attorney General's Division of Debt Collection. The Office of the Attorney General requires state agencies and institutions to send accounts

of \$3,000 or more and 90 days or more past due to the Division of Debt Collection.

Effective July 1, 2004, the number of days agencies are permitted to hold past due accounts has been reduced from 90 days to 60 days, unless otherwise permitted by federal or state law.

These additional collection tools recovered \$14.1 million during the quarter ended March 31, 2004. The largest contributor was the private collection agencies, with collections of \$12.3 million. The Division of Debt Collection contributed \$1.1 million, and the debt setoff programs (Tax, Comptroller's and Lottery) collected \$727,174.

## RECEIVABLES OVER 90 DAYS PAST DUE

As of March 31, 2004

<u>Agency</u>	<u>Total Over 90 Days</u>	<u>With Collection Agency (1)</u>	<u>With Attorney General</u>	<u>Retained by State Agency</u>
Department of Taxation	\$ 858,082,910	\$ 389,781,625	\$ -	\$ 468,301,285
Courts of Justice (1)	355,257,169	156,518,903	-	198,738,266
Department of Medical Assistance Services	92,129,849	3,598,651	8,417	88,522,781
Department of Social Services	40,530,554	-	-	40,530,554
Virginia Employment Commission	34,996,666	5,993,972	5,351,702	23,650,992
University of Virginia Medical Center	25,498,297	-	-	25,498,297
Department of Mental Health, Mental Retardation, and Substance Abuse Services	6,420,905	-	-	6,420,905
Workers' Compensation Commission	4,185,672	168,218	3,407,782	609,672
Norfolk State University	3,923,179	2,766,075	-	1,157,104
Department of Transportation	3,800,808	-	2,340,005	1,460,803
<b>Total</b>	<b>1,424,826,009</b>	<b>558,827,444</b>	<b>11,107,906</b>	<b>854,890,659</b>
<i>All Other Agencies</i>	27,442,140	4,970,995	2,767,764	19,703,381
<b>GRAND TOTAL</b>	<b>\$ 1,452,268,149</b>	<b>\$ 563,798,439</b>	<b>\$ 13,875,670</b>	<b>\$ 874,594,040</b>

(1) Amounts include accounts in the hands of Commonwealth's Attorneys functioning as private collectors, as well as the courts' debt and tax debt collection operation, which functions as a private collection agency.

### *Comptroller's Debt Setoff (CDS) Program*

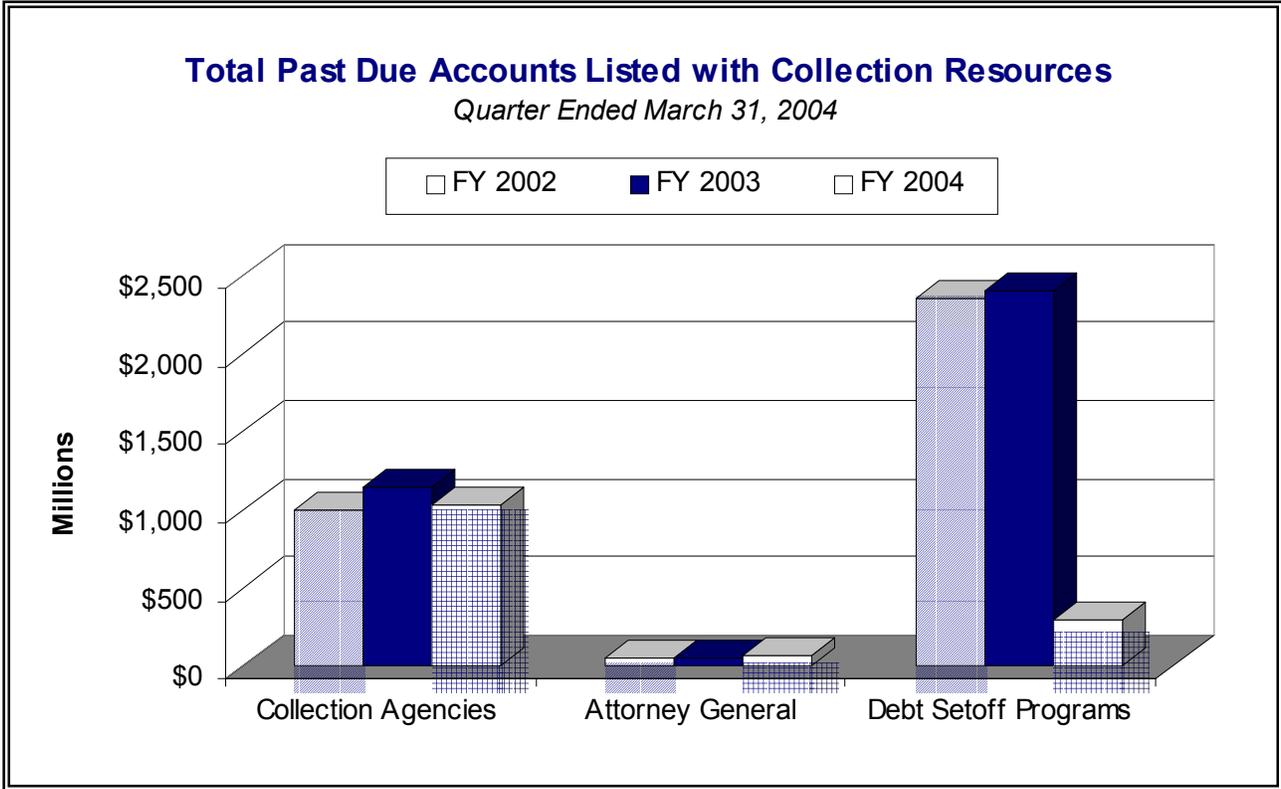
CDS is one of the debt setoff programs used by agencies to collect past due accounts receivable owed the State, primarily by businesses and individuals acting in a business capacity. Under

CDS, a payment made by the State to the debtor may be withheld, in full or in part, to satisfy the debt owed the State. CDS collected \$4.5 million through the fourth quarter of FY 2004.

One way to measure an agency's effectiveness at collecting its accounts receivable is to look at how efficient collection procedures are on accounts that are more than 90 days past due. The table looks at trend percentages of receivables over 90 days past due as a percentage of gross receivables for the agencies with the largest amounts over 90 days past due.

**Percentage of Gross Receivables Over 90 Days Past Due**

Agency	Percent at 3/31/04	Comparative Data	
		Percent at 3/31/03	Percent at 3/31/02
Department of Taxation	77%	79%	75%
Courts of Justice	79%	83%	88%
Department of Medical Assistance Services	75%	79%	79%
Department of Social Services	23%	7%	10%
Virginia Employment Commission	12%	12%	16%
University of Virginia Medical Center	16%	18%	19%
Department of Mental Health, Mental Retardation and Substance Abuse Services	14%	4%	10%
Workers' Compensation Commission	83%	80%	86%
Norfolk State University	33%	9%	36%
Department of Transportation	9%	10%	11%



Another way to measure agency debt collection effectiveness is to compare amounts collected to amounts billed. The table below presents trend percentages for the ten agencies with the highest collectible account receivables balances. In total these ten agencies are responsible for 83 percent of the Commonwealth's collectible receivables balances. Percentages over 100% indicates the collection of prior balances as well as current billings.

In evaluating these percentages it is important to understand that the percentage may fluctuate based on how the different agencies conduct their business. For example, most universities bill students for the second semester in the second quarter and collect those billings in the third quarter. Thus, relatively high third quarter percentages are the norm for colleges and universities. Similarly, the DMAS percentage is 20 points higher in the third quarter than for the second quarter because provider cost settlement billings and Medicare crossover project billings were made in the second quarter. DMAS billings declined by \$44.8 million (64%) between the second and third quarters. Collections during the same period only decreased \$7.9 million (39%).

The statewide average of 102% indicates that for every \$1 billed during the quarter ended March 31, 2004, the state collected \$1.02 cents. This rate is a 37% increase from last quarter, a 1% decrease from last year, and a 8% increase over two years ago. The Virginia Employment Commission is a large contributor to this. VEC employer taxes are highest in the first quarter of the calendar year and then decrease throughout the year as more employee wages reach the exempt amount. March quarter billings were \$300.6 million, a \$184.7 million (159%) increase over the December quarter; while March quarter collections of \$82.2 million were down \$33.2 million (minus 29%) from the December quarter. Increased tax rates of 2.84% up to 6.54%, depending on the type of employer, were applied in 2004. March 2004 billings were a \$68.2 million (29%) increase from one year ago and a \$160.7 million (115%) increase over two years ago.

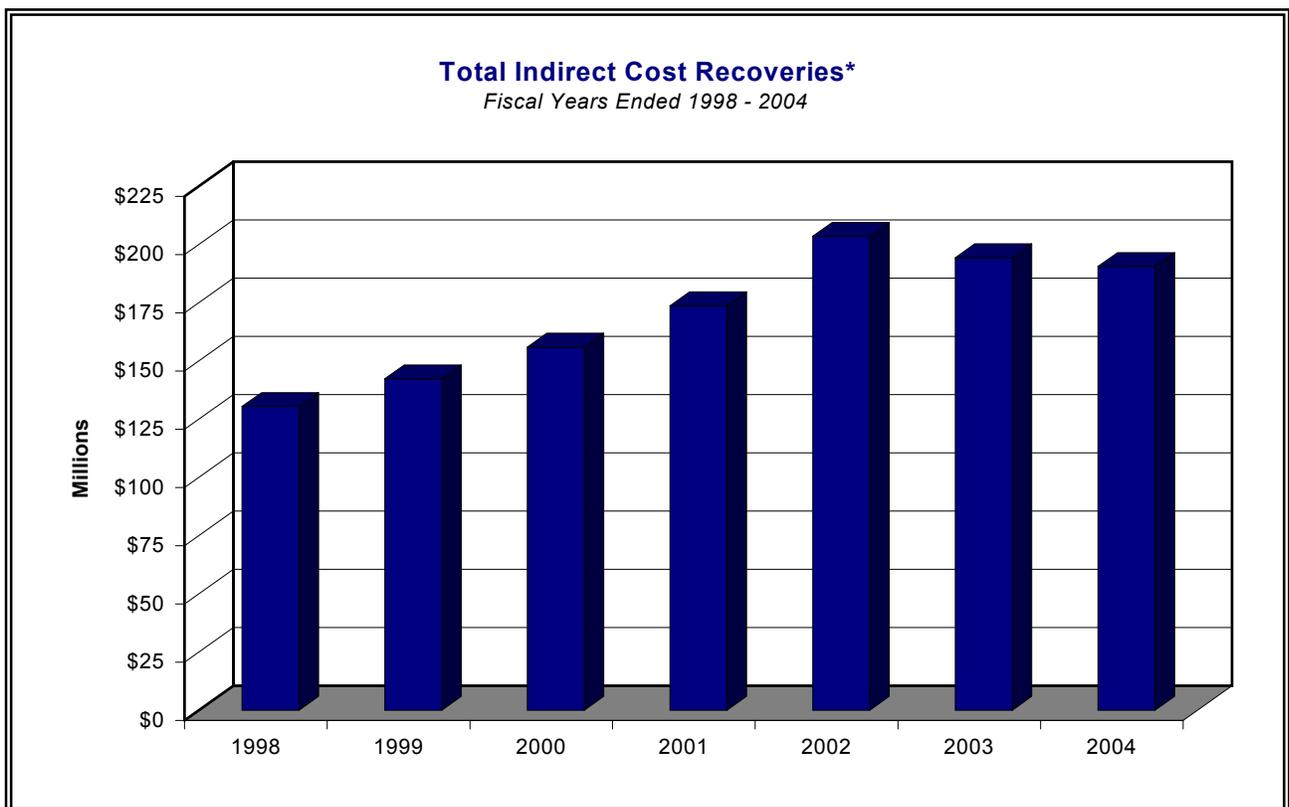
### Collections as a Percentage of Billings

Agency	Comparative		
	Percent at 3/31/04	Percent at 3/31/03	Percent at 3/31/02
Virginia Employment Commission	27%	44%	52%
Department of Taxation	51%	50%	37%
University of Virginia Medical Center	51%	53%	42%
Department of Social Services	94%	87%	85%
Department of Medical Assistance Services	49%	46%	33%
Courts of Justice	67%	62%	65%
State Lottery Department	101%	92%	99%
Department of Transportation	88%	107%	91%
Virginia Polytechnic Institute and State University	248%	304%	272%
Department of Mental Health, Mental Retardation, and Substance Abuse Services	54%	55%	54%
<b>Statewide Average - All Agencies</b>	<b>102%</b>	<b>77%</b>	<b>94%</b>

## Indirect Costs

The Department of Accounts prepares a Federal Statewide Indirect Cost Allocation Plan (SICAP) annually that identifies the central service agency General Fund support provided to all State agencies. Agencies receiving Federal grants or contracts prepare indirect cost rate proposals or cost allocation plans that include both the

agency (agency specific overhead expenditures) and Statewide (overhead expenditures incurred by the State's central service agencies for support provided to other State agencies) indirect costs associated with the administration and management of federal, State, or private grant and contract activity.



\*FY 2004 reflects indirect cost recoveries through June 2004.

## Indirect Cost Recoveries From Grants and Contracts

*Fiscal Year 2004*

Fund	Year-to-Date		
	Higher Ed	Non-Higher Ed	Total
Nongeneral:			
Agency / Institution (1)	\$ 126,240,841	\$ 60,763,293	\$ 187,004,134
Statewide	691,286	494,233	1,185,519
<b>Total Nongeneral</b>	<b>126,932,127</b>	<b>61,257,526</b>	<b>188,189,653</b>
General:			
Agency (Cash Transfers)	-	382,776	382,776
Statewide	-	1,819,756	1,819,756
Statewide (Cash Transfers)	-	9,180	9,180
<b>Total General</b>	<b>-</b>	<b>2,211,712</b>	<b>2,211,712</b>
<b>Total All Funds</b>	<b>\$ 126,932,127</b>	<b>\$ 63,469,238</b>	<b>\$ 190,401,365</b>

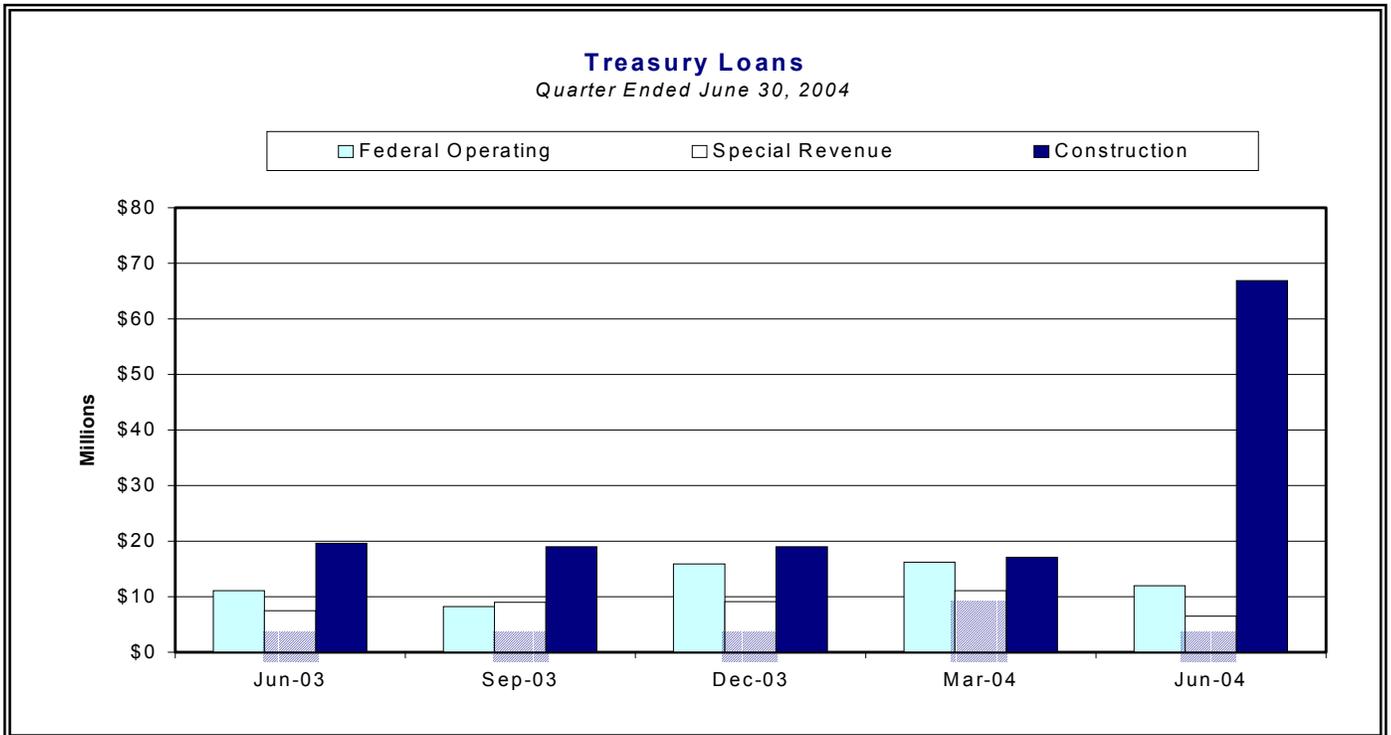
- (1) The Department of Social Services records all federal monies received in CARS. However, they do not separately classify such receipts between direct and indirect. Included in the agency nongeneral fund category is \$32,223,176, representing the Department of Social Services' estimate of indirect cost recoveries received.



## Loans and Advances

Treasury loans may be used to advance funds to a State agency or institution for a designated purpose prior to some form of reimbursement. Working capital advances and lines of credit are other methods for ensuring that an agency or

institution has sufficient operating cash, within its appropriation, prior to collection of revenues. The total of all types of treasury loans and advances as of June 30, 2004, was \$111.5 million.



These advances are in the form of temporary loans funded on the basis of the following conditions:

◆ **Anticipation of Federal Operating Funds** supports the operations of federal grants and contract programs for which advance funding has been delayed or for those that require expenditure of funds prior to federal reimbursement.

◆ **Anticipation of Special Revenue Funds** supports the operations of non-general funded activities when collections are spread unevenly throughout the year while expenses require steady funding.

◆ **Construction** supports capital projects in anticipation of the sale of authorized debt or other financing for such projects.

Other types of loans and advances that are not charted include:

◆ **Authorized Appropriation Deficit**, which provides funding, when authorized by the Governor, under emergency conditions as described in §4-3.01 and §4-3.02 of the Appropriation Act. There were no deficit loans outstanding at June 30, 2004.

◆ **Working Capital Advances**, which provide operating funds for nongeneral fund projects when revenues to be used for repayment will not be generated within the twelve months required for anticipation loans. There were no working capital advances outstanding at June 30, 2004.

#### Significant New Loans/Drawdowns

<b><i>Virginia College Building Authority</i></b>	\$52,040,079
Authorization and drawdown of new loan to provide cash for the payment of obligations relating to construction of various capital projects prior to the sale of bonds.	
<b><i>George Mason University</i></b>	\$8,500,000
Authorization and drawdown of new loan to provide operating funds while awaiting receipt of federal funds from reimbursement type programs.	
<b><i>Virginia Military Institute</i></b>	\$1,000,000
Drawdown to provide funds for renovation of Crozet Hall prior to the sale of general obligation bonds.	

#### Significant Loan Repayments

<b><i>George Mason University</i></b>	\$7,500,000
Loan repayment due to receipts of funds from reimbursement programs.	
<b><i>Department of Environmental Equality</i></b>	\$3,600,000
Repayment of outstanding balance due to completion of federal awards process.	
<b><i>Department of Motor Vehicles</i></b>	\$3,000,000
Final repayment of loan balance.	
<b><i>Department of Veterans Services</i></b>	\$1,615,401
Three partial loan repayments due to receipt of federal reimbursements.	

<b><i>Department of Conservation and Recreation</i></b>	\$1,600,000
Repayment of outstanding loan balance due to the receipt of funds from FEMA.	
<b><i>Department of Accounts</i></b>	\$1,168,880
Final repayment of loan balance.	
<b><i>Department of Game and Inland Fisheries</i></b>	\$1,000,000
Final repayment of loan balance.	



## Fixed Asset Accounting and Control System (FAACS)

FAACS is the Commonwealth's fixed asset accounting system. State agencies are required to enter capitalized assets (cost \$5,000 or greater) into FAACS. This system produces reports that help agencies track and generally manage their assets. It also provides financial information for the Comprehensive Annual Financial Report (CAFR) of the Commonwealth.

For the fourth quarter of FY 2004, the agencies and institutions of the Commonwealth that are central users of FAACS processed 15,838 FAACS transactions. This volume of FAACS transactions represents a 117.2 percent increase from the third quarter of FY 2004 (7,291 transactions). The fourth quarter of the fiscal year is typically heavier than other quarters in terms of FAACS transactions

posted to the system. This percentage increase is normal.

Fourth quarter FY 2004 volume is 10.2 percent lower than that of the fourth quarter of FY 2003 (17,638 transactions).

Total volume for FY 2004 was 37,076 transactions. This is 21.4 percent lower than total volume for FY 2003, which was 47,186 transactions. The number of transactions posted to FAACS during FY 2004 lagged behind that for FY 2003 and prior years. The lower volume is attributed to the fact that three small colleges that have traditionally been central FAACS users have developed agency based fixed asset systems. These institutions are Virginia Military Institute, Longwood University, and Mary Washington College.

